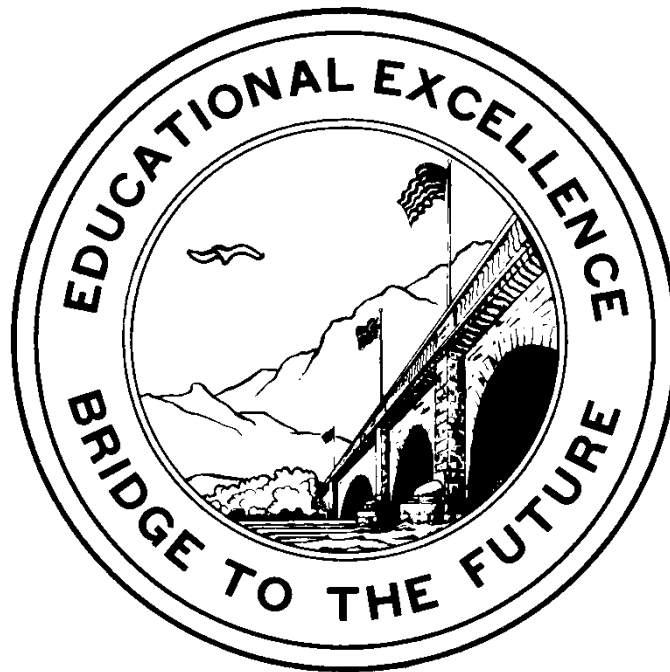

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LAKE HAVASU CITY, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issued by:
Business and Finance Department

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

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INTRODUCTORY SECTION

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Lake Havasu Unified School District No. 1

DISTRICT OFFICE

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798
928.505.6900 FAX 928.505.6999 www.havasu.k12.az.us

December 29, 2015

Citizens and Governing Board
Lake Havasu Unified School District No. 1
2200 Havasupai Boulevard
Lake Havasu City, Arizona 86403-3798

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Lake Havasu Unified School District No. 1 (District) for the fiscal year ended June 30, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's 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 14 public school districts located in Mohave County, Arizona. It provides a program of public education from kindergarten through grade twelve, with an estimated current enrollment of 5,418 students. Projected enrollment for fiscal year 2015-16 is 5,331 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, the component unit combined with the District for financial statement purposes and the District are not included in any other governmental entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction, and maintenance of District facilities, food services, and bookstore and athletic operations.

Blended Component Unit. Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Lake Havasu Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for District employees. The District's Governing Board appoints the Trust's Board of Directors. The District's Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

Complete financial statements for the component unit may be obtained at the Lake Havasu Unified School District No. 1's administrative offices, 2200 Havasupai Boulevard, Lake Havasu City, Arizona 86403-3798.

The District is located in the southwestern portion of Mohave County and contains 192 square miles. The Colorado River forms the western boundary of the District and provides the attractions that make tourism and recreation important economic contributors. Lake Havasu City is a popular boating and water recreation area.

Currently the District has six elementary schools - Kindergarten through 6th grade, one middle school - 7th through 8th grade, and one high school - 9th through 12th grades, with a total enrollment of 5,418 students.

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 over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue, therefore a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Lake Havasu City is the home of the London Bridge which attracts hundreds of thousands of visitors each year. The area promotes calm waters and beautiful beaches and is currently home to approximately 60,000 residents. Visitors enjoy fun in the sun activities in the summer and the area provides a welcome haven in the winter to those looking to find a warmer climate and no snow.

The Lake Havasu City environment includes wonderful climates in the fall, winter, and spring along with the friendly, rural, low-crime city atmosphere. Lake Havasu is located about 2 hours from Las Vegas, about 3 hours from Phoenix, and 4 plus hours from Los Angeles, providing access to the larger metropolitan areas with added shopping, cultural activities and professional sports.

The City, Hospital, and School District remain the top 3 employers in Lake Havasu. Sterilite Corporation, the largest U.S. independent manufacturer of plastic house-ware products, employs approximately 425 people in their 450,000 square foot facility. The balance of major employers is made up of hotel/motel, retail, trade, and service sectors.

In August 2012, Arizona State University (ASU) opened a campus in Lake Havasu City. The decision was made to utilize the former Daytona Middle School site owned by the Lake Havasu Unified School District (LHUSD). The District's Governing Board made the decision to close Daytona effective July 1, 2010, and the building had been vacant since. A lease agreement between ASU and LHUSD went into effect in early 2012. ASU is now responsible for all utility payments at the facility, as well as landscape, maintenance and security, benefitting both educational institutions.

District buildings range in age from construction in 1969 (Lake Havasu High School) to 2001 (Jamaica Elementary School). At this time, there are no plans for major renovations to current school district buildings. In April 2014, the District's Governing Board approved the move of the District's transportation department from the Lake Havasu facility, where they have resided for 10 years, to the District office location. The bulk of the financing for the project will come from adjacent ways funds. With regards to the bus barn and transportation offices, a financial agreement with Lake Havasu City was approved by both the City and the District and this will help defray the costs of a lease purchase agreement to construct the building.

Long-term Financial Planning. In July 2013, Standard & Poor's issued a rating update, affirming its "A" rating on Lake Havasu Unified School District No. 1. The rating reflects Standard & Poor's view of the District's:

- Diverse property tax base, the value of which is projected to remain stable.
- Adequate financial performance with carry-forward amounts and prepaid expenses that provide additional financial flexibility.
- Low debt burden.

Due to the reduction in district additional assistance funding for Arizona school districts, the Lake Havasu School District No. 1 Governing Board called for a capital bond election on November 4, 2014. The bond authorization requested was \$67,460,000. The bond election was defeated, therefore, the District is working with the Arizona School Facilities Board to cover immediate capital needs.

In an effort to curb costs, the District has completed the installation of two solar projects, one at Lake Havasu High School and another at the District office. By working with the local utility company, the District was able to keep the project revenue neutral. The final cost for the two projects was \$1.5 million, to be paid through a 17 year lease, with no pre-payment penalty applicable.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials (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, 2014. This was the twenty-sixth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. 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 ended June 30, 2015 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 "Elaine Wood".

Elaine (Missy) Wood
Director of Business Services

Association of School Business Officials International



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

Lake Havasu Unified School District No. 1

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

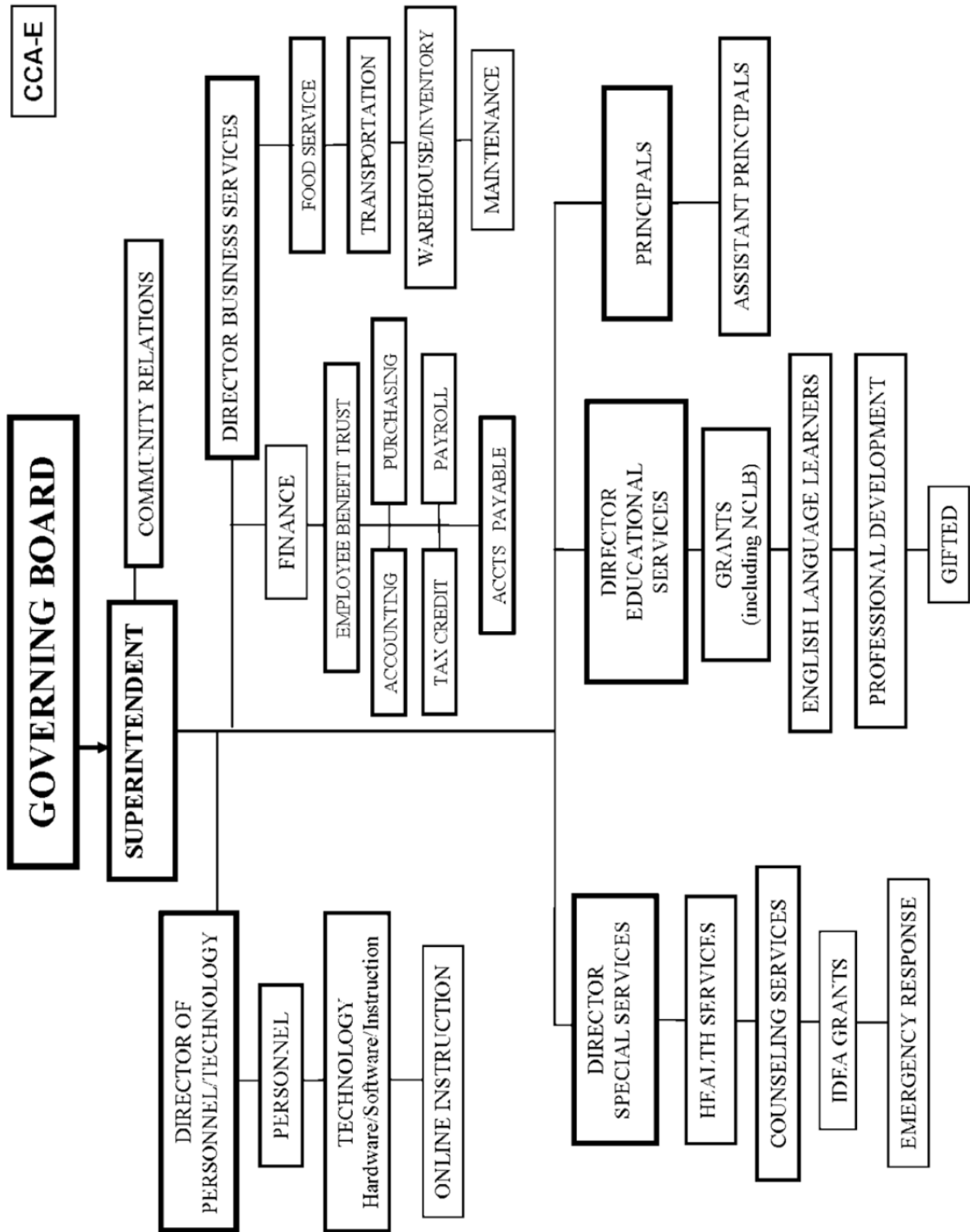
Presented to

**Lake Havasu Unified School
District No. 1, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Jo Navaretta, President

Pat Rooney, Vice President

Nichole Cohen, Member

Roger Schmitt, Member

Nancy Iannone, Member

ADMINISTRATIVE STAFF

Elaine 'Missy' Wood, Director of Business Services

Denise Miner, Director of Personnel and Technology

Aggie Wolter, Director of Special Services

Brad Gardner, Director of Educational Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Lake Havasu Unified School District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Havasu Unified School District No. 1 (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Lake Havasu Unified School District No. 1, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of Lake Havasu Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Havasu Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 29, 2015

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

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

As management of the Lake Havasu Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. 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 position of governmental activities increased \$5.3 million which represents a 38 percent increase from the prior fiscal year primarily due to final payment of bonds payable which was paid from current year property tax revenues.
- General revenues accounted for \$35.3 million in revenue, or 81 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.3 million, or 19 percent of total current fiscal year revenues.
- The District had approximately \$38.4 million in expenses related to governmental activities, a decrease of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$26.7 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$26.3 million in expenditures. The General Fund's fund balance increase from \$2.3 million at the prior fiscal year end to \$2.8 million at the end of the current fiscal year was primarily due to increased property tax revenues due to increased property tax rates.
- Net position for the Internal Service Fund decreased \$521,091 from the prior fiscal year primarily due to utilization of fund balance to keep per employee contribution costs down. Operating expenses of \$4.5 million exceeded operating revenues of \$3.9 million at the end of the current fiscal year.

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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS

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 position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS

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, Classroom Site, Food Service and Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Employee Benefit Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund.

