

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**DOUGLAS, ARIZONA**

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

Issued by:  
Business and Finance Department

# **DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

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## **INTRODUCTORY SECTION**



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## ***DOUGLAS UNIFIED SCHOOL DISTRICT # 27***

*Administrative Offices ~ 1132 12<sup>th</sup> Street*

*Douglas, Arizona 85607*

*(520) 364-2447 ~ Fax: (520) 224-2470*

**Sheila A. Rogers**  
Superintendent

**Gloria "Bonnie" Lopez**  
Assistant Superintendent

January 31, 2012

Citizens and Governing Board  
Douglas Unified School District No. 27  
1132 12th St.  
Douglas, AZ 85607

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 of America 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 Douglas Unified School District No. 27 (District) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

Douglas Unified School District #27 does not discriminate against any individual on the basis of race, color, religion, sex, age, disability or national origin in its educational and employment practices or programs.

El Distrito Escolar #27 de Douglas no discriminara a ninguna persona por motivos de raza, color, religi3n, sexo, edad, discapacidad u origen nacional en sus centros de ense1anza y las practicas de empleo o programas.

principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

The District is one of 24 public school districts located in Cochise County, Arizona. It provides a program of public education from preschool through grade twelve with an estimated current enrollment of 3,981 students.

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, bookstore and athletic functions.

Douglas lies in a southeastern corner of Arizona on the border with Agua Prieta, Sonora, Mexico, at an elevation of nearly 3,990 feet. Its citizens enjoy a quiet, rural lifestyle and one of the best climates in the nation.

The population of Douglas is approximately 18,000 people, and the population of Agua Prieta is over 150,000. The two cities, separated by a chain link fence, share an interdependent economy and culture.

The Douglas area is composed of a population in which approximately 88% of the people are Hispanic. The Douglas Unified School District serves 4,009 students, 29% of whom are considered English Language Learners (ELL). The District has developed a strong English As A Second Language (ESL) program to serve these students. The District also has a Free and Reduced Lunch student population of 86%, which allows for eligibility for Federal grant funding.

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.** Douglas, on the Mexican border, is 118 miles southeast of Tucson, and is reached via Interstate 10 to U.S. 80. Across the border from Douglas is Agua Prieta, Sonora, Mexico. Douglas, at an elevation of 3,990 feet, was founded in 1901 as a site for a copper smelter and was incorporated in 1905. However, the smelter curtailed operations in 1987. Originally, it was an annual round-up spot for ranchers. Agriculture and ranching are still important segments of the area's economy.

Because of its location on the U.S.-Mexico border, international commerce is an important part of the local economy. Douglas has three manufacturing plants; and Agua Prieta has 23, many of the latter operating under the twin-plant concept. The lure of shopping and sight-seeing in “Old Mexico” and the nearness to several outdoor recreation areas have made tourism and retirement significant to Douglas’ economy.

Major private employers include Wal-Mart Stores, Inc., Southeast Arizona Medical Center, Bashas’, and Safeway. Major public employers include Cochise County, Arizona Department of Corrections, Douglas Unified School District No. 27, U.S. Border Patrol, Cochise College, City of Douglas, U.S. Customs, and Homeland Security: Field Operations.

**Long-term Financial Planning.** By planning for long range goals of maintaining facilities, the District is able to optimize the use of building renewal money to upgrade and maintain existing buildings in an ongoing plan. Systematic improvements allow the District to improve sites to minimize utility usage and provide a safe and upgraded environment for student learning. The average age of school buildings is 70 years.

By benefiting from an 86% E-rate funded technology, the District is upgrading technology to students and staff. Communication systems throughout the District are being upgraded to allow for prompt and efficient communications between classrooms, offices and the public.

## **AWARDS AND ACKNOWLEDGMENTS**

**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the sixth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs’ requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2010-11 certificates.

**Acknowledgments.** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the 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,

A handwritten signature in cursive script that reads "Sheila Rogers".

Sheila Rogers  
Superintendent



This Certificate of Excellence in Financial Reporting is presented to

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Douglas Unified School  
District No. 27, Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



*Linda C. Davidson*

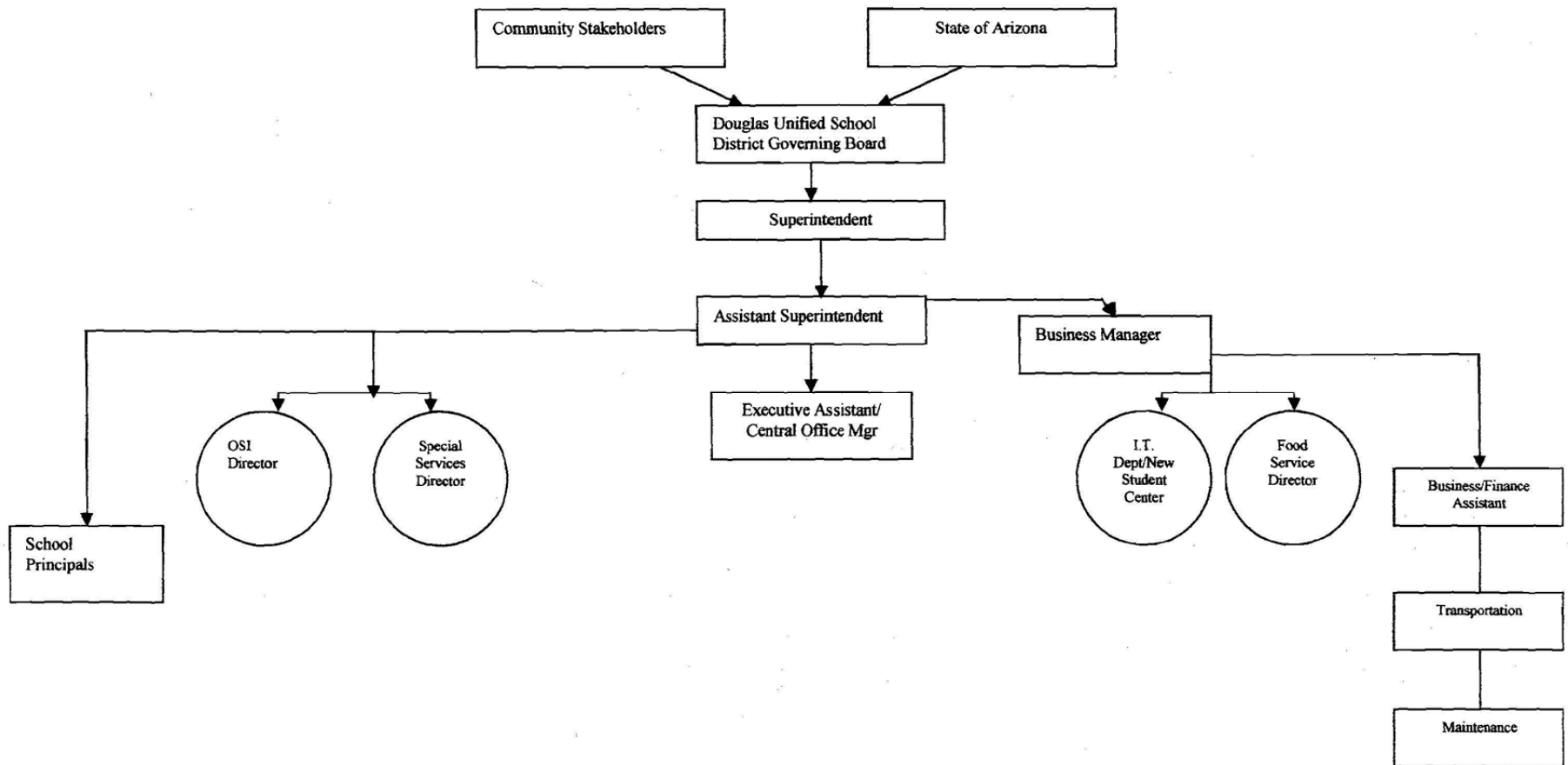
President

*Jeffrey R. Enen*

Executive Director



Douglas Unified School District No. 27  
Organizational Chart 2010-11



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Mario Ramos  
President

Susan Kramer  
Member

Patricia Lopez  
Member

Dr. Ed Gomez  
Member

Mike Ortega  
Member

**ADMINISTRATIVE STAFF**

Sheila A. Rogers, Superintendent

Gloria “Bonnie” Lopez, Assistant Superintendent/Human Resources Director

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## **FINANCIAL SECTION**

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



## INDEPENDENT AUDITORS' REPORT

Governing Board  
Douglas Unified School District No. 27

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas Unified School District No. 27 (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Douglas Unified School District No. 27, as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012, on our consideration of the Douglas Unified School District No. 27'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 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Heinfeld, Meech & Co., P.C.*

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

January 31, 2012

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



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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

As management of the Douglas Unified School District No. 27 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the current fiscal year. 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 decreased \$978,605 which represents a 2 percent decrease from the prior fiscal year.
- General revenues accounted for \$23.4 million in revenue, or 72 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.9 million or 28 percent of total current fiscal year revenues.
- The District had approximately \$33.3 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$21.1 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$17.1 million in expenditures. The General Fund's fund balance increase from \$2.7 million at the prior fiscal year end to \$7.1 million at the end of the current fiscal year was primarily due to unexpended property tax revenues as the result of the increase in primary assessed value of property and the primary tax rate, and decreased instruction expenditures as the result of turnover at the teacher level and vacant positions unfilled.
- The Other Federal Projects Fund had \$881,270 in current fiscal year revenues, which primarily consisted of federal grants, and \$868,744 in expenditures. The Other Federal Projects Fund's fund balance increased from \$31,515 at the prior fiscal year end, to \$41,243 at the end of the current fiscal year.
- The Debt Service Fund had \$670,747 in current fiscal year revenues, which primarily consisted of property taxes, and \$598,018 in expenditures. The Debt Service Fund's fund balance increased from \$144,222 at the prior fiscal year end, to \$231,022 at the end of the current fiscal year as a result of unexpended property tax revenues received to meet future debt service requirements.
- The Bond Building fund had \$14,071 in current fiscal year revenue, which primarily consisted of interest, and \$6.2 million in expenditures. The Bond Building Fund's fund balance decreased \$6.2 million to \$109,527 at the end of the current fiscal year primarily due to the utilization of bond proceeds received in fiscal year 2009-10 for renovation projects in the current fiscal year.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Other Federal Projects, Debt Service, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

**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 and major Special Revenue Fund as required supplementary information.

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

**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 \$42.0 million as the current fiscal year end.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), 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 the specified purposes of special purposes, debt service repayment, and capital outlay investment.

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

	As of June 30, 2011	As of June 30, 2010
Current and other assets	\$ 13,950,901	\$ 20,302,816
Capital assets, net	<u>39,252,918</u>	<u>36,972,776</u>
<b>Total assets, net</b>	<u>53,203,819</u>	<u>57,275,592</u>
Current and other liabilities	1,912,389	5,532,702
Long-term liabilities	<u>9,293,239</u>	<u>8,766,094</u>
<b>Total liabilities</b>	<u>11,205,628</u>	<u>14,298,796</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	30,572,945	34,850,360
Restricted	3,897,010	2,189,507
Unrestricted	<u>7,528,236</u>	<u>5,936,929</u>
<b>Total net assets</b>	<u><u>\$ 41,998,191</u></u>	<u><u>\$ 42,976,796</u></u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

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

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

The District's financial position is the product of several financial transactions including the net results 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 have had an impact on the Statement of Net Assets.

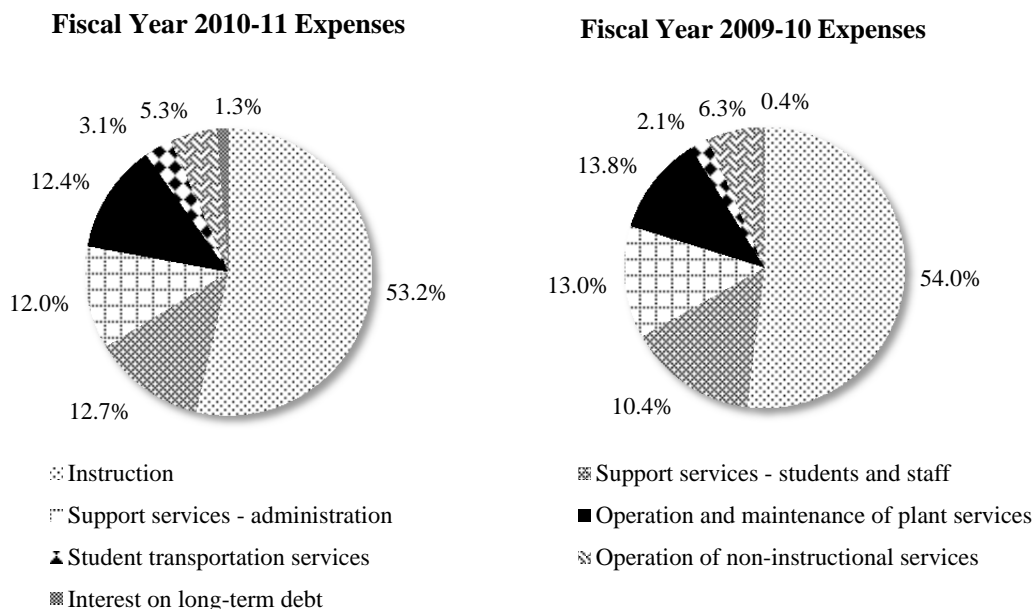
- The issuance of \$1,189,580 in capital lease obligations.
- The principal retirement of \$248,000 of bonds.
- The addition of \$4.3 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.