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 Funds as required supplementary information.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19.2 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements; buildings and improvements; construction in progress; and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of June 30, 2015	As of June 30, 2014
Current and other assets	\$ 13,899,408	\$ 15,348,593
Capital assets, net	47,611,062	46,790,687
Total assets	<u>61,510,470</u>	<u>62,139,280</u>
Deferred outflows	<u>3,723,806</u>	
Current and other liabilities	3,578,011	3,310,567
Long-term liabilities	35,082,289	9,050,958
Total liabilities	<u>38,660,300</u>	<u>12,361,525</u>
Deferred inflows	<u>7,416,000</u>	
Net position:		
Net investment in capital assets	46,213,378	40,796,122
Restricted	4,966,839	6,569,902
Unrestricted	(32,022,241)	2,411,731
Total net position	<u>\$ 19,157,976</u>	<u>\$ 49,777,755</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$32.0 million. The deficit arose because of the implementation of GASB Statement No. 68 which required the District to record a liability for its proportionate share of the state pension plan's unfunded liability. All three components of net position were positive in the prior fiscal year.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 had an impact on the Statement of Net Position.

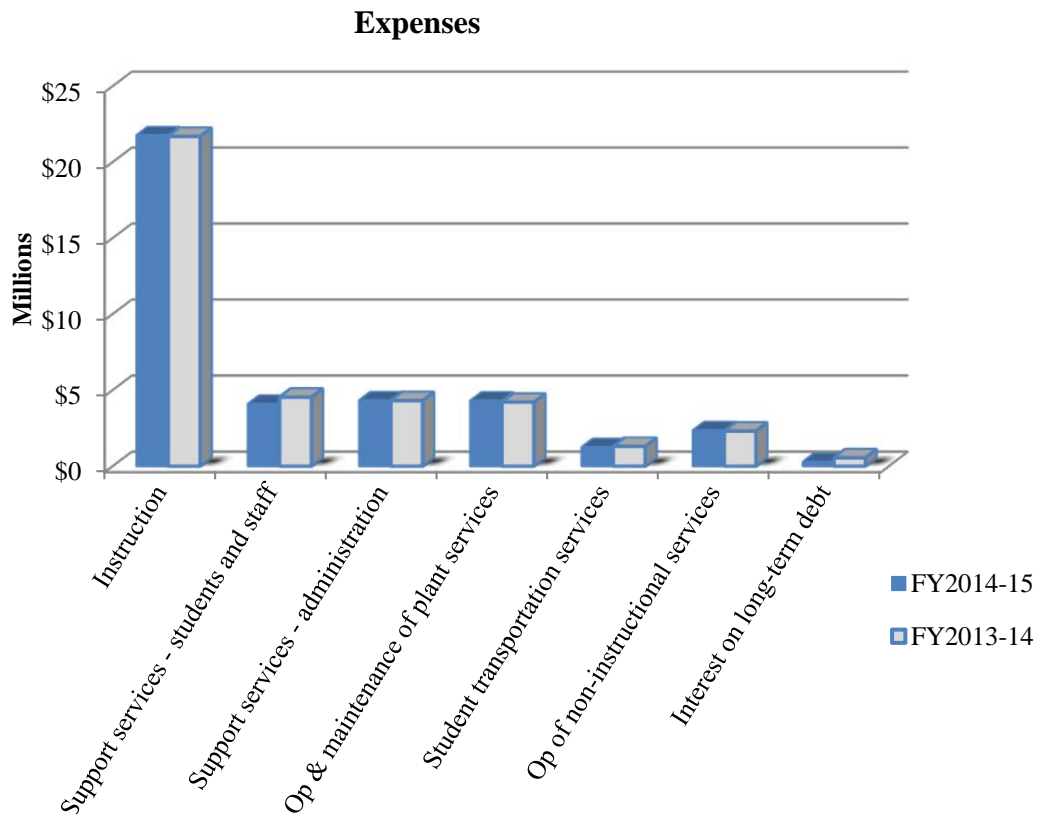
- The principal retirement of \$4.5 million of bonds.
- Accumulated depreciation increased \$2.4 million due to current year depreciation expense.
- The addition of \$3.3 million in capital assets through the construction of solar panels, a bus barn and parking lot projects.
- The addition of \$31.3 million in pension liabilities due to the implementation of new pension reporting standards.

Changes in net position. The District's total revenues for the current fiscal year were \$43.7 million. The total cost of all programs and services was \$38.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Revenues:		
Program revenues:		
Charges for services	\$ 2,563,159	\$ 2,342,494
Operating grants and contributions	5,030,979	5,503,608
Capital grants and contributions	711,227	109,377
General revenues:		
Property taxes	26,101,479	19,491,149
Investment income	88,297	310,893
Unrestricted county aid	714,643	813,289
Unrestricted state aid	8,245,844	9,034,924
Unrestricted federal aid	198,481	177,018
Total revenues	<u>43,654,109</u>	<u>37,782,752</u>
Expenses:		
Instruction	21,768,789	21,685,061
Support services – students and staff	4,089,490	4,530,494
Support services – administration	4,330,613	4,302,656
Operation and maintenance of plant services	4,309,558	4,199,556
Student transportation services	1,255,699	1,292,389
Operation of non-instructional services	2,360,567	2,301,439
Interest on long-term debt	288,532	546,855
Total expenses	<u>38,403,248</u>	<u>38,858,450</u>
Changes in net position	<u>5,250,861</u>	<u>(1,075,698)</u>
Net position, beginning, as restated	<u>13,907,115</u>	<u>50,853,453</u>
Net position, ending	<u><u>\$ 19,157,976</u></u>	<u><u>\$ 49,777,755</u></u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The increase of \$6.6 million in property tax revenues due to increased property tax rates.
- The increase in capital grants and contributions of \$601,850 due to increased capital projects.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2014</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 21,768,789	\$ (17,272,199)	\$ 21,685,061	\$ (18,341,979)
Support services – students and staff	4,089,490	(3,206,723)	4,530,494	(3,195,304)
Support services – administration	4,330,613	(4,111,343)	4,302,656	(4,116,101)
Operation and maintenance of plant services	4,309,558	(4,258,119)	4,199,556	(3,973,723)
Student transportation services	1,255,699	(1,236,124)	1,292,389	(1,272,814)
Operation of non-instructional services	2,360,567	275,157	2,301,439	461,674
Interest on long-term debt	288,532	(288,532)	546,855	(464,724)
Total	<u>\$ 38,403,248</u>	<u>\$ (30,097,883)</u>	<u>\$ 38,858,450</u>	<u>\$ (30,902,971)</u>

- The cost of all governmental activities this year was \$38.4 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.3 million.
- Net cost of governmental activities of \$30.1 million was financed by general revenues, which are made up of primarily property taxes of \$26.1 million and state and county aid of \$9.0 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$7.3 million, a decrease of \$1.1 million due primarily to increased instructional expenditures due to increases in average daily membership.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$498,265 to \$2.8 million was due to increased property tax revenues due to increased property tax rates. General Fund revenues increased \$4.7 million primarily due to increased property tax revenues due to increased property tax rates. General Fund expenditures increased \$1.5 million primarily due to increases in average daily membership.

The fund balance of the Classroom Site Fund decreased \$1.2 million due to increased instructional expenditures as a result of an increase in performance payouts.

Proprietary funds. Unrestricted net position of the Internal Service Fund at the end of the year amounted to \$2.5 million. The decrease of \$521,091 from the prior fiscal year was primarily due to utilization of fund balance to keep per employee contribution costs down.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget to capture the balance of the carry forward from the prior year. The difference between the original budget and the final amended budget was a \$408,616 increase, or two percent.

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. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant expenditure variances are summarized as follows.

- The favorable variance of \$561,826 in instruction expenditures was a result of costs not increasing as much as originally expected with increased enrollment.
- The unfavorable variance of \$266,579 in support services – administration expenditures was a result of payouts for retiree benefits.
- The favorable variance of \$449,764 in operation and maintenance of plant services was a result of larger than expected energy savings.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$96.3 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$3.3 million from the prior fiscal year. Total depreciation expense for the current fiscal year was \$2.4 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of <u>June 30, 2015</u>	As of <u>June 30, 2014</u>
Capital assets – non-depreciable	\$ 6,150,352	\$ 4,895,434
Capital assets – depreciable, net	<u>41,460,710</u>	<u>41,895,253</u>
Total	<u><u>\$ 47,611,062</u></u>	<u><u>\$ 46,790,687</u></u>

The estimated cost to complete the current construction project is \$921,064.

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

Debt Administration. At year-end, the District had \$1.4 million in long-term debt outstanding, \$72,450 due within one year. Long-term debt decreased by \$5.0 million due primarily to the retirement of \$4.5 million in school improvement bonds and the retirement of \$429,470 in capital lease agreements.

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 20 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$184.7 million and the Class B debt limit is \$123.1 million. At fiscal year end, the District had no general obligation bonds outstanding.

Additional information on the District's long-term debt can be found in Notes 8 and 9.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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 2015-16 budget. Among them:

- Fiscal year 2014-15 budget balance carry forward (estimated \$928,962).
- District student population (estimated 5,331 students).

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

Budgeted expenditures in the General Fund increased one percent to \$26.6 million in fiscal year 2015-16. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2015-16 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, Lake Havasu Unified School District No. 1, 2200 Havasupai Boulevard, Lake Havasu City, Arizona 86403-3798.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 9,275,561
Cash and investments - restricted	144,057
Property taxes receivable	760,016
Accounts receivable	76,290
Due from governmental entities	3,262,708
Prepaid items	171,611
Inventory	209,165
Total current assets	<u>13,899,408</u>
Noncurrent assets:	
Capital assets not being depreciated	6,150,352
Capital assets, net of accumulated depreciation	41,460,710
Total noncurrent assets	<u>47,611,062</u>
Total assets	<u>61,510,470</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	<u>3,723,806</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	270,245
Construction contracts payable	338,115
Claims payable	423,679
Accrued payroll and employee benefits	2,521,515
Compensated absences payable	1,261,956
Unearned revenues	24,457
Obligations under capital leases	72,450
Total current liabilities	<u>4,912,417</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	33,747,883
Total noncurrent liabilities	<u>33,747,883</u>
Total liabilities	<u>38,660,300</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	<u>7,416,000</u>
<u>NET POSITION</u>	
Net investment in capital assets	46,213,378
Restricted for:	
Voter approved initiatives	647,110
E-Rate	341,956
Food service	1,089,103
Community school activities	219,337
Extracurricular activities	236,698
Gifts and donations	137,144
Joint technical education	118,443
Civic center activities	43,000
Other local initiatives	48,644
Debt service	752,966
Capital outlay	1,332,438
Unrestricted	<u>(32,022,241)</u>
Total net position	<u>\$ 19,157,976</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 21,768,789	\$ 1,588,348	\$ 2,197,015	\$ 711,227	\$ (17,272,199)
Support services - students and staff	4,089,490		882,767		(3,206,723)
Support services - administration	4,330,613		219,270		(4,111,343)
Operation and maintenance of plant services	4,309,558	51,439			(4,258,119)
Student transportation services	1,255,699	19,575			(1,236,124)
Operation of non-instructional services	2,360,567	903,797	1,731,927		275,157
Interest on long-term debt	288,532				(288,532)
Total governmental activities	<u>\$ 38,403,248</u>	<u>\$ 2,563,159</u>	<u>\$ 5,030,979</u>	<u>\$ 711,227</u>	<u>(30,097,883)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	19,367,505
Property taxes, levied for debt service	4,489,063
Property taxes, levied for capital outlay	2,244,911
Investment income	88,297
Unrestricted county aid	714,643
Unrestricted state aid	8,245,844
Unrestricted federal aid	198,481