**Changes in net assets.** The District's total revenues for the current fiscal year were \$32.3 million. The total cost of all programs and services was \$33.3 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,268,810	\$ 1,820,668
Operating grants and contributions	7,004,441	9,497,217
Capital grants and contributions	665,494	4,623,246
General revenues:		
Property taxes	5,403,926	3,728,362
Investment income	43,212	63,807
Unrestricted county aid	835,422	722,029
Unrestricted state aid	16,886,641	15,907,279
Unrestricted federal aid	180,880	2,082,686
<b>Total revenues</b>	<u>32,288,826</u>	<u>38,445,294</u>
<b>Expenses:</b>		
Instruction	17,841,561	17,193,268
Support services – students and staff	4,213,389	4,909,283
Support services – administration	3,852,387	4,278,874
Operation and maintenance of plant services	4,113,500	3,781,781
Student transportation services	1,037,984	696,240
Operation of non-instructional services	1,776,853	2,111,085
Interest on long-term debt	431,757	92,143
<b>Total expenses</b>	<u>33,267,431</u>	<u>33,062,674</u>
<b>Change in net assets</b>	<u>\$ (978,605)</u>	<u>\$ 5,382,620</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

**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 decrease of \$2.5 million in operating grants and contributions was primarily due to a decrease in grant funding for the Title I Grants as a result of one-time ARRA funding in fiscal year 2010.
- The decrease of \$4.0 million in capital grants and contributions was primarily due to a decrease in E-Rate funding from the Schools and Libraries Division.
- The increase of \$1.7 million in property taxes was due to an increase in the District's tax rates to meet operational and debt service requirements.
- The decrease of \$1.9 million in unrestricted federal aid was due to one-time funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009.

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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

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

	Year Ended June 30, 2011		Year Ended June 30, 2010	
	Total	Net (Expense)/ Revenue	Total	Net (Expense)/ Revenue
	Expenses		Expenses	
Instruction	\$ 17,841,561	\$(13,132,638)	\$ 17,193,268	\$ (7,810,186)
Support services – students and staff	4,213,389	(2,078,281)	4,909,283	(1,448,195)
Support services – administration	3,852,387	(3,654,612)	4,278,874	(3,771,139)
Operation and maintenance of plant services	4,113,500	(4,051,454)	3,781,781	(3,364,657)
Student transportation services	1,037,984	(1,034,314)	696,240	(696,178)
Operation of non-instructional services	1,776,853	54,370	2,111,085	60,955
Interest on long-term debt	431,757	(431,757)	92,143	(92,143)
<b>Total</b>	<b>\$ 33,267,431</b>	<b>\$(24,328,686)</b>	<b>\$ 33,062,674</b>	<b>\$(17,121,543)</b>

- The cost of all governmental activities this year was \$33.3 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.9 million.
- Net cost of governmental activities of \$24.3 million was financed by general revenues, which are made up of primarily property taxes of \$5.4 million and state aid of \$16.9 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.

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 \$10.4 million, a decrease of \$2.1 million primarily due to the utilization of bond proceeds in the Bond Building Fund, received in fiscal year 2009-10, to complete renovations in the current year. In addition, fund balance in the General Fund increased due to unexpended property tax revenues as the result of the increase in primary assessed value of property and the primary tax rate, and decreased instruction expenditures as the result of turnover at the teacher level and vacant positions unfilled.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

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

The General Fund comprises 68 percent of the total fund balance. Approximately \$6.6 million, or 93 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The fund balance increased \$4.4 million in the General Fund to \$7.1 million as of fiscal year end as a result of unexpended property tax revenues and decreased instruction expenditures. General Fund revenues increased \$1.1 million as a result of increased property taxes due to the increase in the primary assessed value of property and the primary tax rate. General Fund expenditures decreased \$1.9 million as a result of decreased instruction expenditures due to turnover at the teacher level and vacant positions unfilled.

The Debt Service Fund's fund balance increased \$86,800. Debt Service revenues increased \$35,726 as a result of increased property taxes due to the increase in the tax rate to meet debt service requirements. Debt Service expenditures decreased \$166,032 from the prior year.

The Bond Building Fund's fund balance decreased \$6.2 million as a result of the utilization of bond proceeds received in fiscal year 2009-10 for renovation projects in the current year.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget primarily for changes in average daily membership (ADM). The difference between the original budget and the final amended budget was a \$516,483 increase, or 3 percent due to an under estimation of average daily membership.

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. Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. The significant variances are summarized as follows:

- The favorable variance of \$429,216 in support services - administration was a result of turnover at the administration level and vacant positions unfilled.
- The favorable variance of \$119,848 in student transportation was a result of estimated higher fuel costs.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2011**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$56.8 million in capital assets, including land, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$3.9 million from the prior fiscal year, primarily due to the commencement of various construction projects. Total depreciation expense for the current fiscal year was \$2.0 million.

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

	As of June 30, 2011	As of June 30, 2010
Capital assets – non-depreciable	\$ 59,000	\$ 1,149,939
Capital assets – depreciable, net	39,193,918	35,822,837
<b>Total</b>	<u>\$ 39,252,918</u>	<u>\$ 36,972,776</u>

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

**Debt Administration.** At year end, the District had \$8.8 million in long-term debt outstanding, \$277,298 due within one year. This represents a net increase of \$401,580 due to current year payments of long-term debt and the issuance of capital leases.

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 \$23.5 million and the Class B debt limit is \$7.8 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2011**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2011-12 budget. Among them:

- Fiscal year 2010-11 budget balance carry forward (estimated \$105,405).
- District student population (estimated 3,927).
- Arizona State Legislature mandated reductions.

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

Budgeted expenditures in the General Fund decreased 2 percent to \$17.8 million in fiscal year 2011-12. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2011-12 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Douglas Unified School District No. 27, 1132 12th Street, Douglas, Arizona 85607.

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Governmental Activites</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 3,920,913
Cash and investments - restricted	268,624
Property taxes receivable	781,043
Accounts receivable	22,101
Due from governmental entities	8,149,433
Prepaid items	503,343
Other assets	59,845
Total current assets	<u>13,705,302</u>
Noncurrent assets:	
Deferred charges	245,599
Land	59,000
Land improvements	2,572,070
Buildings and improvements	48,530,550
Vehicles, furniture and equipment	5,640,397
Accumulated depreciation	<u>(17,549,099)</u>
Total noncurrent assets	<u>39,498,517</u>
<b>Total assets</b>	<u><b>53,203,819</b></u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	379,638
Accrued payroll and employee benefits	1,357,285
Compensated absences payable	65,024
Accrued interest payable	148,944
Unearned revenues	26,522
Obligations under capital leases	77,298
Bonds payable	200,000
Total current liabilities	<u>2,254,711</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>8,950,917</u>
Total noncurrent liabilities	<u>8,950,917</u>
<b>Total liabilities</b>	<u><b>11,205,628</b></u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	30,572,945
Restricted for:	
Special purposes	2,621,359
Debt service	344,413
Capital outlay	931,238
Unrestricted	<u>7,528,236</u>
<b>Total net assets</b>	<u><b>\$ 41,998,191</b></u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 17,841,561	\$ 1,077,451	\$ 2,965,978	\$ 665,494	\$ (13,132,638)
Support services - students and staff	4,213,389		2,135,108		(2,078,281)
Support services - administration	3,852,387		197,775		(3,654,612)
Operation and maintenance of plant services	4,113,500	30,000	32,046		(4,051,454)
Student transportation services	1,037,984		3,670		(1,034,314)
Operation of non-instructional services	1,776,853	161,359	1,669,864		54,370
Interest on long-term debt	431,757				(431,757)
<b>Total governmental activities</b>	<u>\$ 33,267,431</u>	<u>\$ 1,268,810</u>	<u>\$ 7,004,441</u>	<u>\$ 665,494</u>	<u>(24,328,686)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					4,061,894
Property taxes, levied for debt service					677,328
Property taxes, levied for capital outlay					664,704
Investment income					43,212
Unrestricted county aid					835,422
Unrestricted state aid					16,886,641
Unrestricted federal aid					180,880
<b>Total general revenues</b>					<u>23,350,081</u>
<b>Changes in net assets</b>					(978,605)
<b>Net assets, beginning of year</b>					<u>42,976,796</u>
<b>Net assets, end of year</b>					<u>\$ 41,998,191</u>

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



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## **FUND FINANCIAL STATEMENTS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>General</u>	<u>Other Federal Projects</u>	<u>Debt Service</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,273,529	\$	\$ 565,906
Cash and investments - restricted			
Property taxes receivable	568,564		127,451
Accounts receivable			
Due from governmental entities	5,368,718	730,861	
Due from other funds			
Prepaid items	503,343		
Other assets			
<b>Total assets</b>	<u><u>\$ 8,714,154</u></u>	<u><u>\$ 730,861</u></u>	<u><u>\$ 693,357</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 109,294	\$	\$
Due to other funds		672,793	
Accrued payroll and employee benefits	1,018,484	16,825	
Deferred revenues	488,324		113,391
Bonds payable			200,000
Bond interest payable			148,944
<b>Total liabilities</b>	<u><u>1,616,102</u></u>	<u><u>689,618</u></u>	<u><u>462,335</u></u>
Fund balances:			
Nonspendable	503,343		
Restricted		41,243	231,022
Unassigned	6,594,709		
<b>Total fund balances</b>	<u><u>7,098,052</u></u>	<u><u>41,243</u></u>	<u><u>231,022</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 8,714,154</u></u>	<u><u>\$ 730,861</u></u>	<u><u>\$ 693,357</u></u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 109,527	\$ 971,951	\$ 3,920,913
	268,624	268,624
	85,028	781,043
	22,101	22,101
	2,049,854	8,149,433
	1,248,035	1,248,035
		503,343
	59,845	59,845
<u>\$ 109,527</u>	<u>\$ 4,705,438</u>	<u>\$ 14,953,337</u>

\$	\$ 270,344	\$ 379,638
	575,242	1,248,035
	321,976	1,357,285
	646,705	1,248,420
		200,000
		148,944
	<u>1,814,267</u>	<u>4,582,322</u>

		503,343
109,527	2,891,171	3,272,963
		6,594,709
<u>109,527</u>	<u>2,891,171</u>	<u>10,371,015</u>
<u>\$ 109,527</u>	<u>\$ 4,705,438</u>	<u>\$ 14,953,337</u>

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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

<b>Total governmental fund balances</b>	<b>\$ 10,371,015</b>
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Amounts reported for *governmental activities* in the Statement of Net Asset are different because:

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

Governmental capital assets	\$ 56,802,017	
Less accumulated depreciation	<u>(17,549,099)</u>	39,252,918

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

Property taxes	676,005	
Intergovernmental	<u>545,893</u>	1,221,898

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

245,599

Compensated absences payable	(503,659)	
Obligations under capital leases	(1,189,580)	
Bonds payable	<u>(7,400,000)</u>	<u>(9,093,239)</u>

<b>Net assets of governmental activities</b>	<b>\$ <u><u>41,998,191</u></u></b>
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**The notes to the basic financial statements are an integral part of this statement.**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	General	Other Federal Projects	Debt Service
<b>Revenues:</b>			
Other local	\$ 1,147,815	\$ 50	\$ 3,002
Property taxes	3,975,404		667,745
State aid and grants	15,740,268		
Federal aid, grants and reimbursements	227,116	881,220	
<b>Total revenues</b>	<u>21,090,603</u>	<u>881,270</u>	<u>670,747</u>
<b>Expenditures:</b>			
Current -			
Instruction	8,744,727	764,298	
Support services - students and staff	1,187,454	62,219	
Support services - administration	3,287,825	29,626	
Operation and maintenance of plant services	3,239,101		
Student transportation services	523,108		
Operation of non-instructional services	35,785		
Capital outlay	20,089	12,601	
Debt service -			
Claims and judgments	29,497		
Principal retirement			248,000
Interest and fiscal charges			350,018
<b>Total expenditures</b>	<u>17,067,586</u>	<u>868,744</u>	<u>598,018</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,023,017</u>	<u>12,526</u>	<u>72,729</u>
<b>Other financing sources (uses):</b>			
Transfer in	165,652		14,071
Transfer out		(2,798)	
Capital lease agreements			
<b>Total other financing sources (uses):</b>	<u>165,652</u>	<u>(2,798)</u>	<u>14,071</u>
<b>Changes in fund balances</b>	<u>4,188,669</u>	<u>9,728</u>	<u>86,800</u>
<b>Fund balances, beginning of year</b>	2,739,922	31,515	144,222
Increase (decrease) in reserve for prepaid items	169,461		
<b>Fund balances, end of year</b>	<u>\$ 7,098,052</u>	<u>\$ 41,243</u>	<u>\$ 231,022</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 14,071	\$ 1,080,471	\$ 2,245,409
	537,243	5,180,392
	1,259,616	16,999,884
	6,770,974	7,879,310
<u>14,071</u>	<u>9,648,304</u>	<u>32,304,995</u>
	4,014,751	13,523,776
	2,364,060	3,613,733
	242,968	3,560,419
	20,554	3,259,655
	3,928	527,036
	1,612,784	1,648,569
6,156,057	2,808,280	8,997,027
		29,497
		248,000
		350,018
<u>6,156,057</u>	<u>11,067,325</u>	<u>35,757,730</u>
<u>(6,141,986)</u>	<u>(1,419,021)</u>	<u>(3,452,735)</u>
		179,723
(14,071)	(162,854)	(179,723)
	1,189,580	1,189,580
<u>(14,071)</u>	<u>1,026,726</u>	<u>1,189,580</u>
<u>(6,156,057)</u>	<u>(392,295)</u>	<u>(2,263,155)</u>
6,265,584	3,283,466	12,464,709
		169,461
<u>\$ 109,527</u>	<u>\$ 2,891,171</u>	<u>\$ 10,371,015</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