Total general revenues

35,348,744

Changes in net position

5,250,861

Net position, beginning of year, as restated

13,907,115

Net position, end of year

\$ 19,157,976

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

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FUND FINANCIAL STATEMENTS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Classroom Site</u>	<u>Food Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,128,147	\$ 1,161,041	\$ 1,070,523
Cash and investments - restricted			
Property taxes receivable	576,220		
Accounts receivable			
Due from governmental entities	2,496,818	162,833	31,147
Due from other funds			
Prepaid items	171,611		
Inventory	183,533		25,632
Total assets	<u><u>\$ 4,556,329</u></u>	<u><u>\$ 1,323,874</u></u>	<u><u>\$ 1,127,302</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 176,470	\$	\$ 8,805
Construction contracts payable			
Due to other funds			
Accrued payroll and employee benefits	1,242,040	1,112,174	3,762
Unearned revenues			
Total liabilities	<u>1,418,510</u>	<u>1,112,174</u>	<u>12,567</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	336,738		
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	<u>336,738</u>		
Fund balances (deficits):			
Nonspendable	355,144		25,632
Restricted		211,700	1,089,103
Assigned	654,644		
Unassigned	1,791,293		
Total fund balances	<u>2,801,081</u>	<u>211,700</u>	<u>1,114,735</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 4,556,329</u></u>	<u><u>\$ 1,323,874</u></u>	<u><u>\$ 1,127,302</u></u>

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

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 635,599	\$ 2,308,248	\$ 6,303,558
	144,057	144,057
117,367	66,429	760,016
	76,290	76,290
	571,910	3,262,708
	344,831	344,831
		171,611
		209,165
<u>\$ 752,966</u>	<u>\$ 3,511,765</u>	<u>\$ 11,272,236</u>

\$	\$ 79,814	\$ 265,089
	338,115	338,115
	344,831	344,831
	163,539	2,521,515
	24,457	24,457
<u></u>	<u>950,756</u>	<u>3,494,007</u>

66,810	66,429	469,977
	24,226	24,226
<u>66,810</u>	<u>90,655</u>	<u>494,203</u>

		380,776
686,156	2,822,415	4,809,374
		654,644
	(352,061)	1,439,232
<u>686,156</u>	<u>2,470,354</u>	<u>7,284,026</u>

<u>\$ 752,966</u>	<u>\$ 3,511,765</u>	<u>\$ 11,272,236</u>
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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total governmental fund balances	\$	7,284,026
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 96,329,509	
Less accumulated depreciation	<u>(48,718,447)</u>	47,611,062

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	469,977	
Intergovernmental	<u>24,226</u>	494,203

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	3,723,806	
Deferred inflows of resources related to pensions	<u>(7,416,000)</u>	(3,692,194)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.

2,543,168

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

Other postemployment benefits payable	(771,428)	
Compensated absences payable	(1,662,221)	
Obligations under capital leases	(1,397,684)	
Net pension liability	<u>(31,250,956)</u>	<u>(35,082,289)</u>

Net position of governmental activities	\$	<u>19,157,976</u>
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The notes to the basic financial statements are an integral part of this statement.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Classroom Site</u>	<u>Food Service</u>
Revenues:			
Other local	\$ 1,584,652	\$ 3,582	\$ 517,166
Property taxes	19,326,729		
State aid and grants	5,616,205	1,953,993	
Federal aid, grants and reimbursements	198,481		1,731,927
Total revenues	<u>26,726,067</u>	<u>1,957,575</u>	<u>2,249,093</u>
Expenditures:			
Current -			
Instruction	13,646,372	3,091,454	
Support services - students and staff	3,020,791	108,214	22,402
Support services - administration	3,976,587		138,937
Operation and maintenance of plant services	4,197,635		
Student transportation services	987,608		
Operation of non-instructional services	244,697		1,972,857
Capital outlay	213,232		80,668
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>26,286,922</u>	<u>3,199,668</u>	<u>2,214,864</u>
Excess (deficiency) of revenues over expenditures	<u>439,145</u>	<u>(1,242,093)</u>	<u>34,229</u>
Other financing sources (uses):			
Transfers in	22,138		
Transfers out			
Total other financing sources (uses):	<u>22,138</u>		
Changes in fund balances	<u>461,283</u>	<u>(1,242,093)</u>	<u>34,229</u>
Fund balances, beginning of year	2,302,816	1,453,793	1,079,826
Increase (decrease) in reserve for prepaid items	137,974		
Increase (decrease) in reserve for inventory	(100,992)		680
Fund balances, end of year	<u><u>\$ 2,801,081</u></u>	<u><u>\$ 211,700</u></u>	<u><u>\$ 1,114,735</u></u>

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

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 16,329	\$ 1,980,288	\$ 4,102,017
4,515,861	2,201,204	26,043,794
	1,540,119	9,110,317
	2,486,943	4,417,351
<u>4,532,190</u>	<u>8,208,554</u>	<u>43,673,479</u>
	3,115,773	19,853,599
	1,005,629	4,157,036
	348,538	4,464,062
	24,878	4,222,513
	78,556	1,066,164
	19,841	2,237,395
	3,312,620	3,606,520
4,535,000	429,470	4,964,470
204,657	83,875	288,532
<u>4,739,657</u>	<u>8,419,180</u>	<u>44,860,291</u>
<u>(207,467)</u>	<u>(210,626)</u>	<u>(1,186,812)</u>
		22,138
	<u>(22,138)</u>	<u>(22,138)</u>
	<u>(22,138)</u>	
<u>(207,467)</u>	<u>(232,764)</u>	<u>(1,186,812)</u>
893,623	2,703,118	8,433,176
		137,974
		(100,312)
<u>\$ 686,156</u>	<u>\$ 2,470,354</u>	<u>\$ 7,284,026</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net changes in fund balances - total governmental funds **\$ (1,149,150)**

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	\$ 3,254,304	
Less current year depreciation	<u>(2,433,929)</u>	820,375

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

Property taxes	57,685	
Intergovernmental	<u>(104,073)</u>	(46,388)

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

Capital lease principal retirement	429,470	
Bond principal retirement	<u>4,535,000</u>	4,964,470

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	2,135,541	
Pension expense	<u>(1,208,051)</u>	927,490

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.

Other postemployment benefits payables	329,330	
Compensated absences	<u>(74,175)</u>	255,155

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

(521,091)

Changes in net position in governmental activities **\$ 5,250,861**

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 2,972,003
Total current assets	<u>2,972,003</u>
Total assets	<u><u>2,972,003</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	5,156
Claims payable	<u>423,679</u>
Total current liabilities	<u>428,835</u>
Total liabilities	<u><u>428,835</u></u>
<u>NET POSITION</u>	
Unrestricted	2,543,168
Total net position	<u><u>\$ 2,543,168</u></u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 3,920,158
Total operating revenues	<u>3,920,158</u>
Operating expenses:	
Claims	2,787,651
Premiums	635,105
Administrative fees	215,141
Cost of services	830,370
Total operating expenses	<u>4,468,267</u>
Operating income (loss)	<u>(548,109)</u>
Nonoperating revenues (expenses):	
Investment income	27,018
Total nonoperating revenues (expenses)	<u>27,018</u>
Changes in net position	<u>(521,091)</u>
Total net position, beginning of year	3,064,259
Total net position, end of year	<u>\$ 2,543,168</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds
<u>Decreases in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 3,920,158
Cash payments for claims	(2,951,491)
Cash payments to suppliers for goods and services	<u>(1,675,460)</u>
Net cash used for operating activities	<u>(706,793)</u>
Cash flows from investing activities:	
Investment income	27,018
Net changes due to sales and maturities of investments	<u>(1,161,745)</u>
Net cash used by investing activities	<u>(1,134,727)</u>
Net decrease in cash and cash equivalents	<u>(1,841,520)</u>
Cash and cash equivalents, beginning of year	<u>3,012,995</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,171,475</u></u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 2,972,003
Less investments not maturing in less than three months	<u>(1,800,528)</u>
Total cash and cash equivalents	<u><u>\$ 1,171,475</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>	
Operating loss	\$ (548,109)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	5,156
Decrease in claims payable	<u>(163,840)</u>
Total adjustments	<u>(158,684)</u>
Net cash used for operating activities	<u><u>\$ (706,793)</u></u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 210,640
Total assets	<u>\$ 210,640</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 10,627
Due to student groups	200,013
Total liabilities	<u>\$ 210,640</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lake Havasu Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, the component unit combined with the District for financial statement presentation purposes, and the District are not included in any other governmental reporting entity. Consequently, the District's financial statements include 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 operations.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Lake Havasu Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for District employees. The District's Governing Board appoints the Trust's Board of Directors. The Lake Havasu Unified School District No. 1 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

Complete unaudited financial statements for the component unit may be obtained at the Lake Havasu Unified School District No. 1's administrative offices, 2200 Havasupai Boulevard, Lake Havasu City, Arizona 86403-3798.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 and its component unit. 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, proprietary 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Property taxes, federal, state and county aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned 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 unavailable revenues on the governmental fund financial statements.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and 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 certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Classroom Site Fund – The Classroom Site Fund accounts 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.

Food Service Fund – The Food Service Fund accounts 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.

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.

Additionally, the District reports the following fund types:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for activities related to the District's self-funded insurance program.

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for health and welfare benefits. Operating expenses for the internal service fund include the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency funds are custodial in nature and do not have a measurement focus and are reported using the accrual basis of accounting. The agency funds are reported by fund type.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year-end were cash in bank, money market accounts, Certificates of Deposit and investments in Exchange Traded and Closed End Funds, Corporate Fixed Income Bonds and Money Market funds.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

Certain resources set aside as unspent lease proceeds are classified as cash and investments – restricted on the statement of net position/balance sheet, because their use is limited by applicable debt agreements.

E. Investment Income

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

F. Receivables and Payables

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real property taxes on or before the third Monday in August that 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.

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

H. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

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

J. Capital Assets

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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	8 - 30 years
Buildings and improvements	15 - 50 years
Vehicles, furniture and equipment	3 - 30 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as 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.

O. 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.

P. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or the Director of Business Services who has been delegated that authority by the formal Governing Board action according to District policy D-2340. The Business Manager has assigned fund balances to be used for auxiliary operations in accordance with District policy.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

The District applies restricted resources first when outlays 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.

The table below provides detail of the major components of the District's fund balance classifications at year end. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement Funds.

	<u>General Fund</u>	<u>Classroom Site Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Inventory	\$ 183,533	\$	\$ 25,632	\$	\$
Prepaid items	171,611				
Restricted:					
Debt service				686,156	
Capital projects					1,266,009
Voter approved initiatives		211,700			435,410
E-Rate					317,730
Food service			1,089,103		
Civic center					43,000
Community school					219,337
Extracurricular activities					236,698
Gifts and donations					137,144
Joint technical education					118,443
Other purposes					48,644
Assigned:					
Auxiliary operations	654,644				
Unassigned	1,791,293				(352,061)
Total fund balances	<u>\$ 2,801,081</u>	<u>\$ 211,700</u>	<u>\$ 1,114,735</u>	<u>\$ 686,156</u>	<u>\$ 2,470,354</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

	<u>Deficit</u>
Non-Major Governmental Fund:	
Adjacent Ways	\$ 165,626
Building Renewal Grant	186,435

The deficits arose because of operations during the year and the prior fiscal year. Additional revenues received in fiscal year 2015-16 are expected to eliminate the deficit.

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

NOTE 4 – CASH AND 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 \$971,658 and the bank balance was \$986,119. In addition, the District had \$1,005 of cash on hand. At year end, \$551,197 of the District's deposits were covered by collateral held by the pledging financial institution in the District's name and \$144,057 of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Exchange Traded and Closed End Funds	\$ 397,787	\$ 397,787	\$
Certificates of Deposit	2,203,147	515,726	1,687,421
Money Market/Cash	371,069		
		<u>\$ 913,513</u>	<u>\$ 1,687,421</u>
County Treasurer's investment pool	5,685,592	1.63 years average maturities	
Total	<u>\$ 8,657,595</u>		

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CASH AND INVESTMENTS

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.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in Certificates of Deposit. These investments are 25 percent of the District's total investments

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	Classroom Site Fund	Food Service	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$	\$	\$ 31,147	\$ 477,574
Due from state government	2,433,281	162,833		94,336
Due from other districts	63,537			
Net due from governmental entities	<u>\$ 2,496,818</u>	<u>\$ 162,833</u>	<u>\$ 31,147</u>	<u>\$ 571,910</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 3,607,925	\$	\$	\$ 3,607,925
Construction in progress	1,287,509	2,542,427	1,287,509	2,542,427
Total capital assets, not being depreciated	4,895,434	2,542,427	1,287,509	6,150,352
Capital assets, being depreciated:				
Land improvements	2,047,172			2,047,172
Buildings and improvements	80,358,889	1,913,663		82,272,552
Vehicles, furniture and equipment	5,773,710	85,723		5,859,433
Total capital assets being depreciated	88,179,771	1,999,386		90,179,157
Less accumulated depreciation for:				
Land improvements	(849,802)	(90,519)		(940,321)
Buildings and improvements	(40,961,357)	(2,075,748)		(43,037,105)
Vehicles, furniture and equipment	(4,473,359)	(267,662)		(4,741,021)
Total accumulated depreciation	(46,284,518)	(2,433,929)		(48,718,447)
Total capital assets, being depreciated, net	41,895,253	(434,543)		41,460,710
Governmental activities capital assets, net	\$ 46,790,687	\$ 2,107,884	\$ 1,287,509	\$ 47,611,062

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,088,414
Support services – students and staff	24,057
Support services – administration	26,435
Operation and maintenance of plant services	22,809
Student transportation services	170,167
Operation of non-instructional services	102,047
Total depreciation expense – governmental activities	<u>\$ 2,433,929</u>

Construction Commitments – At year end, the District had contractual commitments related to the construction of the bus barn and parking lot project. At year end the District had spent \$2.5 million on the projects and had estimated remaining contractual commitments of \$921,064. These projects are being funded in joint cooperation with the City of Lake Havasu utilizing financing through a third party and by the Adjacent Ways Fund, a non-major governmental fund.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – SHORT TERM DEBT –REVOLVING LINE OF CREDIT

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$	\$ 2,051,525	\$ 2,051,525	\$

NOTE 8 – OBLIGATIONS UNDER LEASES

Capital Leases – The District has acquired energy retrofits under the provisions of 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. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligation. In addition, the District has also entered into a lease agreement for the purpose of obtaining further energy retrofits including solar panels. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, will be used to pay the capital lease obligations. Amortization of assets recorded under capital leases is included with depreciation expense.

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

	Governmental Activities
Asset:	
Buildings and improvements	\$ 1,459,565
Less: Accumulated depreciation	44,598
Total	\$ 1,414,967

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – OBLIGATIONS UNDER LEASES

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

Year Ending June 30:	Governmental Activities
2016	\$ 113,154
2017	113,726
2018	114,319
2019	114,928
2020	115,550
2021-25	587,408
2026-30	542,318
2031	40,748
Total minimum lease payments	<u>1,742,151</u>
Less: amount representing interest	<u>344,467</u>
Present value of minimum lease payments	<u><u>1,397,684</u></u>
Due within one year	<u><u>\$ 72,450</u></u>

Operating Leases – The District leases copiers under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$213,955 for the current fiscal year. The operating leases have remaining noncancelable lease terms of five years and provide renewal options. The future minimum rental payments required under the operating leases at year end were as follows:

Year Ending June 30:	
2016	\$ 213,955
2017	153,718
Total minimum payments required	<u><u>\$ 367,673</u></u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,535,000	\$	\$ 4,535,000	\$	\$
Obligations under capital leases	1,827,154		429,470	1,397,684	72,450
Other postemployment benefits payable	1,100,758		329,330	771,428	
Net pension liability	35,870,640	2,796,316	7,416,000	31,250,956	
Compensated absences payable	1,588,046	651,128	576,953	1,662,221	1,261,956
Governmental activity long-term liabilities	<u>\$ 44,921,598</u>	<u>\$ 3,447,444</u>	<u>\$ 13,286,753</u>	<u>\$ 35,082,289</u>	<u>\$ 1,334,406</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

At year end, several funds non-major governmental funds had negative cash balances in the Treasurer's pooled cash accounts of \$344,831. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other non-major governmental funds. All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfers between funds in the amount of \$22,138 were used to move federal grant funds restricted for indirect costs to the General Fund.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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

The District established an Employee Benefit Trust Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health and accidents. Under this program, the Fund provides coverage for up to a maximum of \$125,000 for each claim, not to exceed an annual aggregate of \$2,000,000. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – RISK MANAGEMENT

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
2014-15	\$ 587,519	\$ 2,787,651	\$ 2,951,491	\$ 423,679
2013-14	520,000	3,500,835	3,433,316	587,519

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description. District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 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 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2015 were \$2.1 million.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

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

		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2015	\$	115,700	\$ 23,532
2014		114,063	45,625
2013		127,079	48,411

Pension Liability. At June 30, 2015, the District reported a liability of \$31.3 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.21 percent, which was a decrease of .02 from its proportion measured as of June 30, 2013.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the District recognized pension expense of \$1.2 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,588,265	\$
Net difference between projected and actual earnings on pension plan investments		5,464,827
Changes in proportion and differences between contributions and proportionate share of contributions		1,951,173
Contributions subsequent to the measurement date	<u>2,135,541</u>	
Total	<u>\$ 3,723,806</u>	<u>\$ 7,416,000</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2016	\$ (1,523,993)
2017	(1,523,993)
2018	(1,413,543)
2019	(1,366,206)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25%	3.20
Real estate	8%	4.75
Commodities	4%	4.50
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$39,499,605	\$ 31,250,956	\$26,775,649

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Beginning Net Position Restatement. The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2014, as previously reported	\$ 49,777,755
Net pension liability	(35,870,640)
Net position, July 1, 2014, as restated	<u>\$ 13,907,115</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Plan Description. Under authority of the Governing Board, the District provides postretirement insurance (medical, dental, vision, prescription drugs, and life insurance) benefits, for certain retirees and their dependents, in accordance with the District's Early Retirement Program. An employee is eligible if he/she has been hired prior to July 1, 2005, and has a minimum of 15 years of continuous service. The benefits will be provided to the employees until they qualify for Medicare or turn 65, whichever comes first. The Plan is a single-employer defined benefit plan administered by the District. The District's regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan. The number of participants as of year end, the effective date of the biannual OPEB valuation, follows:

	Participants
Active employees	534
Retired employees	64
Total	<u>598</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Funding Policy. The District currently pays for postemployment benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue. Generally, resources from the General Fund are used to pay for post-employment benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The amortization method is level dollar, the period is open with 26 years remaining. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 246,279
Interest on net OPEB obligation	38,527
Adjustment to annual required contribution	(44,136)
Annual OPEB cost (expense)	240,670
Contributions made	(570,000)
Decrease in net OPEB obligation	(329,330)
Net OPEB obligation – beginning of year	1,100,758
Net OPEB obligation – end of year	<u>\$ 771,428</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2015 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 240,670	\$ 570,000	236.84%	\$ 771,428
June 30, 2014	184,295	212,904	115.52%	1,100,758
June 30, 2013	454,757	249,000	54.80%	1,380,047

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The projection of future benefit payments involves estimates of the value of reported amounts and assumptions about the probability of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amounts determined and the funded status of the plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The more significant actuarial assumptions and methods used in the calculation of the employer contributions for the current fiscal year were as follows:

Valuation date	November 26, 2013
Actuarial cost method	Projected unit credit
Amortization method for actuarial accrued liabilities	30 years, level dollar amount
Remaining amortization period	26 years as of June 30, 2013
Interest rate	3.50%
Inflation rate	3.50%
Projected salary increases	N/A
Health care cost trend rate:	
Medical and Prescription Drug	10%, graded down to an ultimate rate of 6% over 8 years
Retiree contribution increase	Consistent with medical/drug trends
ASRS subsidy increases	None
Cost of living adjustments	N/A

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 15 – SUBSEQUENT EVENT

The District began construction in October 2015 of a bus barn to open in fiscal year 2015-16 with an estimated project cost of \$921,064 to be funded by a financing agreement.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 1,121,335	\$ 1,121,335
Property taxes			19,326,729	19,326,729
State aid and grants			5,522,824	5,522,824
Federal aid, grants and reimbursements			1,047	1,047
Total revenues			<u>25,971,935</u>	<u>25,971,935</u>
Expenditures:				
Current -				
Instruction	13,962,179	14,002,063	13,440,237	561,826
Support services - students and staff	2,938,220	2,984,266	2,936,755	47,511
Support services - administration	3,385,447	3,425,907	3,692,486	(266,579)
Operation and maintenance of plant services	4,407,429	4,641,859	4,192,095	449,764
Student transportation services	1,075,202	1,122,998	987,608	135,390
Operation of non-instructional services	85,044	85,044	85,027	17
Total expenditures	<u>25,853,521</u>	<u>26,262,137</u>	<u>25,334,208</u>	<u>927,929</u>
Changes in fund balances	<u>(25,853,521)</u>	<u>(26,262,137)</u>	<u>637,727</u>	<u>26,899,864</u>
Fund balances, beginning of year			152,593	152,593
Increase (decrease) in reserve for prepaid items			527,474	527,474
Increase (decrease) in reserve for inventory			(84,947)	(84,947)
Fund balances (deficits), end of year	<u>\$ (25,853,521)</u>	<u>\$ (26,262,137)</u>	<u>\$ 1,232,847</u>	<u>\$ 27,494,984</u>

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Other local	\$	\$ 3,582	\$ 3,582
State aid and grants		1,953,993	1,953,993
Total revenues		<u>1,957,575</u>	<u>1,957,575</u>
Expenditures:			
Current -			
Instruction	3,117,468	3,091,454	26,014
Support services - students and staff	142,018	108,214	33,804
Total expenditures	<u>3,259,486</u>	<u>3,199,668</u>	<u>59,818</u>
Changes in fund balances	<u>(3,259,486)</u>	<u>(1,242,093)</u>	<u>2,017,393</u>
Fund balances, beginning of year		1,453,793	1,453,793
Fund balances (deficits), end of year	<u>\$ (3,259,486)</u>	<u>\$ 211,700</u>	<u>\$ 3,471,186</u>

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOOD SERVICE
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Other local	\$	\$ 517,166	\$ 517,166
Federal aid, grants and reimbursements		1,731,927	1,731,927
Total revenues		<u>2,249,093</u>	<u>2,249,093</u>
Expenditures:			
Current -			
Support services - students and staff		22,402	(22,402)
Support services - administration		138,937	(138,937)
Operation of non-instructional services	2,800,000	1,972,857	827,143
Capital outlay		80,668	(80,668)
Total expenditures	<u>2,800,000</u>	<u>2,214,864</u>	<u>585,136</u>
Changes in fund balances	<u>(2,800,000)</u>	<u>34,229</u>	<u>2,834,229</u>
Fund balances, beginning of year		1,079,826	1,079,826
Increase (decrease) in reserve for inventory		680	680
Fund balances (deficits), end of year	<u><u>\$ (2,800,000)</u></u>	<u><u>\$ 1,114,735</u></u>	<u><u>\$ 3,914,735</u></u>

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

2015

District's proportion of the net pension liability (asset)	0.21%
District's proportionate share of the net pension liability (asset)	\$ 31,250,956
District's covered-employee payroll	\$ 18,493,381
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	168.98%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

2015

Actuarially determined contribution	\$ 2,135,541
Contributions in relation to the actuarially determined contribution	<u>2,135,541</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered-employee payroll	\$ 18,980,768
Contributions as a percentage of covered-employee payroll	11.25%

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.