**Net changes in fund balances - total governmental funds** **\$ (2,093,694)**

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	\$ 4,294,000	
Less current year depreciation	<u>(1,954,209)</u>	2,339,791

Obligations under capital leases provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets. (1,189,580)

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

Property taxes	223,534	
Intergovernmental	<u>(239,703)</u>	(16,169)

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 248,000

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

Loss on disposal of capital assets	(59,649)	
Amortization of deferred bond items	(81,739)	
Compensated absences	<u>(125,565)</u>	<u>(266,953)</u>

**Change in net assets in governmental activities** **\$ (978,605)**

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2011**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$       66,604
<b>Total assets</b>	<u><u>\$       66,604</u></u>
<b><u>LIABILITIES</u></b>	
Due to student groups	\$       66,604
<b>Total liabilities</b>	<u><u>\$       66,604</u></u>

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

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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Douglas Unified School District No. 27 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2011, the District implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its 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, bookstore and athletic functions.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

Separate financial statements are provided for governmental funds 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**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.

Property taxes, unrestricted State and County aid, 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, Gifts and Donations, 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

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

Bond Building Fund – The Bond Building Fund accounts for 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.

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 reported 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**F. Receivables and Payables**

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

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

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.

**G. Property Tax Calendar**

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.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if 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	15 – 50 years
Buildings and improvements	10 – 50 years
Vehicles, furniture and equipment	5 – 20 years

**J. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and therefore, are not accrued. However, for employees with ten years of service and 80 points toward retirement, sick leave benefits do vest and, therefore, are accrued. 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 or retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**K. 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.

**L. 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.

**M. 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 accounts.

*Assigned.* Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action.

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)**

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

	General Fund	Other Federal Projects Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 503,343	\$	\$	\$	\$
<b>Restricted:</b>					
Debt service			231,022		
Capital projects					856,948
Bond building projects				109,527	
Voter approved initiatives					776,039
Food service					472,553
Extracurricular activities					69,611
Litigation recovery					308,660
Community school programs					165,247
Federal projects		41,243			26,280
Other purposes					215,833
<b>Unassigned</b>	6,594,709				
Total fund balances	<u>\$ 7,098,052</u>	<u>\$ 41,243</u>	<u>\$ 231,022</u>	<u>\$ 109,527</u>	<u>\$ 2,891,171</u>

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

	General Fund	Other Federal Projects Fund	Non-Major Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 1,184,348	\$ 33,427	\$ 4,837,128
Reclassification of funds	1,555,574	(1,912)	(1,553,662)
Fund balance, July 1, 2010, as restated	<u>\$ 2,739,922</u>	<u>\$ 31,515</u>	<u>\$ 3,283,466</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 \$535,810 and the bank balance was \$540,164.

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	2.33 years	\$3,720,331

*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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5 – RECEIVABLES**

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

	General Fund	Other Federal Projects Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from Federal government	\$	\$ 730,861	\$ 1,314,560
Due from State government	5,277,434		248,527
Due from County government	91,284		
Due from other districts			486,767
Net due from governmental entities	<u>\$5,368,718</u>	<u>\$ 730,861</u>	<u>\$ 2,049,854</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.

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 488,324	\$
Delinquent property taxes receivable (Debt Service Fund)	113,391	
Delinquent property taxes receivable (Non-Major Governmental Funds)	74,290	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		26,522
Measurable but unavailable revenues (Non-Major Governmental Funds)	<u>545,893</u>	
Total deferred revenue for governmental funds	<u>\$ 1,221,898</u>	<u>\$ 26,522</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6 – CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 59,000	\$	\$	\$ 59,000
Construction in progress	1,090,939	3,260,262	4,351,201	
Total capital assets, not being depreciated	1,149,939	3,260,262	4,351,201	59,000
Capital assets, being depreciated:				
Land improvements	1,608,273	963,797		2,572,070
Buildings and improvements	44,724,276	3,853,493	47,219	48,530,550
Vehicles, furniture and equipment	5,441,355	567,649	368,607	5,640,397
Total capital assets being depreciated	51,773,904	5,384,939	415,826	56,743,017
Less accumulated depreciation for:				
Land improvements	(597,542)	(86,584)		(684,126)
Buildings and improvements	(12,709,457)	(1,442,902)	(24,667)	(14,127,692)
Vehicles, furniture and equipment	(2,644,068)	(424,723)	(331,510)	(2,737,281)
Total accumulated depreciation	(15,951,067)	(1,954,209)	(356,177)	(17,549,099)
Total capital assets, being depreciated, net	35,822,837	3,430,730	59,649	39,193,918
Governmental activities capital assets, net	\$ 36,972,776	\$ 6,690,992	\$ 4,410,850	\$ 39,252,918

Depreciation expense was charged to governmental functions as follows.

Instruction	\$1,229,339
Support Services – students and staff	13,887
Support Services – administration	25,508
Operation and maintenance of plant services	564,851
Student transportation services	89,220
Operation of non-instructional services	31,404
Total depreciation expense – governmental activities	<u>\$1,954,209</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES**

The District has acquired utility management equipment under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Proceeds from the capital lease have been recorded as restricted cash in the Energy and Water Savings Fund and will be drawn on to fund the utility management equipment. Revenues from the Energy and Water Savings Fund, a non-major governmental fund, will be used to pay the capital lease obligations as they come due.

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

Year Ending June 30:	Governmental Activities
2012	\$ 174,883
2013	174,883
2014	174,883
2015	174,883
2016	174,883
2017-21	874,416
Total minimum lease payments	1,748,831
Less: amount representing interest	559,251
Present value of minimum lease payments	<u>\$ 1,189,580</u>
Due within one year	<u><u>\$ 77,298</u></u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are callable 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>Maturity</u>	<u>Outstanding Principal June 30, 2011</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
School Improvement Bonds, Projects of 2009, Series 2010 (Class B)	\$7,648,000	2.5-4.75%	7/1/11-7/1/29	\$ 7,600,000	\$ 200,000
Total				<u>\$ 7,600,000</u>	<u>\$ 200,000</u>

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

		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
Year ending June 30:			
	2012	\$ 200,000	\$ 297,513
	2013	305,000	293,325
	2014	310,000	285,638
	2015	320,000	276,963
	2016	330,000	267,213
	2017-21	1,810,000	1,158,403
	2022-26	2,190,000	758,572
	2027-30	2,135,000	208,406
Total		<u>\$ 7,600,000</u>	<u>\$ 3,546,033</u>

**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 8,388,000	\$	\$ 788,000	\$7,600,000	\$ 200,000
Obligations under capital leases		1,189,580		1,189,580	77,298
Compensated absences payable	378,094	283,935	158,370	503,659	65,024
Governmental activity long-term liabilities	<u>\$ 8,766,094</u>	<u>\$1,473,515</u>	<u>\$ 946,370</u>	<u>\$9,293,239</u>	<u>\$ 342,322</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows.

Due to	Due from		
	Other Federal Projects Fund	Non-Major Governmental Funds	Total
Non-Major Governmental Funds	\$ 672,793	\$ 575,242	\$ 1,248,035
Total	\$ 672,793	\$ 575,242	\$ 1,248,035

At year end, several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

Transfers out	Transfers in		
	General Fund	Debt Service Fund	Total
Other Federal Projects Fund	\$ 2,798	\$	\$ 2,798
Bond Building Fund		14,071	14,071
Non-Major Governmental Funds	162,854		162,854
Total	\$ 165,652	\$ 14,071	\$ 179,723

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

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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.

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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 her dependents.

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

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

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2011	\$1,311,286	\$ 85,867	\$ 36,384
2010	1,404,175	111,122	67,347
2009	1,254,289	150,703	78,491

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL**  
**YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Other local	\$	\$	\$ 820,362	\$ 820,362
Property taxes			3,842,106	3,842,106
State aid and grants			15,009,135	15,009,135
Federal aid, grants and reimbursements			180,880	180,880
<b>Total revenues</b>			<u>19,852,483</u>	<u>19,852,483</u>
<b>Expenditures:</b>				
<b>Regular education</b>				
Instruction	8,530,781	6,970,147	7,588,203	(618,056)
Support services - students and staff	1,097,933	938,826	867,369	71,457
Support services - administration	3,620,005	3,519,749	3,104,686	415,063
Operation and maintenance of plant services	1,074,300	3,508,489	3,234,166	274,323
Operation of non-instructional services	30,000	37,974	35,785	2,189
<b>Total regular education</b>	<u>14,353,019</u>	<u>14,975,185</u>	<u>14,830,209</u>	<u>144,976</u>
<b>Special education</b>				
Instruction	2,460,293	2,183,164	1,817,950	365,214
Support services - students and staff	308,500	379,916	315,016	64,900
Support services - administration	81,535	26,984	12,831	14,153
Operation and maintenance of plant services	250	1,927	845	1,082
<b>Total special education</b>	<u>2,850,578</u>	<u>2,591,991</u>	<u>2,146,642</u>	<u>445,349</u>
<b>Pupil transportation</b>				
Student transportation services	518,345	641,752	521,904	119,848
<b>Total pupil transportation</b>	<u>518,345</u>	<u>641,752</u>	<u>521,904</u>	<u>119,848</u>
<b>Debt services</b>				
Claims and judgments		29,497	29,497	
<b>Total debt services</b>		<u>29,497</u>	<u>29,497</u>	
<b>Total expenditures</b>	<u>17,721,942</u>	<u>18,238,425</u>	<u>17,528,252</u>	<u>710,173</u>
<b>Changes in fund balances</b>	<u>(17,721,942)</u>	<u>(18,238,425)</u>	<u>2,324,231</u>	<u>20,562,656</u>
<b>Fund balances, beginning of year</b>			1,184,348	1,184,348
Increase (decrease) in reserve for prepaid items			1,019,461	1,019,461
<b>Fund balances (deficits), end of year</b>	<u>\$ (17,721,942)</u>	<u>\$ (18,238,425)</u>	<u>\$ 4,528,040</u>	<u>\$ 22,766,465</u>

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND**  
**ACTUAL**  
**OTHER FEDERAL PROJECTS**  
**YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Other local	\$	\$	\$ 50	\$ 50
Federal aid, grants and reimbursements			881,220	881,220
<b>Total revenues</b>			881,270	881,270
<b>Expenditures:</b>				
Current -				
Instruction	1,356,765	1,170,632	764,298	406,334
Support services - students and staff	110,450	95,297	62,219	33,078
Support services - administration	52,591	45,376	29,626	15,750
Capital outlay	22,369	19,300	12,601	6,699
<b>Total expenditures</b>	1,542,175	1,330,605	868,744	461,861
<b>Excess (deficiency) of revenues over expenditures</b>	(1,542,175)	(1,330,605)	12,526	1,343,131
<b>Other financing sources (uses):</b>				
Transfer out	(2,798)	(2,798)	(2,798)	
<b>Total other financing sources (uses):</b>	(2,798)	(2,798)	(2,798)	
<b>Changes in fund balances</b>	(1,544,973)	(1,333,403)	9,728	1,343,131
<b>Fund balances, beginning of year</b>			31,515	31,515
<b>Fund balances (deficits), end of year</b>	\$ (1,544,973)	\$ (1,333,403)	\$ 41,243	\$ 1,374,646

See accompanying notes to this schedule.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

	<u>Total Expenditures</u>	<u>Increase for Prepaid Items</u>	<u>Fund Balance, June 30, 2011</u>	<u>Fund Balance, July 1, 2010</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 17,067,586	\$ 169,461	\$ 7,098,052	\$ 2,739,922
Fiscal year 2010-11 activity budgeted as special revenue and capital projects funds	(389,334)		(2,570,012)	(1,555,574)
Fiscal year 2011-12 insurance payments charged against fiscal year 2010-11 budget	<u>850,000</u>	<u>850,000</u>	<u>                    </u>	<u>                    </u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 17,528,252</u>	<u>\$ 1,019,461</u>	<u>\$ 4,528,040</u>	<u>\$ 1,184,348</u>