The following schedule reconciles expenditures and fund balances at the end of year:

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 26,286,922	\$ 2,801,081
Activity budgeted as special revenue funds	(772,214)	(1,568,234)
Current-year prepaid items	389,500	
Prior-year prepaid items	(570,000)	
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 25,334,208</u>	<u>\$ 1,232,847</u>

NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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GOVERNMENTAL FUNDS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,522,042	\$ 786,206	\$ 2,308,248
Cash and investments - restricted		144,057	144,057
Property taxes receivable		66,429	66,429
Accounts receivable	61,504	14,786	76,290
Due from governmental entities	571,910		571,910
Due from other funds		344,831	344,831
Total assets	<u><u>\$ 2,155,456</u></u>	<u><u>\$ 1,356,309</u></u>	<u><u>\$ 3,511,765</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 55,943	\$ 23,871	\$ 79,814
Construction contracts payable		338,115	338,115
Due to other funds	330,885	13,946	344,831
Accrued payroll and employee benefits	163,539		163,539
Unearned revenues	24,457		24,457
Total liabilities	<u><u>574,824</u></u>	<u><u>375,932</u></u>	<u><u>950,756</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		66,429	66,429
Unavailable revenues - intergovernmental	24,226		24,226
Total deferred inflows of resources	<u><u>24,226</u></u>	<u><u>66,429</u></u>	<u><u>90,655</u></u>
Fund balances (deficits):			
Restricted	1,556,406	1,266,009	2,822,415
Unassigned		(352,061)	(352,061)
Total fund balances	<u><u>1,556,406</u></u>	<u><u>913,948</u></u>	<u><u>2,470,354</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,155,456</u></u>	<u><u>\$ 1,356,309</u></u>	<u><u>\$ 3,511,765</u></u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 1,813,032	\$ 167,256	\$ 1,980,288
Property taxes		2,201,204	2,201,204
State aid and grants	372,797	1,167,322	1,540,119
Federal aid, grants and reimbursements	<u>2,486,943</u>	<u></u>	<u>2,486,943</u>
Total revenues	<u>4,672,772</u>	<u>3,535,782</u>	<u>8,208,554</u>
Expenditures:			
Current -			
Instruction	3,115,773		3,115,773
Support services - students and staff	1,005,629		1,005,629
Support services - administration	348,538		348,538
Operation and maintenance of plant services	7,237	17,641	24,878
Student transportation services	54,225	24,331	78,556
Operation of non-instructional services	19,841		19,841
Capital outlay	471,217	2,841,403	3,312,620
Debt service -			
Principal retirement		429,470	429,470
Interest and fiscal charges		83,875	83,875
Total expenditures	<u>5,022,460</u>	<u>3,396,720</u>	<u>8,419,180</u>
Excess (deficiency) of revenues over expenditures	<u>(349,688)</u>	<u>139,062</u>	<u>(210,626)</u>
Other financing sources (uses):			
Transfers out	<u>(22,138)</u>	<u></u>	<u>(22,138)</u>
Total other financing sources (uses):	<u>(22,138)</u>	<u></u>	<u>(22,138)</u>
Changes in fund balances	<u>(371,826)</u>	<u>139,062</u>	<u>(232,764)</u>
Fund balances, beginning of year	1,928,232	774,886	2,703,118
Fund balances, end of year	<u>\$ 1,556,406</u>	<u>\$ 913,948</u>	<u>\$ 2,470,354</u>

SPECIAL REVENUE FUNDS

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

Student Success - to account for student success monies.

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.

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

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

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

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

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

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

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

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.

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.

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

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 received from federal projects for administrative costs.

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<u>ASSETS</u>			
Cash and investments	\$ 324,564	\$	\$
Accounts receivable	26,388		
Due from governmental entities	94,336	242,289	51,185
Total assets	<u>\$ 445,288</u>	<u>\$ 242,289</u>	<u>\$ 51,185</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,103	\$ 26,824	\$ 1,171
Due to other funds		159,917	39,417
Accrued payroll and employee benefits	6,775	55,548	10,597
Unearned revenues			
Total liabilities	<u>9,878</u>	<u>242,289</u>	<u>51,185</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Restricted	435,410		
Total fund balances	<u>435,410</u>		
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 445,288</u>	<u>\$ 242,289</u>	<u>\$ 51,185</u>

Limited English and Immigrant Students	Special Education Grants	Vocational Education	E-Rate	Other Federal Projects	State Vocational Education
\$	\$	\$	\$ 341,956	\$	\$ 1,727
22,678	112,695	48,661		66	
<u>\$ 22,678</u>	<u>\$ 112,695</u>	<u>\$ 48,661</u>	<u>\$ 341,956</u>	<u>\$ 66</u>	<u>\$ 1,727</u>
\$	\$	\$	\$	\$	\$ 670
22,678	62,021 50,674	46,786 1,875		66	
<u>22,678</u>	<u>112,695</u>	<u>48,661</u>		<u>66</u>	<u>1,057</u> <u>1,727</u>
			24,226		
			317,730		
			<u>317,730</u>		
<u>\$ 22,678</u>	<u>\$ 112,695</u>	<u>\$ 48,661</u>	<u>\$ 341,956</u>	<u>\$ 66</u>	<u>\$ 1,727</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>Other State Projects</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 31,786	\$ 44,599	\$ 196,998
Accounts receivable			25,441
Due from governmental entities			
Total assets	<u>\$ 31,786</u>	<u>\$ 44,599</u>	<u>\$ 222,439</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	8,386	1,599	3,102
Unearned revenues	23,400		
Total liabilities	<u>31,786</u>	<u>1,599</u>	<u>3,102</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Restricted		43,000	219,337
Total fund balances		<u>43,000</u>	<u>219,337</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,786</u>	<u>\$ 44,599</u>	<u>\$ 222,439</u>

Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education
\$ 244,631	\$ 152,569	\$ 15,166	\$ 13,302 1,275	\$ 18,901	\$ 135,843 8,400
<u>\$ 244,631</u>	<u>\$ 152,569</u>	<u>\$ 15,166</u>	<u>\$ 14,577</u>	<u>\$ 18,901</u>	<u>\$ 144,243</u>
\$	\$ 13,731	\$	\$	\$	\$ 10,444
7,933	1,694				15,356
<u>7,933</u>	<u>15,425</u>				<u>25,800</u>
<u>236,698</u>	<u>137,144</u>	<u>15,166</u>	<u>14,577</u>	<u>18,901</u>	<u>118,443</u>
<u>236,698</u>	<u>137,144</u>	<u>15,166</u>	<u>14,577</u>	<u>18,901</u>	<u>118,443</u>
<u>\$ 244,631</u>	<u>\$ 152,569</u>	<u>\$ 15,166</u>	<u>\$ 14,577</u>	<u>\$ 18,901</u>	<u>\$ 144,243</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>Totals</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,522,042
Accounts receivable	61,504
Due from governmental entities	<u>571,910</u>
Total assets	<u><u>\$ 2,155,456</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 55,943
Due to other funds	330,885
Accrued payroll and employee benefits	163,539
Unearned revenues	<u>24,457</u>
Total liabilities	<u>574,824</u>
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	<u>24,226</u>
Fund balances:	
Restricted	<u>1,556,406</u>
Total fund balances	<u>1,556,406</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,155,456</u></u>

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 28,460	\$	\$
State aid and grants	127,799		
Federal aid, grants and reimbursements		1,056,650	202,876
Total revenues	<u>156,259</u>	<u>1,056,650</u>	<u>202,876</u>
Expenditures:			
Current -			
Instruction	217,343	650,306	18,336
Support services - students and staff		167,987	151,044
Support services - administration		190,506	31,578
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		38,232	
Total expenditures	<u>217,343</u>	<u>1,047,031</u>	<u>200,958</u>
Excess (deficiency) of revenues over expenditures	<u>(61,084)</u>	<u>9,619</u>	<u>1,918</u>
Other financing sources (uses):			
Transfers out		(9,619)	(1,918)
Total other financing sources (uses):		<u>(9,619)</u>	<u>(1,918)</u>
Changes in fund balances	<u>(61,084)</u>		
Fund balances, beginning of year	496,494		
Fund balances, end of year	<u>\$ 435,410</u>	<u>\$</u>	<u>\$</u>

Limited English and Immigrant Students	Special Education Grants	Vocational Education	E-Rate	Other Federal Projects	State Vocational Education
\$	\$	\$	\$ 2,081	\$	\$
27,080	1,030,756	102,527	60,025	7,029	55,245
27,080	1,030,756	102,527	62,106	7,029	55,245
23,454	554,354	24,234			33,283
3,371	446,478	33,512		6,963	15,675
	17,959	1,761	60,179		1,302
	2,250		4,871		
		42,455	19,273		4,985
26,825	1,021,041	101,962	84,323	6,963	55,245
255	9,715	565	(22,217)	66	
(255)	(9,715)	(565)		(66)	
(255)	(9,715)	(565)		(66)	
			(22,217)		
			339,947		
\$	\$	\$	\$ 317,730	\$	\$

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Other State Projects	Civic Center	Community School
Revenues:			
Other local	\$	\$ 7,494	\$ 307,830
State aid and grants	189,753		
Federal aid, grants and reimbursements			
Total revenues	<u>189,753</u>	<u>7,494</u>	<u>307,830</u>
Expenditures:			
Current -			
Instruction	143,907		329,013
Support services - students and staff	39,669		1,768
Support services - administration	97	9,300	
Operation and maintenance of plant services		2,366	
Student transportation services			
Operation of non-instructional services		19,841	
Capital outlay	6,080		1,856
Total expenditures	<u>189,753</u>	<u>31,507</u>	<u>332,637</u>
Excess (deficiency) of revenues over expenditures		<u>(24,013)</u>	<u>(24,807)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>(24,013)</u>	<u>(24,807)</u>
Fund balances, beginning of year		67,013	244,144
Fund balances, end of year	<u>\$</u>	<u>\$ 43,000</u>	<u>\$ 219,337</u>

Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education
\$ 554,184	\$ 211,837	\$ 4,403	\$ 1,425	\$ 117	\$ 695,201
<u>554,184</u>	<u>211,837</u>	<u>4,403</u>	<u>1,425</u>	<u>117</u>	<u>695,201</u>
603,760	122,899		1,233		393,651
	54,598				84,564
	5,547	6,839			23,470
	5,000				46,975
<u>13,463</u>	<u>69,588</u>				<u>275,285</u>
<u>617,223</u>	<u>257,632</u>	<u>6,839</u>	<u>1,233</u>		<u>823,945</u>
<u>(63,039)</u>	<u>(45,795)</u>	<u>(2,436)</u>	<u>192</u>	<u>117</u>	<u>(128,744)</u>
<u>(63,039)</u>	<u>(45,795)</u>	<u>(2,436)</u>	<u>192</u>	<u>117</u>	<u>(128,744)</u>
299,737	182,939	17,602	14,385	18,784	247,187
<u>\$ 236,698</u>	<u>\$ 137,144</u>	<u>\$ 15,166</u>	<u>\$ 14,577</u>	<u>\$ 18,901</u>	<u>\$ 118,443</u>

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Totals</u>
Revenues:	
Other local	\$ 1,813,032
State aid and grants	372,797
Federal aid, grants and reimbursements	<u>2,486,943</u>
Total revenues	<u><u>4,672,772</u></u>
Expenditures:	
Current -	
Instruction	3,115,773
Support services - students and staff	1,005,629
Support services - administration	348,538
Operation and maintenance of plant services	7,237
Student transportation services	54,225
Operation of non-instructional services	19,841
Capital outlay	<u>471,217</u>
Total expenditures	<u><u>5,022,460</u></u>
Excess (deficiency) of revenues over expenditures	<u>(349,688)</u>
Other financing sources (uses):	
Transfers out	<u>(22,138)</u>
Total other financing sources (uses):	<u><u>(22,138)</u></u>
Changes in fund balances	<u>(371,826)</u>
Fund balances, beginning of year	1,928,232
Fund balances, end of year	<u><u>\$ 1,556,406</u></u>

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Instructional Improvement		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 28,460	\$ 28,460
State aid and grants		127,799	127,799
Federal aid, grants and reimbursements			
Total revenues		<u>156,259</u>	<u>156,259</u>
Expenditures:			
Current -			
Instruction	300,000	217,343	82,657
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>300,000</u>	<u>217,343</u>	<u>82,657</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(61,084)</u>	<u>238,916</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(300,000)</u>	<u>(61,084)</u>	<u>238,916</u>
Fund balances, beginning of year		496,494	496,494
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (300,000)</u>	<u>\$ 435,410</u>	<u>\$ 735,410</u>

Student Success			Title I Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 307 93,381	\$ 307 93,381	\$	\$	\$
				1,056,650	1,056,650
	93,688	93,688		1,056,650	1,056,650
93,493		93,493	1,468,949	650,306	818,643
				167,987	(167,987)
				190,506	(190,506)
				38,232	(38,232)
93,493		93,493	1,468,949	1,047,031	421,918
(93,493)	93,688	187,181	(1,468,949)	9,619	1,478,568
				(9,619)	(9,619)
				(9,619)	(9,619)
(93,493)	93,688	187,181	(1,468,949)		1,468,949
\$ (93,493)	\$ 93,688	\$ 187,181	\$ (1,468,949)	\$	\$ 1,468,949

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		202,876	202,876
Total revenues		<u>202,876</u>	<u>202,876</u>
Expenditures:			
Current -			
Instruction		18,336	(18,336)
Support services - students and staff	247,851	151,044	96,807
Support services - administration		31,578	(31,578)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>247,851</u>	<u>200,958</u>	<u>46,893</u>
Excess (deficiency) of revenues over expenditures	<u>(247,851)</u>	<u>1,918</u>	<u>249,769</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(1,918)	(1,918)
Total other financing sources (uses):		<u>(1,918)</u>	<u>(1,918)</u>
Changes in fund balances	<u>(247,851)</u>		<u>247,851</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (247,851)</u>	<u>\$</u>	<u>\$ 247,851</u>

Limited English and Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	27,080	27,080		1,030,756	1,030,756
	27,080	27,080		1,030,756	1,030,756
28,878	23,454	5,424	1,210,000	554,354	655,646
	3,371	(3,371)		446,478	(446,478)
				17,959	(17,959)
				2,250	(2,250)
28,878	26,825	2,053	1,210,000	1,021,041	188,959
(28,878)	255	29,133	(1,210,000)	9,715	1,219,715
	(255)	(255)		(9,715)	(9,715)
	(255)	(255)		(9,715)	(9,715)
(28,878)		28,878	(1,210,000)		1,210,000
\$ (28,878)	\$	\$ 28,878	\$ (1,210,000)	\$	\$ 1,210,000

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Vocational Education		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		102,527	102,527
Total revenues		<u>102,527</u>	<u>102,527</u>
Expenditures:			
Current -			
Instruction		24,234	(24,234)
Support services - students and staff	109,648	33,512	76,136
Support services - administration		1,761	(1,761)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		42,455	(42,455)
Total expenditures	<u>109,648</u>	<u>101,962</u>	<u>7,686</u>
Excess (deficiency) of revenues over expenditures	<u>(109,648)</u>	<u>565</u>	<u>110,213</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(565)	(565)
Total other financing sources (uses):		<u>(565)</u>	<u>(565)</u>
Changes in fund balances	<u>(109,648)</u>		<u>109,648</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (109,648)</u>	<u>\$</u>	<u>\$ 109,648</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,789	\$ 3,789	\$	\$ 2,081	\$ 2,081
	197,434	197,434		60,025	60,025
	201,223	201,223		62,106	62,106
250,000	11,323	(11,323)			
	79,448	170,552	110,000	60,179	49,821
	10,511	(10,511)		4,871	(4,871)
	204,042	(204,042)		19,273	(19,273)
250,000	305,324	(55,324)	110,000	84,323	25,677
(250,000)	(104,101)	145,899	(110,000)	(22,217)	87,783
(250,000)	(104,101)	145,899	(110,000)	(22,217)	87,783
	619,039	619,039		339,947	339,947
\$ (250,000)	\$ 514,938	\$ 764,938	\$ (110,000)	\$ 317,730	\$ 427,730

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		7,029	7,029
Total revenues		<u>7,029</u>	<u>7,029</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	34,962	6,963	27,999
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>34,962</u>	<u>6,963</u>	<u>27,999</u>
Excess (deficiency) of revenues over expenditures	<u>(34,962)</u>	<u>66</u>	<u>35,028</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(66)	(66)
Total other financing sources (uses):		<u>(66)</u>	<u>(66)</u>
Changes in fund balances	<u>(34,962)</u>		<u>34,962</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (34,962)</u>	<u>\$</u>	<u>\$ 34,962</u>

State Vocational Education			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	55,245	55,245		189,753	189,753
	55,245	55,245		189,753	189,753
79,564	33,283	46,281	451,260	143,907	307,353
	15,675	(15,675)		39,669	(39,669)
	1,302	(1,302)		97	(97)
	4,985	(4,985)		6,080	(6,080)
79,564	55,245	24,319	451,260	189,753	261,507
(79,564)		79,564	(451,260)		451,260
(79,564)		79,564	(451,260)		451,260
\$ (79,564)	\$	\$ 79,564	\$ (451,260)	\$	\$ 451,260

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 44,297	\$ 44,297
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		44,297	44,297
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	37,000	70,952	(33,952)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	37,000	70,952	(33,952)
Excess (deficiency) of revenues over expenditures	(37,000)	(26,655)	10,345
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(37,000)	(26,655)	10,345
Fund balances, beginning of year		214,344	214,344
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (37,000)	\$ 187,689	\$ 224,689

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 7,494	\$ 7,494	\$	\$ 307,830	\$ 307,830
	7,494	7,494		307,830	307,830
			35,000	329,013	(294,013)
	9,300	(9,300)		1,768	(1,768)
	2,366	(2,366)			
40,000	19,841	20,159			
40,000	31,507	8,493		1,856	(1,856)
			35,000	332,637	(297,637)
(40,000)	(24,013)	15,987	(35,000)	(24,807)	10,193
(40,000)	(24,013)	15,987	(35,000)	(24,807)	10,193
	67,013	67,013		244,144	244,144
\$ (40,000)	\$ 43,000	\$ 83,000	\$ (35,000)	\$ 219,337	\$ 254,337

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 414,198	\$ 414,198
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		414,198	414,198
Expenditures:			
Current -			
Instruction	600,000	194,812	405,188
Support services - students and staff		4,588	(4,588)
Support services - administration			
Operation and maintenance of plant services		5,540	(5,540)
Student transportation services			
Operation of non-instructional services		159,670	(159,670)
Capital outlay		9,190	(9,190)
Total expenditures	600,000	373,800	226,200
Excess (deficiency) of revenues over expenditures	(600,000)	40,398	640,398
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(600,000)	40,398	640,398
Fund balances, beginning of year		630,291	630,291
Increase (decrease) in reserve for inventory		(16,045)	(16,045)
Fund balances (deficits), end of year	\$ (600,000)	\$ 654,644	\$ 1,254,644

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 554,184	\$ 554,184	\$	\$ 211,837	\$ 211,837
	554,184	554,184		211,837	211,837
600,000	603,760	(3,760)	200,000	122,899	77,101
				54,598	(54,598)
				5,547	(5,547)
				5,000	(5,000)
	13,463	(13,463)		69,588	(69,588)
600,000	617,223	(17,223)	200,000	257,632	(57,632)
(600,000)	(63,039)	536,961	(200,000)	(45,795)	154,205
(600,000)	(63,039)	536,961	(200,000)	(45,795)	154,205
	299,737	299,737		182,939	182,939
\$ (600,000)	\$ 236,698	\$ 836,698	\$ (200,000)	\$ 137,144	\$ 337,144

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,403	\$ 4,403
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>4,403</u>	<u>4,403</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	10,000	6,839	3,161
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>10,000</u>	<u>6,839</u>	<u>3,161</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(2,436)</u>	<u>7,564</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(10,000)</u>	<u>(2,436)</u>	<u>7,564</u>
Fund balances, beginning of year		17,602	17,602
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (10,000)</u>	<u>\$ 15,166</u>	<u>\$ 25,166</u>

Textbooks			Litigation Recovery		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 1,425	\$ 1,425	\$	\$ 671	\$ 671
	<u>1,425</u>	<u>1,425</u>		<u>671</u>	<u>671</u>
10,000	1,233	8,767	2,000		2,000
<u>10,000</u>	<u>1,233</u>	<u>8,767</u>	<u>2,000</u>		<u>2,000</u>
<u>(10,000)</u>	<u>192</u>	<u>10,192</u>	<u>(2,000)</u>	<u>671</u>	<u>2,671</u>
<u>(10,000)</u>	<u>192</u>	<u>10,192</u>	<u>(2,000)</u>	<u>671</u>	<u>2,671</u>
	14,385	14,385		107,786	107,786
<u>\$ (10,000)</u>	<u>\$ 14,577</u>	<u>\$ 24,577</u>	<u>\$ (2,000)</u>	<u>\$ 108,457</u>	<u>\$ 110,457</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	60,000	22,138	37,862
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	60,000	22,138	37,862
Excess (deficiency) of revenues over expenditures	(60,000)	(22,138)	37,862
Other financing sources (uses):			
Transfers in		22,138	22,138
Transfers out			
Total other financing sources (uses):		22,138	22,138
Changes in fund balances	(60,000)		60,000
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (60,000)	\$	\$ 60,000

Insurance Refund			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 117	\$ 117	\$	\$ 55	\$ 55
	117	117		55	55
			5,000		5,000
			5,000		5,000
	117	117	(5,000)	55	5,055
	117	117	(5,000)	55	5,055
	18,784	18,784		8,763	8,763
\$	\$ 18,901	\$ 18,901	\$ (5,000)	\$ 8,818	\$ 13,818

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Joint Technical Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 695,201	\$ 695,201
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>695,201</u>	<u>695,201</u>
Expenditures:			
Current -			
Instruction	1,200,000	393,651	806,349
Support services - students and staff		84,564	(84,564)
Support services - administration		23,470	(23,470)
Operation and maintenance of plant services			
Student transportation services		46,975	(46,975)
Operation of non-instructional services			
Capital outlay		<u>275,285</u>	<u>(275,285)</u>
Total expenditures	<u>1,200,000</u>	<u>823,945</u>	<u>376,055</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200,000)</u>	<u>(128,744)</u>	<u>1,071,256</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,200,000)</u>	<u>(128,744)</u>	<u>1,071,256</u>
Fund balances, beginning of year		247,187	247,187
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,200,000)</u>	<u>\$ 118,443</u>	<u>\$ 1,318,443</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,276,349	\$ 2,276,349
	466,178	466,178
	2,684,377	2,684,377
	5,426,904	5,426,904
6,284,144	3,321,908	2,962,236
642,461	1,089,665	(447,204)
217,000	452,139	(235,139)
	12,777	(12,777)
	54,225	(54,225)
40,000	179,511	(139,511)
	684,449	(684,449)
7,183,605	5,794,674	1,388,931
(7,183,605)	(367,770)	6,815,835
	22,138	22,138
	(22,138)	(22,138)
(7,183,605)	(367,770)	6,815,835
	3,508,455	3,508,455
	(16,045)	(16,045)
\$ (7,183,605)	\$ 3,124,640	\$ 10,308,245

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DEBT SERVICE FUND

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Other local	\$	\$ 16,329	\$ 16,329
Property taxes		4,515,861	4,515,861
Total revenues		<u>4,532,190</u>	<u>4,532,190</u>
Expenditures:			
Debt service -			
Principal retirement	4,535,000	4,535,000	
Interest and fiscal charges	204,063	204,657	(594)
Total expenditures	<u>4,739,063</u>	<u>4,739,657</u>	<u>(594)</u>
Changes in fund balances	<u>(4,739,063)</u>	<u>(207,467)</u>	<u>4,531,596</u>
Fund balances, beginning of year		893,623	893,623
Fund balances (deficits), end of year	<u>\$ (4,739,063)</u>	<u>\$ 686,156</u>	<u>\$ 5,425,219</u>

CAPITAL PROJECTS FUNDS

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

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.