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

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## **GOVERNMENTAL FUNDS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 388,892	\$ 583,059	\$ 971,951
Cash and investments - restricted		268,624	268,624
Property taxes receivable		85,028	85,028
Accounts receivable	22,101		22,101
Due from governmental entities	1,858,382	191,472	2,049,854
Due from other funds	1,248,035		1,248,035
Other assets	59,845		59,845
<b>Total assets</b>	<u><u>\$ 3,577,255</u></u>	<u><u>\$ 1,128,183</u></u>	<u><u>\$ 4,705,438</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 73,399	\$ 196,945	\$ 270,344
Due to other funds	575,242		575,242
Accrued payroll and employee benefits	321,976		321,976
Deferred revenues	572,415	74,290	646,705
<b>Total liabilities</b>	<u><u>1,543,032</u></u>	<u><u>271,235</u></u>	<u><u>1,814,267</u></u>
Fund balances:			
Restricted	<u>2,034,223</u>	<u>856,948</u>	<u>2,891,171</u>
<b>Total fund balances</b>	<u><u>2,034,223</u></u>	<u><u>856,948</u></u>	<u><u>2,891,171</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 3,577,255</u></u>	<u><u>\$ 1,128,183</u></u>	<u><u>\$ 4,705,438</u></u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 1,075,509	\$ 4,962	\$ 1,080,471
Property taxes		537,243	537,243
State aid and grants	1,248,327	11,289	1,259,616
Federal aid, grants and reimbursements	<u>6,355,841</u>	<u>415,133</u>	<u>6,770,974</u>
<b>Total revenues</b>	<u>8,679,677</u>	<u>968,627</u>	<u>9,648,304</u>
<b>Expenditures:</b>			
Current -			
Instruction	4,014,751		4,014,751
Support services - students and staff	2,364,060		2,364,060
Support services - administration	242,968		242,968
Operation and maintenance of plant services	20,554		20,554
Student transportation services	3,928		3,928
Operation of non-instructional services	1,612,784		1,612,784
Capital outlay	<u>688,419</u>	<u>2,119,861</u>	<u>2,808,280</u>
<b>Total expenditures</b>	<u>8,947,464</u>	<u>2,119,861</u>	<u>11,067,325</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(267,787)</u>	<u>(1,151,234)</u>	<u>(1,419,021)</u>
<b>Other financing sources (uses):</b>			
Transfer out	(162,854)		(162,854)
Capital lease agreements	<u></u>	<u>1,189,580</u>	<u>1,189,580</u>
<b>Total other financing sources (uses):</b>	<u>(162,854)</u>	<u>1,189,580</u>	<u>1,026,726</u>
<b>Changes in fund balances</b>	<u>(430,641)</u>	<u>38,346</u>	<u>(392,295)</u>
<b>Fund balances, beginning of year</b>	2,464,864	818,602	3,283,466
<b>Fund balances, end of year</b>	<u><u>\$ 2,034,223</u></u>	<u><u>\$ 856,948</u></u>	<u><u>\$ 2,891,171</u></u>

## **SPECIAL REVENUE FUNDS**

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

**Classroom Site** - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

**Instructional Improvement** - to account for the activity of monies received from gaming revenue.

**County, City, and Town Grants** - to account for monies received from county, city and town grants.

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

**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.

**Special Education Grants** - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

**Vocational Education** - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

**Homeless Education** - to account for financial assistance received for the needs of homeless children.

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

**E-Rate** - to account for monies received to reimburse the District for broadband internet and telecommunications costs.

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

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

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

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

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

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

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

**Auxiliary Operations** - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

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

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

**Career, Technical and Vocational Education Projects** - to account for revenues and expenditures relating to the production and subsequent sale of items produced in an instructional program by vocational and technical education pupils.

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

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

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

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

**Grants and Gifts to Teachers** - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

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

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



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 143,727	\$ 5,447
Accounts receivable			
Due from governmental entities	179,768	66,814	
Due from other funds	391,286		
Other assets			
<b>Total assets</b>	<u><u>\$ 571,054</u></u>	<u><u>\$ 210,541</u></u>	<u><u>\$ 5,447</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits		5,556	
Deferred revenues			
<b>Total liabilities</b>	<u>5,556</u>	<u>5,556</u>	
Fund balances:			
Restricted	571,054	204,985	5,447
<b>Total fund balances</b>	<u>571,054</u>	<u>204,985</u>	<u>5,447</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 571,054</u></u>	<u><u>\$ 210,541</u></u>	<u><u>\$ 5,447</u></u>

<u>Compensatory Instruction</u>	<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>	<u>Homeless Education</u>
\$ 7,788	\$	\$	\$	\$	\$
	381,845	298,820	159,795	3,578	701
<u>\$ 7,788</u>	<u>\$ 381,845</u>	<u>\$ 298,820</u>	<u>\$ 159,795</u>	<u>\$ 3,578</u>	<u>\$ 701</u>
\$	\$ 35,808	\$ 10,229	\$ 27,362	\$	\$
	162,955	260,562	82,375	3,578	701
	183,082	28,029	50,058		
<u>7,788</u>	<u>381,845</u>	<u>298,820</u>	<u>159,795</u>	<u>3,578</u>	<u>701</u>
<u>7,788</u>					
<u>\$ 7,788</u>	<u>\$ 381,845</u>	<u>\$ 298,820</u>	<u>\$ 159,795</u>	<u>\$ 3,578</u>	<u>\$ 701</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	<u>E-Rate</u>	<u>State Vocational Education</u>	<u>Gifted</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 18,417	\$ 317
Accounts receivable			
Due from governmental entities	243,592		
Due from other funds			
Other assets			
<b>Total assets</b>	<u><u>\$ 243,592</u></u>	<u><u>\$ 18,417</u></u>	<u><u>\$ 317</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	61,794		
Accrued payroll and employee benefits			
Deferred revenues	155,518	18,417	317
<b>Total liabilities</b>	<u>217,312</u>	<u>18,417</u>	<u>317</u>
Fund balances:			
Restricted	26,280		
<b>Total fund balances</b>	<u>26,280</u>		
<b>Total liabilities and fund balances</b>	<u><u>\$ 243,592</u></u>	<u><u>\$ 18,417</u></u>	<u><u>\$ 317</u></u>

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Insurance Proceeds</u>	<u>Textbooks</u>
\$	\$ 21,618	\$ 9,391	\$ 69,611	\$ 46,441 22,101	\$ 63,815
36,702					
389,347		158,742			
59,845					
<u>\$ 485,894</u>	<u>\$ 21,618</u>	<u>\$ 168,133</u>	<u>\$ 69,611</u>	<u>\$ 68,542</u>	<u>\$ 63,815</u>
\$	\$	\$	\$	\$	\$
13,341		2,706			
<u>13,341</u>	<u></u>	<u>2,706</u>	<u></u>	<u></u>	<u></u>
472,553	21,618	165,427	69,611	68,542	63,815
<u>472,553</u>	<u>21,618</u>	<u>165,427</u>	<u>69,611</u>	<u>68,542</u>	<u>63,815</u>
<u>\$ 485,894</u>	<u>\$ 21,618</u>	<u>\$ 168,133</u>	<u>\$ 69,611</u>	<u>\$ 68,542</u>	<u>\$ 63,815</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	<u>Litigation Recovery</u>	<u>Grants and Gifts to Teachers</u>	<u>Joint Technical Education</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 2,320	\$
Accounts receivable			
Due from governmental entities			486,767
Due from other funds	308,660		
Other assets			
<b>Total assets</b>	<u><u>\$ 308,660</u></u>	<u><u>\$ 2,320</u></u>	<u><u>\$ 486,767</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			3,277
Accrued payroll and employee benefits			39,204
Deferred revenues			390,375
<b>Total liabilities</b>			<u>432,856</u>
Fund balances:			
Restricted	308,660	2,320	53,911
<b>Total fund balances</b>	<u>308,660</u>	<u>2,320</u>	<u>53,911</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 308,660</u></u>	<u><u>\$ 2,320</u></u>	<u><u>\$ 486,767</u></u>

Totals	
\$	388,892
	22,101
	1,858,382
	1,248,035
	59,845
\$	<u>3,577,255</u>

\$	73,399
	575,242
	321,976
	<u>572,415</u>
	<u>1,543,032</u>

	<u>2,034,223</u>
	<u>2,034,223</u>

\$	<u>3,577,255</u>
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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<b>Revenues:</b>			
Other local	\$ 4,482	\$ 2,591	\$ 11
State aid and grants	1,000,915	156,811	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>1,005,397</u>	<u>159,402</u>	<u>11</u>
<b>Expenditures:</b>			
Current -			
Instruction	773,943	404,227	563
Support services - students and staff	50,064	38,852	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>824,007</u>	<u>443,079</u>	<u>563</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>181,390</u>	<u>(283,677)</u>	<u>(552)</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>181,390</u>	<u>(283,677)</u>	<u>(552)</u>
<b>Fund balances, beginning of year</b>	389,664	488,662	5,999
<b>Fund balances, end of year</b>	<u>\$ 571,054</u>	<u>\$ 204,985</u>	<u>\$ 5,447</u>

Compensatory Instruction	Title I Grants	Professional Development and Technology Grants	Special Education Grants	Vocational Education	Homeless Education
\$	\$	\$	\$	\$	\$
9,840					
	3,016,730	417,771	966,188	81,902	1,007
9,840	3,016,730	417,771	966,188	81,902	1,007
9,840	1,700,710		412,916	9,353	
	1,182,785	358,142	430,206	24,315	1,007
	93,990	45,909	7,333		
	8,058	9,990	114,881	46,149	
9,840	2,985,543	414,041	965,336	79,817	1,007
	31,187	3,730	852	2,085	
	(31,187)	(3,730)	(852)	(2,085)	
	(31,187)	(3,730)	(852)	(2,085)	
\$	\$	\$	\$	\$	\$

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	E-Rate	State Vocational Education	Gifted
<b>Revenues:</b>			
Other local	\$ 413	\$	\$
State aid and grants		66,113	4,648
Federal aid, grants and reimbursements	202,379		
<b>Total revenues</b>	<u>202,792</u>	<u>66,113</u>	<u>4,648</u>
<b>Expenditures:</b>			
Current -			
Instruction		6,358	4,648
Support services - students and staff	178,424		
Support services - administration		1,073	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		58,682	
<b>Total expenditures</b>	<u>178,424</u>	<u>66,113</u>	<u>4,648</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>24,368</u>		
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>24,368</u>		
<b>Fund balances, beginning of year</b>	1,912		
<b>Fund balances, end of year</b>	<u>\$ 26,280</u>	<u>\$</u>	<u>\$</u>

Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Insurance Proceeds
\$ 10,000	\$ 162,087	\$ 1,043	\$ 68,154	\$ 25,706	\$ 22,224
	1,669,864				
10,000	1,831,951	1,043	68,154	25,706	22,224
10,000			2,562	19,599	
				126	
		159			18,359
				3,264	597
	1,612,784				
	165,496				4,116
10,000	1,778,280	159	2,562	22,989	23,072
	53,671	884	65,592	2,717	(848)
	(125,000)				
	(125,000)				
	(71,329)	884	65,592	2,717	(848)
	543,882	20,734	99,835	66,894	69,390
\$	\$ 472,553	\$ 21,618	\$ 165,427	\$ 69,611	\$ 68,542

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Grants and Gifts to Teachers</u>
<b>Revenues:</b>			
Other local	\$ 456	\$ 7,574	\$ 4
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>456</u>	<u>7,574</u>	<u>4</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u></u>	<u></u>	<u></u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>456</u>	<u>7,574</u>	<u>4</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>	<u></u>	<u></u>	<u></u>
<b>Changes in fund balances</b>	<u>456</u>	<u>7,574</u>	<u>4</u>
<b>Fund balances, beginning of year</b>	63,359	301,086	2,316
<b>Fund balances, end of year</b>	<u>\$ 63,815</u>	<u>\$ 308,660</u>	<u>\$ 2,320</u>

Joint Technical Education	Totals
\$ 780,764	\$ 1,075,509
	1,248,327
	6,355,841
<u>780,764</u>	<u>8,679,677</u>
670,032	4,014,751
90,139	2,364,060
94,663	242,968
2,036	20,554
67	3,928
	1,612,784
281,047	688,419
<u>1,137,984</u>	<u>8,947,464</u>
<u>(357,220)</u>	<u>(267,787)</u>
	(162,854)
	<u>(162,854)</u>
<u>(357,220)</u>	<u>(430,641)</u>
411,131	2,464,864
<u>\$ 53,911</u>	<u>\$ 2,034,223</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 4,482	\$ 4,482
State aid and grants		1,000,915	1,000,915
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>1,005,397</u>	<u>1,005,397</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,940,541	773,943	1,166,598
Support services - students and staff	86,812	50,064	36,748
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>2,027,353</u>	<u>824,007</u>	<u>1,203,346</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,027,353)</u>	<u>181,390</u>	<u>2,208,743</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(2,027,353)</u>	<u>181,390</u>	<u>2,208,743</u>
<b>Fund balances, beginning of year</b>		389,664	389,664
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,027,353)</u>	<u>\$ 571,054</u>	<u>\$ 2,598,407</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,591 156,811	\$ 2,591 156,811	\$	\$ 11	\$ 11
	159,402	159,402		11	11
581,049 55,847	404,227 38,852	176,822 16,995		563	(563)
636,896	443,079	193,817		563	(563)
(636,896)	(283,677)	353,219		(552)	(552)
(636,896)	(283,677)	353,219		(552)	(552)
	488,662	488,662		5,999	5,999
\$ (636,896)	\$ 204,985	\$ 841,881	\$	\$ 5,447	\$ 5,447