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 Grant - to account for building renewal grant monies requested 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	<u>Insurance Proceeds</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
<u>ASSETS</u>			
Cash and investments	\$ 49,867	\$ 655,529	\$
Cash and investments - restricted			
Property taxes receivable		21,254	45,175
Accounts receivable		14,786	
Due from other funds		344,831	
Total assets	<u><u>\$ 49,867</u></u>	<u><u>\$ 1,036,400</u></u>	<u><u>\$ 45,175</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,538	\$ 11,333	\$
Construction contracts payable			165,626
Due to other funds			
Total liabilities	<u>12,538</u>	<u>11,333</u>	<u>165,626</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		21,254	45,175
Fund balances (deficits):			
Restricted	37,329	1,003,813	
Unassigned			(165,626)
Total fund balances	<u>37,329</u>	<u>1,003,813</u>	<u>(165,626)</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 49,867</u></u>	<u><u>\$ 1,036,400</u></u>	<u><u>\$ 45,175</u></u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 80,810	\$	\$ 786,206
144,057		144,057
		66,429
		14,786
		344,831
<u>\$ 224,867</u>	<u>\$</u>	<u>\$ 1,356,309</u>
\$	\$	\$ 23,871
	172,489	338,115
	13,946	13,946
	<u>186,435</u>	<u>375,932</u>
		<u>66,429</u>
224,867		1,266,009
	(186,435)	(352,061)
<u>224,867</u>	<u>(186,435)</u>	<u>913,948</u>
<u>\$ 224,867</u>	<u>\$</u>	<u>\$ 1,356,309</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Insurance Proceeds</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
Revenues:			
Other local	\$ 1,472	\$ 66,855	\$
Property taxes		703,730	1,497,474
State aid and grants		547,847	
Total revenues	<u>1,472</u>	<u>1,318,432</u>	<u>1,497,474</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	17,641		
Student transportation services	24,331		
Capital outlay		495,895	1,734,236
Debt service -			
Principal retirement		429,470	
Interest and fiscal charges		83,875	
Total expenditures	<u>41,972</u>	<u>1,009,240</u>	<u>1,734,236</u>
Changes in fund balances	<u>(40,500)</u>	<u>309,192</u>	<u>(236,762)</u>
Fund balances (deficits), beginning of year	77,829	694,621	71,136
Fund balances (deficits), end of year	<u>\$ 37,329</u>	<u>\$ 1,003,813</u>	<u>\$ (165,626)</u>

Energy and Water Savings	Building Renewal Grant	Totals
\$ 98,929	\$	\$ 167,256
		2,201,204
	619,475	1,167,322
<u>98,929</u>	<u>619,475</u>	<u>3,535,782</u>
		17,641
		24,331
250	611,022	2,841,403
		429,470
		83,875
<u>250</u>	<u>611,022</u>	<u>3,396,720</u>
<u>98,679</u>	<u>8,453</u>	<u>139,062</u>
126,188	(194,888)	774,886
<u>\$ 224,867</u>	<u>\$ (186,435)</u>	<u>\$ 913,948</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2015

	Insurance Proceeds		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,472	\$ 1,472
Property taxes			
State aid and grants			
Total revenues		1,472	1,472
Expenditures:			
Current -			
Instruction	30,000		30,000
Operation and maintenance of plant services		17,641	(17,641)
Student transportation services		24,331	(24,331)
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	30,000	41,972	(11,972)
Changes in fund balances	(30,000)	(40,500)	(10,500)
Fund balances (deficits), beginning of year		77,829	77,829
Fund balances (deficits), end of year	\$ (30,000)	\$ 37,329	\$ 67,329

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 66,855	\$ 66,855	\$	\$	\$
	703,730	703,730		1,497,474	1,497,474
	547,847	547,847			
	1,318,432	1,318,432		1,497,474	1,497,474
2,015,897	495,895	1,520,002	1,500,000	1,734,236	(234,236)
	429,470	(429,470)			
	83,875	(83,875)			
2,015,897	1,009,240	1,006,657	1,500,000	1,734,236	(234,236)
(2,015,897)	309,192	2,325,089	(1,500,000)	(236,762)	1,263,238
	694,621	694,621		71,136	71,136
\$ (2,015,897)	\$ 1,003,813	\$ 3,019,710	\$ (1,500,000)	\$ (165,626)	\$ 1,334,374

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2015

	Energy and Water Savings		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 98,929	\$ 98,929
Property taxes			
State aid and grants			
Total revenues		98,929	98,929
Expenditures:			
Current -			
Instruction			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay		250	(250)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures		250	(250)
Changes in fund balances		98,679	98,679
Fund balances (deficits), beginning of year		126,188	126,188
Fund balances (deficits), end of year	\$	\$ 224,867	\$ 224,867

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 167,256	\$ 167,256
				2,201,204	2,201,204
	619,475	619,475		1,167,322	1,167,322
	619,475	619,475		3,535,782	3,535,782
			30,000		30,000
				17,641	(17,641)
				24,331	(24,331)
1,000,000	611,022	388,978	4,515,897	2,841,403	1,674,494
				429,470	(429,470)
				83,875	(83,875)
1,000,000	611,022	388,978	4,545,897	3,396,720	1,149,177
(1,000,000)	8,453	1,008,453	(4,545,897)	139,062	4,684,959
	(194,888)	(194,888)		774,886	774,886
\$ (1,000,000)	\$ (186,435)	\$ 813,565	\$ (4,545,897)	\$ 913,948	\$ 5,459,845

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AGENCY FUNDS

Student Activities - to account for monies raised by students to finance student clubs and organizations but held by the District as an agent.

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 200,013	\$ 10,627	\$ 210,640
Total assets	<u>\$ 200,013</u>	<u>\$ 10,627</u>	<u>\$ 210,640</u>
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 10,627	\$ 10,627
Due to student groups	200,013		200,013
Total liabilities	<u>\$ 200,013</u>	<u>\$ 10,627</u>	<u>\$ 210,640</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 252,991	\$ 292,351	\$ 345,329	\$ 200,013
Total assets	<u>\$ 252,991</u>	<u>\$ 292,351</u>	<u>\$ 345,329</u>	<u>\$ 200,013</u>
<u>Liabilities</u>				
Due to student groups	\$ 252,991	\$ 292,351	\$ 345,329	\$ 200,013
Total liabilities	<u>\$ 252,991</u>	<u>\$ 292,351</u>	<u>\$ 345,329</u>	<u>\$ 200,013</u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 13,313	\$ 5,600	\$ 8,286	\$ 10,627
Total assets	<u>\$ 13,313</u>	<u>\$ 5,600</u>	<u>\$ 8,286</u>	<u>\$ 10,627</u>
<u>Liabilities</u>				
Deposits held for others	\$ 13,313	\$ 5,600	\$ 8,286	\$ 10,627
Total liabilities	<u>\$ 13,313</u>	<u>\$ 5,600</u>	<u>\$ 8,286</u>	<u>\$ 10,627</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 266,304	\$ 297,951	\$ 353,615	\$ 210,640
Total assets	<u>\$ 266,304</u>	<u>\$ 297,951</u>	<u>\$ 353,615</u>	<u>\$ 210,640</u>
<u>Liabilities</u>				
Deposits held for others	\$ 13,313	\$ 5,600	\$ 8,286	\$ 10,627
Due to student groups	<u>252,991</u>	<u>292,351</u>	<u>345,329</u>	<u>200,013</u>
Total liabilities	<u>\$ 266,304</u>	<u>\$ 297,951</u>	<u>\$ 353,615</u>	<u>\$ 210,640</u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position:					
Net investment in capital assets	\$ 46,213,378	\$ 40,796,122	\$ 32,036,647	\$ 31,987,723	\$ 28,586,579
Restricted	4,966,839	6,569,902	7,590,728	6,893,775	7,078,842
Unrestricted	(32,022,241)	2,411,731	11,226,078	14,885,989	14,611,881
Total net position	<u>\$ 19,157,976</u>	<u>\$ 49,777,755</u>	<u>\$ 50,853,453</u>	<u>\$ 53,767,487</u>	<u>\$ 50,277,302</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Position:					
Net investment in capital assets	\$ 26,530,067	\$ 24,580,909	\$ 22,716,451	\$ 20,550,318	\$ 18,503,107
Restricted	4,226,941	5,520,014	3,944,876	3,302,999	3,903,576
Unrestricted	18,471,910	14,501,604	17,358,615	15,413,963	15,183,658
Total net position	<u>\$ 49,228,918</u>	<u>\$ 44,602,527</u>	<u>\$ 44,019,942</u>	<u>\$ 39,267,280</u>	<u>\$ 37,590,341</u>

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

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Instruction	\$ 21,768,789	\$ 21,685,061	\$ 23,799,629	\$ 21,583,414	\$ 25,603,971
Support services - students and staff	4,089,490	4,530,494	5,057,901	4,588,754	4,886,741
Support services - administration	4,330,613	4,302,656	3,815,743	4,485,813	3,938,285
Operation and maintenance of plant services	4,309,558	4,199,556	4,662,443	4,315,006	5,311,753
Student transportation services	1,255,699	1,292,389	1,698,660	1,273,997	1,363,735
Operation of non-instructional services	2,360,567	2,301,439	2,098,588	2,262,003	2,053,411
Interest on long-term debt	288,532	546,855	675,824	853,223	1,024,997
Total expenses	<u>38,403,248</u>	<u>38,858,450</u>	<u>41,808,788</u>	<u>39,362,210</u>	<u>44,182,893</u>
Program Revenues					
Charges for services:					
Instruction	1,588,348	1,276,878	1,683,251	1,768,659	2,331,557
Operation of non-instructional services	903,797	948,507	1,030,544	913,873	531,963
Other activities	71,014	117,109	50,658	14,124	98,549
Operating grants and contributions	5,030,979	5,503,608	5,098,688	5,220,533	6,414,289
Capital grants and contributions	711,227	109,377	189,191	331,775	496,946
Total program revenues	<u>8,305,365</u>	<u>7,955,479</u>	<u>8,052,332</u>	<u>8,248,964</u>	<u>9,873,304</u>
Net (Expense)/Revenue	<u>\$ (30,097,883)</u>	<u>\$ (30,902,971)</u>	<u>\$ (33,756,456)</u>	<u>\$ (31,113,246)</u>	<u>\$ (34,309,589)</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Instruction	\$ 26,031,193	\$ 28,217,419	\$ 26,939,183	\$ 27,390,945	\$ 28,346,865
Support services - students and staff	5,152,696	4,499,693	3,921,807	3,723,309	3,304,261
Support services - administration	4,237,501	4,525,095	4,435,350	4,020,040	3,237,193
Operation and maintenance of plant services	4,830,336	5,317,863	4,987,634	4,971,537	4,594,272
Student transportation services	1,379,620	1,087,123	1,586,608	1,609,909	1,115,662
Operation of non-instructional services	2,147,309	2,780,015	3,141,198	3,217,584	3,300,864
Interest on long-term debt	1,268,181	1,475,496	1,683,371	2,153,116	2,123,730
Total expenses	<u>45,046,836</u>	<u>47,902,704</u>	<u>46,695,151</u>	<u>47,086,440</u>	<u>46,022,847</u>
Program Revenues					
Charges for services:					
Instruction	1,143,243	348,970	304,175	942,488	824,222
Operation of non-instructional services	73,368	1,218,567	1,449,462	1,625,113	1,900,252
Other activities	685,786	61,537	67,430	68,179	23,313
Operating grants and contributions	6,162,377	5,767,429	5,448,957	4,849,105	4,586,605
Capital grants and contributions	333,593	254,632	197,815	269,509	268,538
Total program revenues	<u>8,398,367</u>	<u>7,651,135</u>	<u>7,467,839</u>	<u>7,754,394</u>	<u>7,602,930</u>
Net (Expense)/Revenue	<u>\$ (36,648,469)</u>	<u>\$ (40,251,569)</u>	<u>\$ (39,227,312)</u>	<u>\$ (39,332,046)</u>	<u>\$ (38,419,917)</u>