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Compensatory Instruction		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		9,840	9,840
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>9,840</u>	<u>9,840</u>
<b>Expenditures:</b>			
Current -			
Instruction	17,593	9,840	7,753
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>17,593</u>	<u>9,840</u>	<u>7,753</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(17,593)</u>		<u>17,593</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(17,593)</u>		<u>17,593</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (17,593)</u>	<u>\$</u>	<u>\$ 17,593</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	3,016,730	3,016,730		417,771	417,771
	3,016,730	3,016,730		417,771	417,771
2,671,857	1,700,710	971,147			
1,858,185	1,182,785	675,400	441,233	358,142	83,091
147,661	93,990	53,671	56,560	45,909	10,651
12,659	8,058	4,601	12,308	9,990	2,318
4,690,362	2,985,543	1,704,819	510,101	414,041	96,060
(4,690,362)	31,187	4,721,549	(510,101)	3,730	513,831
(31,187)	(31,187)		(3,730)	(3,730)	
(31,187)	(31,187)		(3,730)	(3,730)	
(4,721,549)		4,721,549	(513,831)		513,831
\$ (4,721,549)	\$	\$ 4,721,549	\$ (513,831)	\$	\$ 513,831

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		966,188	966,188
<b>Total revenues</b>		<u>966,188</u>	<u>966,188</u>
<b>Expenditures:</b>			
Current -			
Instruction	681,430	412,916	268,514
Support services - students and staff	709,963	430,206	279,757
Support services - administration	12,102	7,333	4,769
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	189,587	114,881	74,706
<b>Total expenditures</b>	<u>1,593,082</u>	<u>965,336</u>	<u>627,746</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,593,082)</u>	<u>852</u>	<u>1,593,934</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(852)	(852)	
<b>Total other financing sources (uses):</b>	<u>(852)</u>	<u>(852)</u>	
<b>Changes in fund balances</b>	<u>(1,593,934)</u>		<u>1,593,934</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,593,934)</u>	<u>\$</u>	<u>\$ 1,593,934</u>

Vocational Education			Homeless Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	81,902	81,902		1,007	1,007
	81,902	81,902		1,007	1,007
15,444	9,353	6,091			
40,150	24,315	15,835	1,009	1,007	2
76,202	46,149	30,053			
131,796	79,817	51,979	1,009	1,007	2
(131,796)	2,085	133,881	(1,009)		1,009
(2,085)	(2,085)				
(2,085)	(2,085)				
(133,881)		133,881	(1,009)		1,009
\$ (133,881)	\$	\$ 133,881	\$ (1,009)	\$	\$ 1,009

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 438	\$ 438
State aid and grants			
Federal aid, grants and reimbursements		46,236	46,236
<b>Total revenues</b>		<u>46,674</u>	<u>46,674</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	160,754	1,235	159,519
Support services - administration	139,017	1,068	137,949
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>299,771</u>	<u>2,303</u>	<u>297,468</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(299,771)</u>	<u>44,371</u>	<u>344,142</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(299,771)</u>	<u>44,371</u>	<u>344,142</u>
<b>Fund balances, beginning of year</b>		245,936	245,936
<b>Fund balances (deficits), end of year</b>	<u>\$ (299,771)</u>	<u>\$ 290,307</u>	<u>\$ 590,078</u>

E-Rate			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 413	\$ 413	\$	\$ 66,113	\$ 66,113
	202,379	202,379		66,113	66,113
	202,792	202,792		66,113	66,113
	178,424	(178,424)	8,125	6,358	1,767
			1,371	1,073	298
			74,986	58,682	16,304
	178,424	(178,424)	84,482	66,113	18,369
	24,368	24,368	(84,482)		84,482
	24,368	24,368	(84,482)		84,482
	1,912	1,912			
\$	\$ 26,280	\$ 26,280	\$ (84,482)	\$	\$ 84,482

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Gifted		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		4,648	4,648
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>4,648</u>	<u>4,648</u>
<b>Expenditures:</b>			
Current -			
Instruction	4,965	4,648	317
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>4,965</u>	<u>4,648</u>	<u>317</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,965)</u>		<u>4,965</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(4,965)</u>		<u>4,965</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,965)</u>	<u>\$</u>	<u>\$ 4,965</u>

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	10,000	10,000		29,900	29,900
	10,000	10,000		29,900	29,900
10,000	10,000		662,978	3,157	659,821
10,000	10,000		662,978	3,157	659,821
(10,000)		10,000	(662,978)	26,743	689,721
(10,000)		10,000	(662,978)	26,743	689,721
				111,755	111,755
\$ (10,000)	\$	\$ 10,000	\$ (662,978)	\$ 138,498	\$ 801,476

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Food Service		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 162,087	\$ 162,087
State aid and grants			
Federal aid, grants and reimbursements		1,669,864	1,669,864
<b>Total revenues</b>		<u>1,831,951</u>	<u>1,831,951</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	1,889,996	1,612,784	277,212
Capital outlay	193,942	165,496	28,446
<b>Total expenditures</b>	<u>2,083,938</u>	<u>1,778,280</u>	<u>305,658</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,083,938)</u>	<u>53,671</u>	<u>2,137,609</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(125,000)	(125,000)	
<b>Total other financing sources (uses):</b>	<u>(125,000)</u>	<u>(125,000)</u>	
<b>Changes in fund balances</b>	<u>(2,208,938)</u>	<u>(71,329)</u>	<u>2,137,609</u>
<b>Fund balances, beginning of year</b>		543,882	543,882
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,208,938)</u>	<u>\$ 472,553</u>	<u>\$ 2,681,491</u>

Civic Center			Community School		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 1,043	\$ 1,043	\$	\$ 68,154	\$ 68,154
	<u>1,043</u>	<u>1,043</u>		<u>68,154</u>	<u>68,154</u>
			137,793	2,562	135,231
20,734	159	20,575			
<u>20,734</u>	<u>159</u>	<u>20,575</u>	<u>137,793</u>	<u>2,562</u>	<u>135,231</u>
<u>(20,734)</u>	<u>884</u>	<u>21,618</u>	<u>(137,793)</u>	<u>65,592</u>	<u>203,385</u>
<u>(20,734)</u>	<u>884</u>	<u>21,618</u>	<u>(137,793)</u>	<u>65,592</u>	<u>203,385</u>
	20,734	20,734		99,835	99,835
<u>\$ (20,734)</u>	<u>\$ 21,618</u>	<u>\$ 42,352</u>	<u>\$ (137,793)</u>	<u>\$ 165,427</u>	<u>\$ 303,220</u>

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 227,400	\$ 227,400
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>227,400</u>	<u>227,400</u>
<b>Expenditures:</b>			
Current -			
Instruction	231,137	188,571	42,566
Support services - students and staff	4,699	3,834	865
Support services - administration	2,362	1,927	435
Operation and maintenance of plant services	1,144	933	211
Student transportation services	1,476	1,204	272
Operation of non-instructional services			
Capital outlay	9,182	7,491	1,691
<b>Total expenditures</b>	<u>250,000</u>	<u>203,960</u>	<u>46,040</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>23,440</u>	<u>273,440</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>23,440</u>	<u>273,440</u>
<b>Fund balances, beginning of year</b>		100,031	100,031
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ 123,471</u>	<u>\$ 373,471</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 25,706	\$ 25,706	\$	\$ 18,236	\$ 18,236
	25,706	25,706		18,236	18,236
127,881	19,599	108,282	97	3	94
822	126	696			
			53,589	1,661	51,928
21,297	3,264	18,033			
			35,554	1,102	34,452
150,000	22,989	127,011	89,240	2,766	86,474
(150,000)	2,717	152,717	(89,240)	15,470	104,710
(150,000)	2,717	152,717	(89,240)	15,470	104,710
	66,894	66,894		66,411	66,411
\$ (150,000)	\$ 69,611	\$ 219,611	\$ (89,240)	\$ 81,881	\$ 171,121

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Career, Technical and Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction	8,360		8,360
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	8,360		8,360
<b>Excess (deficiency) of revenues over expenditures</b>	(8,360)		8,360
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(8,360)		8,360
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	\$ (8,360)	\$	\$ 8,360

Insurance Proceeds			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 22,224	\$ 22,224	\$	\$ 456	\$ 456
	22,224	22,224		456	456
			60,929		60,929
55,215	18,359	36,856			
1,796	597	1,199			
12,379	4,116	8,263			
69,390	23,072	46,318	60,929		60,929
(69,390)	(848)	68,542	(60,929)	456	61,385
(69,390)	(848)	68,542	(60,929)	456	61,385
	69,390	69,390		63,359	63,359
\$ (69,390)	\$ 68,542	\$ 137,932	\$ (60,929)	\$ 63,815	\$ 124,744

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Litigation Recovery		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 7,574	\$ 7,574
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>7,574</u>	<u>7,574</u>
<b>Expenditures:</b>			
Current -			
Instruction	85,317		85,317
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>85,317</u>		<u>85,317</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(85,317)</u>	<u>7,574</u>	<u>92,891</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(85,317)</u>	<u>7,574</u>	<u>92,891</u>
<b>Fund balances, beginning of year</b>		301,086	301,086
<b>Fund balances (deficits), end of year</b>	<u>\$ (85,317)</u>	<u>\$ 308,660</u>	<u>\$ 393,977</u>

Indirect Costs			Grants and Gifts to Teachers		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 4	\$ 4
				4	4
			2,316		2,316
186,791	165,652	21,139			
186,791	165,652	21,139	2,316		2,316
(186,791)	(165,652)	21,139	(2,316)	4	2,320
186,791	165,652	(21,139)			
186,791	165,652	(21,139)			
			(2,316)	4	2,320
				2,316	2,316
\$	\$	\$	\$ (2,316)	\$ 2,320	\$ 4,636

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Advertisement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 25	\$ 25
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		25	25
<b>Expenditures:</b>			
Current -			
Instruction	13,689		13,689
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	13,689		13,689
<b>Excess (deficiency) of revenues over expenditures</b>	(13,689)	25	13,714
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(13,689)	25	13,714
<b>Fund balances, beginning of year</b>		13,689	13,689
<b>Fund balances (deficits), end of year</b>	\$ (13,689)	\$ 13,714	\$ 27,403

Joint Technical Education			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 780,764	\$ 780,764	\$	\$ 1,351,508	\$ 1,351,508
				1,248,327	1,248,327
				6,402,077	6,402,077
	780,764	780,764		9,001,912	9,001,912
796,712	670,032	126,680	7,385,235	4,203,325	3,181,910
107,181	90,139	17,042	3,476,655	2,369,129	1,107,526
112,561	94,663	17,898	712,014	413,276	298,738
2,421	2,036	385	742,492	24,644	717,848
80	67	13	24,649	5,132	19,517
			1,889,996	1,612,784	277,212
334,184	281,047	53,137	950,983	697,012	253,971
1,353,139	1,137,984	215,155	15,182,024	9,325,302	5,856,722
(1,353,139)	(357,220)	995,919	(15,182,024)	(323,390)	14,858,634
			186,791	165,652	(21,139)
			(162,854)	(162,854)	
			23,937	2,798	(21,139)
(1,353,139)	(357,220)	995,919	(15,158,087)	(320,592)	14,837,495
	411,131	411,131		3,002,686	3,002,686
\$ (1,353,139)	\$ 53,911	\$ 1,407,050	\$ (15,158,087)	\$ 2,682,094	\$ 17,840,181



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## **DEBT SERVICE FUND**

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Debt Service		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 3,002	\$ 3,002
Property taxes		667,745	667,745
<b>Total revenues</b>		670,747	670,747
<b>Expenditures:</b>			
Debt service -			
Principal retirement		248,000	(248,000)
Interest and fiscal charges		350,018	(350,018)
<b>Total expenditures</b>		598,018	(598,018)
<b>Excess (deficiency) of revenues over expenditures</b>		72,729	72,729
<b>Other financing sources (uses):</b>			
Transfer in		14,071	14,071
<b>Total other financing sources (uses):</b>		14,071	14,071
<b>Changes in fund balances</b>		86,800	86,800
<b>Fund balances, beginning of year</b>		144,222	144,222
<b>Fund balances, end of year</b>	\$	\$ 231,022	\$ 231,022

## CAPITAL PROJECTS FUNDS

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

**Unrestricted Capital Outlay** - to account for transactions relating to the acquisition of capital items.

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

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

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

**Energy and Water Savings** - to account for capital investment monies, energy related rebate or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2011**

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Energy and Water Savings</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 396,415	\$ 57,439	\$
Cash and investments - restricted			268,624
Property taxes receivable	84,168	860	
Due from governmental entities	1,945		189,527
<b>Total assets</b>	<u><u>\$ 482,528</u></u>	<u><u>\$ 58,299</u></u>	<u><u>\$ 458,151</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 7,418	\$	\$ 189,527
Deferred revenues	73,463	827	
<b>Total liabilities</b>	<u><u>80,881</u></u>	<u><u>827</u></u>	<u><u>189,527</u></u>
Fund balances:			
Restricted	401,647	57,472	268,624
<b>Total fund balances</b>	<u><u>401,647</u></u>	<u><u>57,472</u></u>	<u><u>268,624</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 482,528</u></u>	<u><u>\$ 58,299</u></u>	<u><u>\$ 458,151</u></u>

Building Renewal	Totals
\$ 129,205	\$ 583,059
	268,624
	85,028
	191,472
<u>\$ 129,205</u>	<u>\$ 1,128,183</u>

\$	\$ 196,945
	74,290
	<u>271,235</u>

<u>129,205</u>	<u>856,948</u>
<u>129,205</u>	<u>856,948</u>
<u>\$ 129,205</u>	<u>\$ 1,128,183</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
<b>Revenues:</b>			
Other local	\$ 3,122	\$ 1,133	\$
Property taxes	535,588	1,655	
State aid and grants	11,289		
Federal aid, grants and reimbursements			415,133
<b>Total revenues</b>	<u>549,999</u>	<u>2,788</u>	<u>415,133</u>
<b>Expenditures:</b>			
Capital outlay	602,029	181,743	1,336,089
<b>Total expenditures</b>	<u>602,029</u>	<u>181,743</u>	<u>1,336,089</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(52,030)</u>	<u>(178,955)</u>	<u>(920,956)</u>
<b>Other financing sources (uses):</b>			
Capital lease agreements			1,189,580
<b>Total other financing sources (uses):</b>			<u>1,189,580</u>
<b>Changes in fund balances</b>	<u>(52,030)</u>	<u>(178,955)</u>	<u>268,624</u>
<b>Fund balances, beginning of year</b>	453,677	236,427	
<b>Fund balances, end of year</b>	<u>\$ 401,647</u>	<u>\$ 57,472</u>	<u>\$ 268,624</u>

Building Renewal	Totals
\$ 707	\$ 4,962
	537,243
	11,289
	415,133
<u>707</u>	<u>968,627</u>
	<u>2,119,861</u>
	<u>2,119,861</u>
<u>707</u>	<u>(1,151,234)</u>
	<u>1,189,580</u>
	<u>1,189,580</u>
<u>707</u>	<u>38,346</u>
128,498	818,602
<u>\$ 129,205</u>	<u>\$ 856,948</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 3,122	\$ 3,122
Property taxes		535,588	535,588
State aid and grants		11,289	11,289
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>549,999</u>	<u>549,999</u>
<b>Expenditures:</b>			
Capital outlay	1,686,162	602,029	1,084,133
<b>Total expenditures</b>	<u>1,686,162</u>	<u>602,029</u>	<u>1,084,133</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,686,162)</u>	<u>(52,030)</u>	<u>1,634,132</u>
<b>Other financing sources (uses):</b>			
Transfer out			
Capital lease agreements			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(1,686,162)</u>	<u>(52,030)</u>	<u>1,634,132</u>
<b>Fund balances, beginning of year</b>		453,677	453,677
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,686,162)</u>	<u>\$ 401,647</u>	<u>\$ 2,087,809</u>

Adjacent Ways			Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,133 1,655	\$ 1,133 1,655	\$	\$ 51,454 133,298 731,133	\$ 51,454 133,298 731,133
	2,788	2,788		915,885	915,885
334,044	181,743	152,301	777,225	11,496	765,729
334,044	181,743	152,301	777,225	11,496	765,729
(334,044)	(178,955)	155,089	(777,225)	904,389	1,681,614
(334,044)	(178,955)	155,089	(777,225)	904,389	1,681,614
	236,427	236,427		1,017,752	1,017,752
\$ (334,044)	\$ 57,472	\$ 391,516	\$ (777,225)	\$ 1,922,141	\$ 2,699,366

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 14,071	\$ 14,071
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		14,071	14,071
<b>Expenditures:</b>			
Capital outlay	6,845,775	6,156,057	689,718
<b>Total expenditures</b>	6,845,775	6,156,057	689,718
<b>Excess (deficiency) of revenues over expenditures</b>	(6,845,775)	(6,141,986)	703,789
<b>Other financing sources (uses):</b>			
Transfer out		(14,071)	(14,071)
Capital lease agreements			
<b>Total other financing sources (uses):</b>		(14,071)	(14,071)
<b>Changes in fund balances</b>	(6,845,775)	(6,156,057)	689,718
<b>Fund balances, beginning of year</b>		6,265,584	6,265,584
<b>Fund balances (deficits), end of year</b>	\$ (6,845,775)	\$ 109,527	\$ 6,955,302

Energy and Water Savings			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 707	\$ 707
	415,133	415,133			
	415,133	415,133		707	707
	1,336,089	(1,336,089)	163,079		163,079
	1,336,089	(1,336,089)	163,079		163,079
	(920,956)	(920,956)	(163,079)	707	163,786
	1,189,580	1,189,580			
	1,189,580	1,189,580			
	268,624	268,624	(163,079)	707	163,786
				128,498	128,498
\$	\$ 268,624	\$ 268,624	\$ (163,079)	\$ 129,205	\$ 292,284

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 70,487	\$ 70,487
Property taxes		670,541	670,541
State aid and grants		742,422	742,422
Federal aid, grants and reimbursements		415,133	415,133
<b>Total revenues</b>		<u>1,898,583</u>	<u>1,898,583</u>
<b>Expenditures:</b>			
Capital outlay	9,806,285	8,287,414	1,518,871
<b>Total expenditures</b>	<u>9,806,285</u>	<u>8,287,414</u>	<u>1,518,871</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,806,285)</u>	<u>(6,388,831)</u>	<u>3,417,454</u>
<b>Other financing sources (uses):</b>			
Transfer out		(14,071)	(14,071)
Capital lease agreements		1,189,580	1,189,580
<b>Total other financing sources (uses):</b>		<u>1,175,509</u>	<u>1,175,509</u>
<b>Changes in fund balances</b>	<u>(9,806,285)</u>	<u>(5,213,322)</u>	<u>4,592,963</u>
<b>Fund balances, beginning of year</b>		8,101,938	8,101,938
<b>Fund balances (deficits), end of year</b>	<u>\$ (9,806,285)</u>	<u>\$ 2,888,616</u>	<u>\$ 12,694,901</u>

## **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 Withholding** - to account for voluntary deductions temporarily held by the District as an agent.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2011**

	Student Activities	Totals
<b><u>ASSETS</u></b>		
Cash and investments	\$ 66,604	\$ 66,604
<b>Total assets</b>	<b>\$ 66,604</b>	<b>\$ 66,604</b>
<b><u>LIABILITIES</u></b>		
Due to student groups	\$ 66,604	\$ 66,604
<b>Total liabilities</b>	<b>\$ 66,604</b>	<b>\$ 66,604</b>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 72,759	\$ 92,622	\$ 98,777	\$ 66,604
Total assets	\$ 72,759	\$ 92,622	\$ 98,777	\$ 66,604
<u>Liabilities</u>				
Due to student groups	\$ 72,759	\$ 92,622	\$ 98,777	\$ 66,604
Total liabilities	\$ 72,759	\$ 92,622	\$ 98,777	\$ 66,604
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 550,903	\$ 6,715,728	\$ 7,266,631	\$
Total assets	\$ 550,903	\$ 6,715,728	\$ 7,266,631	\$
<u>Liabilities</u>				
Deposits held for others	\$ 550,903	\$ 6,715,728	\$ 7,266,631	\$
Total liabilities	\$ 550,903	\$ 6,715,728	\$ 7,266,631	\$
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 623,662	\$ 6,808,350	\$ 7,365,408	\$ 66,604
Total assets	\$ 623,662	\$ 6,808,350	\$ 7,365,408	\$ 66,604
<u>Liabilities</u>				
Deposits held for others	\$ 550,903	\$ 6,715,728	\$ 7,266,631	\$
Due to student groups	72,759	92,622	98,777	66,604
Total liabilities	\$ 623,662	\$ 6,808,350	\$ 7,365,408	\$ 66,604



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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.

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

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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	\$ 30,572,945	\$ 34,850,360	\$ 30,817,230	\$ 30,074,988	\$ 30,056,109
Restricted	3,897,010	2,189,507	1,285,491	2,945,518	4,228,481
Unrestricted	7,528,236	5,936,929	5,491,455	4,498,888	2,474,019
Total net assets	<u>\$ 41,998,191</u>	<u>\$ 42,976,796</u>	<u>\$ 37,594,176</u>	<u>\$ 37,519,394</u>	<u>\$ 36,758,609</u>
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	\$ 29,270,589	\$ 28,089,399	\$ 26,087,717	\$ 11,022,878	
Restricted	2,657,505	2,383,785	2,554,986	3,015,565	
Unrestricted	5,761,993	4,733,339	3,913,896	2,935,313	
Total net assets	<u>\$ 37,690,087</u>	<u>\$ 35,206,523</u>	<u>\$ 32,556,599</u>	<u>\$ 16,973,756</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. 34 were adopted in fiscal year 2003 therefore only nine years are shown.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Expenses</b>					
Instruction	\$ 17,841,561	\$ 17,193,268	\$ 17,343,288	\$ 17,834,162	\$ 19,063,940
Support services - students and staff	4,213,389	4,909,283	3,377,009	2,879,445	2,728,216
Support services - administration	3,852,387	4,278,874	4,161,607	3,664,508	3,343,558
Operation and maintenance of plant services	4,113,500	3,781,781	4,413,063	4,311,968	4,099,917
Student transportation services	1,037,984	696,240	644,805	617,619	547,154
Operation of non-instructional services	1,776,853	2,111,085	2,019,035	1,908,757	1,759,754
Interest on long-term debt	431,757	92,143	123,043	153,544	180,909
Total expenses	<u>33,267,431</u>	<u>33,062,674</u>	<u>32,081,850</u>	<u>31,370,003</u>	<u>31,723,448</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,077,451	992,987	1,068,210	1,038,252	888,597
Operation of non-instructional services	161,359	398,342	49,981	281,964	272,112
Other activities	30,000	429,339	384,528	45,114	17,831
Operating grants and contributions	7,004,441	9,497,217	6,822,564	6,014,897	5,464,554
Capital grants and contributions	665,494	4,623,246	1,006,217	430,206	260,781
Total program revenues	<u>8,938,745</u>	<u>15,941,131</u>	<u>9,331,500</u>	<u>7,810,433</u>	<u>6,903,875</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (24,328,686)</u>	<u>\$ (17,121,543)</u>	<u>\$ (22,750,350)</u>	<u>\$ (23,559,570)</u>	<u>\$ (24,819,573)</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>
<b>Expenses</b>				
Instruction	\$ 16,820,718	\$ 15,810,974	\$ 16,833,993	\$ 15,743,915
Support services - students and staff	2,670,700	2,129,529	2,045,518	1,886,556
Support services - administration	3,281,778	3,446,740	3,208,522	2,817,350
Operation and maintenance of plant services	3,620,249	3,448,839	2,769,928	2,674,302
Student transportation services	482,146	470,117	454,475	338,942
Operation of non-instructional services	1,478,780	1,249,514	1,448,525	1,442,825
Interest on long-term debt	205,395	238,292	268,127	215,545
Total expenses	<u>28,559,766</u>	<u>26,794,005</u>	<u>27,029,088</u>	<u>25,119,435</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction	837,764	570,685	200,106	302,576
Operation of non-instructional services	410,206	297,373	188,658	255,060
Other activities	13,643	233,583	51,540	
Operating grants and contributions	5,733,337	5,052,553	4,347,401	4,643,374
Capital grants and contributions	764,779	1,240,431	2,407,164	291,742
Total program revenues	<u>7,759,729</u>	<u>7,394,625</u>	<u>7,194,869</u>	<u>5,492,752</u>
<b>Net (Expense)/Revenue</b>	<u><u>\$ (20,800,037)</u></u>	<u><u>\$ (19,399,380)</u></u>	<u><u>\$ (19,834,219)</u></u>	<u><u>\$ (19,626,683)</u></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. 34 were adopted in fiscal year 2003 therefore only nine years are shown.

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Net (Expense)/Revenue</b>	\$ (24,328,686)	\$ (17,121,543)	\$ (22,750,350)	\$ (23,559,570)	\$ (24,819,573)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	4,061,894	1,918,514	2,011,783	1,747,944	705,729
Property taxes, levied for debt service	677,328	593,885	1,211,057	1,112,759	868,837
Property taxes, levied for capital outlay	664,704	1,215,963		59,363	1,715,755
Investment income (loss)	43,212	63,807	110,593	352,938	257,928
Unrestricted county aid	835,422	722,029	669	4,037	16,886
Unrestricted state aid	16,886,641	15,907,279	19,491,030	21,043,314	20,322,960
Unrestricted federal aid	180,880	2,082,686			
<b>Total general revenues</b>	<u>23,350,081</u>	<u>22,504,163</u>	<u>22,825,132</u>	<u>24,320,355</u>	<u>23,888,095</u>
<b>Changes in Net Assets</b>	<u>\$ (978,605)</u>	<u>\$ 5,382,620</u>	<u>\$ 74,782</u>	<u>\$ 760,785</u>	<u>\$ (931,478)</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>
<b>Net (Expense)/Revenue</b>	\$ (20,800,037)	\$ (19,399,380)	\$ (19,834,219)	\$ (19,626,683)
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes	1,154,847	2,145,942	2,107,271	1,403,568
Property taxes, levied for debt service	640,847	817,745	984,040	1,105,628
Property taxes, levied for capital outlay	1,244,032	169,873	15,300	594,711
Investment income (loss)	190,707	67,605	77,241	(56,393)
Unrestricted county aid	577,687	566,811	544,935	540,850
Unrestricted state aid	19,179,853	18,281,328	31,657,457	20,769,353
<b>Total general revenues</b>	<u>22,987,973</u>	<u>22,049,304</u>	<u>35,386,244</u>	<u>24,357,717</u>
<b>Changes in Net Assets</b>	<u>\$ 2,187,936</u>	<u>\$ 2,649,924</u>	<u>\$ 15,552,025</u>	<u>\$ 4,731,034</u>

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

**Notes:** 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2003 therefore only nine years are shown.

2) In fiscal year 2003, investment income includes an investment loss due to a loss suffered in the participation of the Local Government Investment Pool.

**(Concluded)**



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
General Fund:					
Nonspendable	\$ 503,343	\$	\$	\$	\$
Restricted					
Committed					
Assigned					
Unassigned	6,594,709				
Reserved		333,882	322,881	480,181	125,846
Unreserved		850,466	(158,614)	314,448	195,064
Total General Fund	<u>\$ 7,098,052</u>	<u>\$ 1,184,348</u>	<u>\$ 164,267</u>	<u>\$ 794,629</u>	<u>\$ 320,910</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	3,272,963				
Committed					
Assigned					
Unassigned					
Reserved			7,526	10,524	12,528
Unreserved, reported in:					
Special revenue funds		3,034,201	2,715,339	2,297,125	1,279,780
Capital projects funds		8,101,938	796,388	2,664,402	3,945,363
Debt service fund		144,222	256,958	136,972	100,645
Total all other governmental funds	<u>\$ 3,272,963</u>	<u>\$ 11,280,361</u>	<u>\$ 3,776,211</u>	<u>\$ 5,109,023</u>	<u>\$ 5,338,316</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>
General Fund:					
Reserved	\$ 162,973	\$ 155,402	\$ 211,999	\$ 437,081	\$ 216,760
Unreserved	1,367,162	1,664,108	1,784,700	607,468	1,313,172
Total General Fund	<u>\$ 1,530,135</u>	<u>\$ 1,819,510</u>	<u>\$ 1,996,699</u>	<u>\$ 1,044,549</u>	<u>\$ 1,529,932</u>
All Other Governmental Funds:					
Reserved	\$ 17,267	\$ 20,777	\$	\$	\$
Unreserved, reported in:					
Special revenue funds	2,782,126	2,112,524	944,016	1,079,258	451,906
Capital projects funds	2,195,063	1,533,514	1,671,195	2,117,900	1,503,688
Debt service fund	251,813	665,157	705,625	649,984	1,557,000
Total all other governmental funds	<u>\$ 5,246,269</u>	<u>\$ 4,331,972</u>	<u>\$ 3,320,836</u>	<u>\$ 3,847,142</u>	<u>\$ 3,512,594</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)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 6,028,566	\$ 11,396,212	\$ 5,002,016	\$ 4,620,887	\$ 4,080,218
State Fiscal Stabilization (ARRA)	180,880	2,082,686			
National School Lunch Program	1,669,864	1,773,698	1,646,185	1,510,340	1,344,709
Total federal sources	<u>7,879,310</u>	<u>15,252,596</u>	<u>6,648,201</u>	<u>6,131,227</u>	<u>5,424,927</u>
<b>State sources:</b>					
State equalization assistance	15,751,557	16,097,611	16,553,192	18,442,289	17,735,350
State grants	90,601	234,667	2,078,367	383,990	245,059
School Facilities Board				352,670	713,339
Other revenues	1,157,726	1,214,935	32,980	2,248,355	1,874,271
Total state sources	<u>16,999,884</u>	<u>17,547,213</u>	<u>18,664,539</u>	<u>21,427,304</u>	<u>20,568,019</u>
<b>Local sources:</b>					
Property taxes	5,180,392	3,671,680	3,157,114	2,877,938	3,402,374
County aid	835,422	722,029	669	4,037	16,886
Food service sales	161,359	184,889	202,739	188,051	202,802
Investment income (loss)	43,212	63,809	110,593	352,938	257,928
Other revenues	1,205,416	1,721,349	1,582,957	1,376,895	975,738
Total local sources	<u>7,425,801</u>	<u>6,363,756</u>	<u>5,054,072</u>	<u>4,799,859</u>	<u>4,855,728</u>
<b>Total revenues</b>	<u><u>\$ 32,304,995</u></u>	<u><u>\$ 39,163,565</u></u>	<u><u>\$ 30,366,812</u></u>	<u><u>\$ 32,358,390</u></u>	<u><u>\$ 30,848,674</u></u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 4,572,004	\$ 4,876,135	\$ 5,452,897	\$ 3,539,302	\$ 3,745,758
National School Lunch Program		1,162,495	1,069,506	1,187,855	1,119,826
Total federal sources	<u>5,853,520</u>	<u>6,038,630</u>	<u>6,522,403</u>	<u>4,727,157</u>	<u>4,865,584</u>
<b>State sources:</b>					
State equalization assistance	15,984,916	15,186,853	15,386,141	15,395,848	14,831,145
State grants	207,961	254,354	232,163	207,959	206,227
School Facilities Board	1,082,701	1,605,273	15,200,662	4,203,463	1,469,568
Other revenues	<u>2,118,795</u>	<u>1,566,917</u>	<u>1,065,578</u>	<u>1,170,743</u>	<u>1,293,294</u>
Total state sources	<u>19,394,373</u>	<u>18,613,397</u>	<u>31,884,544</u>	<u>20,978,013</u>	<u>17,800,234</u>
<b>Local sources:</b>					
Property taxes	3,141,544	3,085,780	3,166,646	3,194,870	2,932,736
County aid	577,687	566,811	544,935	540,850	529,157
Food service sales	195,114	163,038	111,375	162,913	168,576
Investment income (loss)	190,707	67,605	77,241	(56,137)	151,138
Other revenues	<u>1,066,499</u>	<u>938,603</u>	<u>328,928</u>	<u>394,721</u>	<u>383,573</u>
Total local sources	<u>5,171,551</u>	<u>4,821,837</u>	<u>4,229,125</u>	<u>4,237,217</u>	<u>4,165,180</u>
<b>Total revenues</b>	<u><u>\$ 30,419,444</u></u>	<u><u>\$ 29,473,864</u></u>	<u><u>\$ 42,636,072</u></u>	<u><u>\$ 29,942,387</u></u>	<u><u>\$ 26,830,998</u></u>

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

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 13,523,776	\$ 15,731,136	\$ 15,102,110	\$ 15,898,466	\$ 16,297,105
Support services - students and staff	3,613,733	4,858,762	3,295,576	2,759,700	2,607,179
Support services - administration	3,560,419	3,756,522	3,758,653	3,687,157	3,251,906
Operation and maintenance of plant services	3,259,655	3,313,024	3,632,650	3,477,072	3,547,550
Student transportation services	527,036	605,059	542,207	485,546	449,169
Operation of non-instructional services	1,648,569	1,910,702	1,859,046	1,807,614	1,628,702
Capital outlay	8,997,027	7,092,311	2,878,248	3,201,447	2,988,582
Debt service -					
Claims and judgments	29,497		16,248		
Interest, premium and fiscal charges	350,018	24,050	54,950	85,451	112,816
Principal retirement	248,000	740,000	1,030,000	1,063,842	1,040,977
Payment to refunded bond escrow agent					
Bond issuance costs		189,834			
<b>Total expenditures</b>	<b><u>\$ 35,757,730</u></b>	<b><u>\$ 38,221,400</u></b>	<b><u>\$ 32,169,688</u></b>	<b><u>\$ 32,466,295</u></b>	<b><u>\$ 31,923,986</u></b>
Expenditures for capitalized assets	\$ 4,294,000	\$ 5,983,990	\$ 1,076,419	\$ 417,468	\$ 1,154,667
Debt service as a percentage of noncapital expenditures	2%	2%	4%	4%	4%

**(Continued)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 14,755,818	\$ 13,889,562	\$ 13,756,825	\$ 13,560,078	\$ 13,835,921
Support services - students and staff	2,599,809	2,035,646	1,564,137	1,851,468	1,728,567
Support services - administration	3,174,986	3,003,802	2,386,376	2,992,452	2,522,377
Operation and maintenance of plant services	3,153,788	3,085,509	2,654,541	2,551,767	2,315,500
Student transportation services	326,570	261,740	295,364	254,653	297,626
Operation of non-instructional services	1,378,282	1,185,610	1,344,808	1,420,918	1,579,632
Capital outlay	3,343,787	4,051,404	18,988,392	5,955,016	3,681,875
Debt service -					
Claims and judgments					
Interest, premium and fiscal charges	137,302	170,199	200,034	215,545	427,850
Principal retirement	928,241	920,625	857,764	750,000	750,000
Payment to refunded bond escrow agent				1,000,000	
Bond issuance costs				126,498	
<b>Total expenditures</b>	<u><u>\$ 29,798,583</u></u>	<u><u>\$ 28,604,097</u></u>	<u><u>\$ 42,048,241</u></u>	<u><u>\$ 30,678,395</u></u>	<u><u>\$ 27,139,348</u></u>
Expenditures for capitalized assets	\$ 1,680,135	\$ 2,236,029	\$ 15,110,391	\$ 4,041,785	\$ 2,763,889
Debt service as a percentage of noncapital expenditures	4%	4%	4%	8%	5%

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (3,452,735)	\$ 942,165	\$ (1,802,876)	\$ (107,905)	\$ (1,075,312)
<b>Other financing sources (uses):</b>					
School improvement bonds issued		7,648,000			
Refunding bonds issued					
Premium on sale of bonds					
Discount on sale of bonds		(69,409)			
Capital lease agreements	1,189,580				
Transfers in	179,723	203,394	1,471,552	702,599	229,962
Transfers out	(179,723)	(203,394)	(1,471,552)	(702,599)	(229,962)
Payment to refunded bond escrow agent					
Total other financing sources (uses)	<u>1,189,580</u>	<u>7,578,591</u>	<u></u>	<u></u>	<u></u>
<b>Changes in fund balances</b>	<u>\$ (2,263,155)</u>	<u>\$ 8,520,756</u>	<u>\$ (1,802,876)</u>	<u>\$ (107,905)</u>	<u>\$ (1,075,312)</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 620,861	\$ 869,767	\$ 587,831	\$ (736,008)	\$ (308,350)
<b>Other financing sources (uses):</b>					
School improvement bonds issued					
Refunding bonds issued				6,280,000	
Premium on sale of bonds				77,028	
Discount on sale of bonds					
Capital lease agreements			63,095	238,354	
Transfers in		148,177	66,704	41,434	132,193
Transfers out		(148,177)	(66,704)	(41,434)	(132,193)
Payment to refunded bond escrow agent				(6,230,530)	
Total other financing sources (uses)	<u></u>	<u></u>	<u>63,095</u>	<u>364,852</u>	<u></u>
<b>Changes in fund balances</b>	<u>\$ 620,861</u>	<u>\$ 869,767</u>	<u>\$ 650,926</u>	<u>\$ (371,156)</u>	<u>\$ (308,350)</u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Value</b>	<b>Ratio of Net Assessed to Estimated Actual Value</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>							
2011	\$ 42,294,793	\$ 43,089,500	\$ 8,065,860	\$ 15,250,534	78,199,619	8.74	\$ 701,419,679	11.15	%
2010	40,294,137	37,923,590	8,761,135	12,672,843	74,306,019	6.12	647,530,839	11.48	
2009					74,722,856	5.16	635,863,021	11.75	
2008					69,113,326	4.68	572,506,151	12.07	
2007					66,492,699	6.37	537,953,409	12.36	
2006					57,595,672	6.16	474,089,819	12.15	
2005					52,243,317	6.81	407,543,842	12.82	
2004					50,673,005	6.88	393,789,594	12.87	
2003					47,983,683	7.20	374,033,554	12.83	
2002					45,943,071	7.53	354,595,143	12.96	

**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.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State		County	Flood	Community	Fire	Joint	City			
	Equalization	County	Free Library	Control District	College District	District Assistance	Technology District	of Douglas	Primary	Secondary	Total
2011	0.36	2.63	0.15	0.26	1.60	0.08	0.05	0.98	7.86	0.88	8.74
2010	0.33	2.64	0.15	0.26	1.60	0.09	0.05	1.00	5.30	0.82	6.12
2009		2.68	0.16	0.26	1.66	0.08	0.05	1.02	3.51	1.65	5.16
2008		2.87	0.16	0.26	1.74	0.09	0.05	0.99	3.10	1.58	4.68
2007		2.92	0.16	0.26	1.79	0.09	0.05	1.05	4.94	1.43	6.37
2006		2.94	0.16	0.26	1.79	0.09	0.05	1.09	5.33	0.83	6.16
2005		2.94	0.16	0.26	1.79	0.10	0.05	1.09	4.91	1.90	6.81
2004		2.94	0.16	0.26	1.79	0.10	0.05	1.09	4.93	1.95	6.88
2003		2.94	0.16	0.26	1.79	0.10	0.05	1.09	4.90	2.30	7.20
2002		2.94	0.16	0.26	1.74	0.10	0.05	1.09	4.97	2.56	7.53

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<b>Taxpayer</b>	<b>2011</b>		<b>2002</b>	
	<b>Secondary Assessed Valuation</b>	<b>Percentage of District's Net Assessed Valuation</b>	<b>Secondary Assessed Valuation</b>	<b>Percentage of District's Net Assessed Valuation</b>
Wal-Mart Stores, Inc.	\$ 4,035,100	5.16 %	\$ 914,267	1.99 %
Arizona Public Service	2,064,470	2.64	3,436,542	7.48
Southwest Gas Corporation	891,476	1.14	1,093,445	2.38
Safeway Stores Inc.	891,476	1.14	1,630,979	3.55
Qwest Communications	852,376	1.09	1,098,039	2.39
Phelps Dodge Corporation	656,876	0.84	712,118	1.55
MT Development LLC	649,057	0.83		
FAE Holdings 356216R LLC	586,497	0.75		
J.C. Penny Stores	570,857	0.73	799,409	1.74
Cox Communications Inc.			712,118	1.55
Douglas West Center, Ltd.			496,185	1.08
Total	<u>\$ 11,198,185</u>	<u>14.32 %</u>	<u>\$ 10,893,102</u>	<u>23.71 %</u>

**Source:** The source of this information is the Cochise County Assessor's records.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	\$ 5,248,055	\$ 4,702,230	89.60 %	\$	\$ 4,702,230	89.60 %
2010	3,640,145	3,258,319	89.51	303,124	3,561,443	97.84
2009	3,115,816	2,795,410	89.72	276,294	3,071,704	98.58
2008	2,668,469	2,400,827	89.97	245,726	2,646,553	99.18
2007	3,326,693	3,119,942	93.79	178,355	3,308,346	99.45
2006	2,904,085	2,647,543	91.17	244,451	2,891,994	99.58
2005	2,929,609	2,643,174	90.22	273,958	2,917,132	99.57
2004	2,879,255	2,563,528	89.03	303,045	2,866,573	99.56
2003	2,916,899	2,599,299	89.11	305,790	2,905,089	99.60
2002	2,927,823	2,544,026	86.89	372,053	2,916,079	99.60

**Source:** The source of this information is the Cochise 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds				Total Outstanding Debt			
	General Obligation Bonds	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income
2011	\$ 7,600,000	1.08 %	422	\$ 1,189,580	8,789,580	1.25 %	488	N/A %
2010	8,388,000	1.30	466		8,388,000	1.30	466	1.98
2009	1,770,000	0.28	98		1,770,000	0.28	98	1.96
2008	2,770,000	0.48	154		2,770,000	0.48	154	0.46
2007	3,750,000	0.70	221	63,842	3,813,842	0.71	224	0.78
2006	4,620,000	0.97	272	124,819	4,744,819	1.00	279	1.13
2005	5,485,000	1.35	323	183,060	5,668,060	1.39	333	1.53
2004	6,280,000	1.59	369	238,685	6,518,685	1.66	383	2.03
2003	7,030,000	1.88	391	238,354	7,268,354	1.94	404	2.45
2002	8,235,000	2.32	458		8,235,000	2.32	458	2.90

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Cochise County	\$ 5,830,000	8.66 %	\$ 504,878
City of Douglas	5,510,000	100.00	<u>5,510,000</u>
Subtotal, Overlapping Debt			<u>6,014,878</u>
Direct:			
Douglas Unified School District No. 27			<u>7,600,000</u>
Total Direct and Overlapping Debt			<u>\$ 13,614,878</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, 2010 is presented for the overlapping governments as this is the most recent available information.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

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

Secondary assessed valuation	\$ 78,199,619
Debt limit (10% of assessed value)	7,819,962
Debt applicable to limit	7,600,000
Legal debt margin	<u><u>\$ 219,962</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2011:**

Secondary assessed valuation	\$ 78,199,619
Debt limit (30% of assessed value)	23,459,886
Debt applicable to limit	7,600,000
Legal debt margin	<u><u>\$ 15,859,886</u></u>

**Fiscal Year Ended June 30**

	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Total Debt limit	\$ 23,459,886	\$ 29,722,408	\$ 22,416,857	\$ 20,733,998	\$ 19,947,810
Total net debt applicable to limit	<u>7,600,000</u>	<u>8,388,000</u>	<u>1,770,000</u>	<u>2,770,000</u>	<u>3,750,000</u>
Legal debt margin	<u><u>\$ 15,859,886</u></u>	<u><u>\$ 21,334,408</u></u>	<u><u>\$ 20,646,857</u></u>	<u><u>\$ 17,963,998</u></u>	<u><u>\$ 16,197,810</u></u>
Total net debt applicable to the limit as a percentage of debt limit	32%	28%	8%	13%	19%

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>
Debt limit	\$ 17,278,702	\$ 15,672,995	\$ 15,201,902	\$ 14,395,105	\$ 13,782,921
Total net debt applicable to limit	<u>4,620,000</u>	<u>5,485,000</u>	<u>6,280,000</u>	<u>7,030,000</u>	<u>8,235,000</u>
Legal debt margin	<u><u>\$ 12,658,702</u></u>	<u><u>\$ 10,187,995</u></u>	<u><u>\$ 8,921,902</u></u>	<u><u>\$ 7,365,105</u></u>	<u><u>\$ 5,547,921</u></u>
Total net debt applicable to the limit as a percentage of debt limit	27%	35%	41%	49%	60%

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

**Note:** The District's general obligation bonds are subject to two limits; the institutionalized debt limit (total debt limit) on all GO 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2010	142,000	\$ N/A	\$ N/A	8.0 %	18,000
2009	140,263	4,435,021	34,243	7.4	18,000
2008	139,434	4,271,255	33,259	5.6	18,000
2007	137,200	3,823,812	29,890	4.0	18,000
2006	135,150	3,570,455	28,166	4.4	17,000
2005	131,790	3,383,842	26,958	4.8	17,000
2004	129,600	3,097,128	25,097	4.9	17,000
2003	125,430	2,794,617	23,045	5.6	17,000
2002	123,945	2,658,448	22,186	5.9	18,000
2001	120,845	2,509,222	21,147	4.9	18,000

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis.  
The source of the "Population" and "Unemployment Rate" information is University of Arizona, Eller College of Management, Economic and Business Research Center.

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PRINCIPAL EMPLOYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<b>Employer</b>	<b>2011</b>		<b>2002</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Cochise County	1,435	26.50 %		%
United States Border Patrol	675	12.47	510	10.09
Arizona Department of Corrections	598	11.04	659	13.04
Douglas Unified School District	541	9.99	561	11.10
Cochise College	360	6.65	164	3.24
Walmart Stores, Inc.	310	5.72	245	4.85
City of Douglas	227	4.19	234	4.63
Southeast Arizona Medical Center	126	2.33	160	3.17
Homeland Security: Field Operations	125	2.31		
Basha's Inc.	78	1.44	120	2.37
United States Customs			68	1.35
Safeway			160	3.17
Total	<u>4,475</u>	<u>82.64 %</u>	<u>2,881</u>	<u>57.01 %</u>
Total employment	<u>5,415</u>		<u>5,055</u>	

**Source:** The source of this information is the records of the Cochise College Center for Economic Research and each principal employer's humans resource records.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

Full-time Equivalent Employees as of June 30					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Supervisory</b>					
Consultants/supervisors of instruction				3	
Principals	8	7	8	8	8
Assistant principals	4	4	4	2	3
Total supervisory	<u>12</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>11</u>
<b>Instruction</b>					
Teachers	187	198	203	189	206
Other professionals (instructional)	16	14	14	14	7
Aides	112	96	110	118	127
Total instruction	<u>315</u>	<u>308</u>	<u>327</u>	<u>321</u>	<u>340</u>
<b>Student Services</b>					
Librarians	1	2	2	2	2
Technicians	6	8	9	8	10
Total student services	<u>7</u>	<u>10</u>	<u>11</u>	<u>10</u>	<u>12</u>
<b>Support and Administration</b>					
Service workers	34	38	42	42	39
Unskilled laborers	107	80	84	87	80
Total support and administration	<u>141</u>	<u>118</u>	<u>126</u>	<u>129</u>	<u>119</u>
<b>Total</b>	<u><u>475</u></u>	<u><u>447</u></u>	<u><u>476</u></u>	<u><u>473</u></u>	<u><u>482</u></u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Supervisory</b>					
Consultants/supervisors of instruction	5	5	5	6	5
Principals	8	8	7	7	7
Assistant principals	3	3	3	3	5
Total supervisory	<u>16</u>	<u>16</u>	<u>15</u>	<u>16</u>	<u>17</u>
<b>Instruction</b>					
Teachers	174	174	176	186	228
Other professionals (instructional)	8	8	8	8	8
Aides	90	90	90	93	92
Total instruction	<u>272</u>	<u>272</u>	<u>274</u>	<u>287</u>	<u>328</u>
<b>Student Services</b>					
Librarians	2	2	2	2	N/A
Technicians	6	6	5	5	N/A
Total student services	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>N/A</u>
<b>Support and Administration</b>					
Service workers	31	31	31	28	38
Unskilled laborers	83	83	83	68	111
Total support and administration	<u>114</u>	<u>114</u>	<u>114</u>	<u>96</u>	<u>149</u>
<b>Total</b>	<u>410</u>	<u>410</u>	<u>410</u>	<u>406</u>	<u>494</u>

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

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2011	3,981	\$ 26,133,188	\$ 6,564	(12.79) %	\$ 33,267,431	\$ 8,357	1.33 %	187	21.3	85 %
2010	4,009	30,175,205	7,527	4.69	33,062,674	8,247	0.80	198	20.2	86
2009	3,921	28,190,242	7,190	1.60	32,081,850	8,182	3.63	203	19.3	83
2008	3,973	28,115,555	7,077	1.74	31,370,003	7,896	(0.59)	189	21.0	79
2007	3,994	27,781,611	6,956	13.53	31,723,448	7,943	15.25	206	19.4	76
2006	4,144	25,389,253	6,127	5.13	28,559,766	6,892	3.55	174	23.8	76
2005	4,026	23,461,869	5,828	3.64	26,794,005	6,655	(3.65)	174	23.1	74
2004	3,913	22,002,051	5,623	2.19	27,029,088	6,908	13.10	176	22.2	74
2003	4,113	22,631,336	5,502	4.27	25,119,435	6,107	N/A	186	22.1	68
2002	4,222	22,279,623	5,277	N/A	N/A	N/A	N/A	228	18.5	69

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**CAPITAL ASSETS INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	22	22	22	22	22	22	22	21	18	18
Square feet	180,233	180,233	180,233	180,233	180,233	180,233	180,233	130,734	89,994	89,994
Capacity	2,251	2,251	2,251	2,251	2,251	2,251	2,251	1,633	1,188	1,188
Enrollment	1,698	1,675	1,696	1,803	1,785	1,904	1,860	1,850	1,403	N/A
<b>Middle</b>										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538
Capacity	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Enrollment	944	919	918	976	988	1,041	1,037	1,014	1,028	N/A
<b>High</b>										
Buildings	23	23	23	23	23	23	23	23	23	23
Square feet	157,335	157,335	157,335	157,335	157,335	157,335	157,335	157,335	157,335	157,335
Capacity	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967
Enrollment	1,324	1,269	1,145	1,217	1,241	1,379	1,271	1,210	1,145	N/A
<b>Other</b>										
Buildings	4	4	4	4	4	4	4	3	3	3
Square feet	28,561	28,561	28,561	28,561	28,561	28,561	28,561	23,974	23,974	23,974
Capacity	352	352	352	352	357	357	357	293	293	293
Enrollment	146	146	162	172	191	211	236	242	123	N/A
<b><u>Administrative</u></b>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400
<b><u>Transportation</u></b>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	17	17	16	16	16	16	16	14	18	17
<b><u>Athletics</u></b>										
Football 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	7	7	7	7	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	18	18	18	18	18	18	18	16	16	16

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

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

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