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

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense)/Revenue	\$ (30,097,883)	\$ (30,902,971)	\$ (33,756,456)	\$ (31,113,246)	\$ (34,309,589)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	19,367,505	13,717,407	14,333,384	16,037,667	17,641,005
Property taxes, levied for debt service	4,489,063	4,723,683	4,737,572	4,929,231	4,505,176
Property taxes, levied for capital outlay	2,244,911	1,050,059	574,980	649,904	271,381
Investment income	88,297	310,893	97,295	151,893	230,242
Unrestricted county aid	714,643	813,289	1,003,626	1,316,981	1,224,934
Unrestricted state aid	8,245,844	9,034,924	9,911,291	11,516,546	11,355,535
Unrestricted federal aid	198,481	177,018	184,274	1,209	129,700
Total general revenues	<u>35,348,744</u>	<u>29,827,273</u>	<u>30,842,422</u>	<u>34,603,431</u>	<u>35,357,973</u>
Changes in Net Position	<u>\$ 5,250,861</u>	<u>\$ (1,075,698)</u>	<u>\$ (2,914,034)</u>	<u>\$ 3,490,185</u>	<u>\$ 1,048,384</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (Expense)/Revenue	\$ (36,648,469)	\$ (40,251,569)	\$ (39,227,312)	\$ (39,332,046)	\$ (38,419,917)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	21,077,939	19,029,407	18,383,213	17,370,386	15,946,504
Property taxes, levied for debt service	4,739,383	4,649,963	4,645,358	3,353,690	4,570,594
Property taxes, levied for capital outlay	1,303,695	2,617,390	2,214,000	2,024,966	1,443,001
Investment income	193,650	382,480	787,701	787,688	503,764
Unrestricted county aid	1,141,322	31	1,782	84,558	966,428
Unrestricted state aid	11,335,828	14,153,306	17,947,836	17,387,593	15,820,865
Unrestricted federal aid	1,483,043	1,577	84	104	87
Total general revenues	<u>41,274,860</u>	<u>40,834,154</u>	<u>43,979,974</u>	<u>41,008,985</u>	<u>39,251,243</u>
Changes in Net Position	<u>\$ 4,626,391</u>	<u>\$ 582,585</u>	<u>\$ 4,752,662</u>	<u>\$ 1,676,939</u>	<u>\$ 831,326</u>

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

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

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$ 355,144	\$ 284,525	\$	\$ 299,260	\$ 269,960
Assigned	654,644	566,293	578,165	742,608	627,284
Unassigned	1,791,293	1,451,998	4,156,530	5,787,579	6,030,360
Reserved					
Unreserved					
Total General Fund	<u>\$ 2,801,081</u>	<u>\$ 2,302,816</u>	<u>\$ 4,734,695</u>	<u>\$ 6,829,447</u>	<u>\$ 6,927,604</u>
All Other Governmental Funds:					
Nonspendable	\$ 25,632	\$ 24,952	\$	\$ 26,614	\$ 22,281
Restricted	4,809,374	6,300,321	7,483,176	6,771,678	7,020,731
Assigned			626,789	914,000	768,988
Unassigned	(352,061)	(194,913)			
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 4,482,945</u>	<u>\$ 6,130,360</u>	<u>\$ 8,109,965</u>	<u>\$ 7,712,292</u>	<u>\$ 7,812,000</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Reserved	\$ 459,498	\$ 105,683	\$ 168,069	\$ 460,288	\$ 183,880
Unreserved	6,303,086	2,002,632	4,276,694	5,612,944	6,151,889
Total General Fund	<u>\$ 6,762,584</u>	<u>\$ 2,108,315</u>	<u>\$ 4,444,763</u>	<u>\$ 6,073,232</u>	<u>\$ 6,335,769</u>
All Other Governmental Funds:					
Reserved	\$ 103,573	\$ 301,597	\$ 79,511	\$ 154,262	\$ 54,506
Unreserved, reported in:					
Special revenue funds	5,618,928	5,319,799	5,937,754	3,903,096	3,632,813
Capital projects funds	3,248,272	4,472,440	3,158,142	2,584,099	2,135,420
Debt service fund	713,983	542,893	486,110	434,017	1,611,571
Total all other governmental funds	<u>\$ 9,684,756</u>	<u>\$ 10,636,729</u>	<u>\$ 9,661,517</u>	<u>\$ 7,075,474</u>	<u>\$ 7,434,310</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.

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal sources:					
Federal grants	\$ 2,685,424	\$ 2,769,514	\$ 3,478,371	\$ 3,111,363	\$ 3,944,633
State Fiscal Stabilization (ARRA)					129,700
Education Jobs				589,565	505,187
National School Lunch Program	1,731,927	1,814,606	1,666,699	1,521,194	1,544,503
Total federal sources	<u>4,417,351</u>	<u>4,584,120</u>	<u>5,145,070</u>	<u>5,222,122</u>	<u>6,124,023</u>
State sources:					
State equalization assistance	6,070,671	6,614,287	8,014,550	9,647,892	9,848,828
State grants	244,998	318,645	377,339	198,567	194,333
School Facilities Board				70,060	
Other revenues	2,794,648	2,420,637	1,896,741	1,798,594	1,704,045
Total state sources	<u>9,110,317</u>	<u>9,353,569</u>	<u>10,288,630</u>	<u>11,715,113</u>	<u>11,747,206</u>
Local sources:					
Property taxes	26,043,794	19,470,717	19,675,856	21,621,380	22,783,472
County aid	714,643	813,289	1,003,626	1,316,981	1,224,934
Food service sales	517,109	537,401	545,006	492,193	531,963
Investment income	61,279	85,351	97,295	151,893	203,223
Other revenues	2,808,986	2,564,032	2,219,447	2,316,338	3,171,144
Total local sources	<u>30,145,811</u>	<u>23,470,790</u>	<u>23,541,230</u>	<u>25,898,785</u>	<u>27,914,736</u>
Total revenues	<u>\$ 43,673,479</u>	<u>\$ 37,408,479</u>	<u>\$ 38,974,930</u>	<u>\$ 42,836,020</u>	<u>\$ 45,785,965</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Federal sources:					
Federal grants	\$ 5,353,055	\$ 3,187,181	\$ 2,995,545	\$ 3,431,264	\$ 3,109,975
National School Lunch Program	1,687,454	1,537,958	1,448,778	1,343,860	1,244,194
Total federal sources	<u>7,040,509</u>	<u>4,725,139</u>	<u>4,444,323</u>	<u>4,775,124</u>	<u>4,354,169</u>
State sources:					
State equalization assistance	9,642,048	11,773,417	14,343,249	14,087,219	12,579,882
State grants	314,113	385,607	485,942	354,326	279,846
School Facilities Board		30,436	265,527	522,183	412,602
Other revenues	1,496,442	2,587,329	3,339,060	2,778,191	2,828,381
Total state sources	<u>11,452,603</u>	<u>14,776,789</u>	<u>18,433,778</u>	<u>17,741,919</u>	<u>16,100,711</u>
Local sources:					
Property taxes	27,133,738	26,465,834	24,858,596	22,576,236	22,091,187
County aid	1,141,322	31	1,782	84,558	966,428
Food service sales	685,786	877,828	1,067,924	1,259,417	1,090,847
Investment income	122,883	276,253	639,970	476,797	408,720
Other revenues	1,841,002	1,396,643	1,670,236	1,376,363	1,670,940
Total local sources	<u>30,924,731</u>	<u>29,016,589</u>	<u>28,238,508</u>	<u>25,773,371</u>	<u>26,228,122</u>
Total revenues	<u>\$ 49,417,843</u>	<u>\$ 48,518,517</u>	<u>\$ 51,116,609</u>	<u>\$ 48,290,414</u>	<u>\$ 46,683,002</u>

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
Instruction	\$ 19,853,599	\$ 18,053,755	\$ 19,444,931	\$ 19,862,470	\$ 21,759,966
Support services - students and staff	4,157,036	4,226,366	4,647,786	4,644,571	4,692,108
Support services - administration	4,464,062	3,785,520	3,552,897	4,570,081	3,875,414
Operation and maintenance of plant services	4,222,513	4,210,348	4,416,808	4,338,151	5,366,191
Student transportation services	1,066,164	949,517	1,302,794	1,102,894	1,039,537
Operation of non-instructional services	2,237,395	2,258,387	1,884,516	1,994,305	1,900,104
Capital outlay	3,606,520	3,516,026	1,442,701	1,302,640	1,930,387
Debt service -					
Principal retirement	4,964,470	4,703,825	4,485,907	4,447,647	4,180,550
Interest and fiscal charges	288,532	425,696	627,360	804,759	967,358
Bond issuance costs					
Total expenditures	<u>\$ 44,860,291</u>	<u>\$ 42,129,440</u>	<u>\$ 41,805,700</u>	<u>\$ 43,067,518</u>	<u>\$ 45,711,615</u>
Expenditures for capitalized assets	\$ 3,254,304	\$ 1,943,846	\$ 500,903	\$ 575,220	\$ 610,351
Debt service as a percentage of noncapital expenditures	13%	13%	12%	12%	11%

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenditures:					
Current -					
Instruction	\$ 22,625,946	\$ 25,206,882	\$ 24,047,256	\$ 23,983,398	\$ 22,601,211
Support services - students and staff	4,715,292	4,214,268	3,958,919	3,610,972	3,287,592
Support services - administration	3,960,307	4,118,298	4,047,117	3,971,518	3,212,624
Operation and maintenance of plant services	4,644,294	5,233,070	4,957,574	4,857,217	4,439,789
Student transportation services	852,839	935,378	1,078,647	1,013,828	964,440
Operation of non-instructional services	2,061,423	2,678,289	3,034,155	3,127,021	3,142,548
Capital outlay	1,575,467	2,207,849	3,680,406	3,718,328	7,299,729
Debt service -					
Principal retirement	4,234,413	4,036,747	3,944,580	3,281,675	4,553,665
Interest and fiscal charges	1,201,357	1,408,672	1,616,547	2,086,292	2,056,906
Bond issuance costs					
Total expenditures	<u>\$ 45,871,338</u>	<u>\$ 50,039,453</u>	<u>\$ 50,365,201</u>	<u>\$ 49,650,249</u>	<u>\$ 51,558,504</u>
Expenditures for capitalized assets	\$ 321,516	\$ 470,672	\$ 1,683,912	\$ 1,532,372	\$ 2,128,823
Debt service as a percentage of noncapital expenditures	12%	11%	11%	11%	13%

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenditures	\$ (1,186,812)	\$ (4,720,961)	\$ (2,830,770)	\$ (231,498)	\$ 74,350
Other financing sources (uses):					
Capital lease agreements			1,459,565		
Transfers in	22,138	659,021	36,052	37,750	48,802
Transfers out	(22,138)	(659,021)	(36,052)	(37,750)	(48,802)
Total other financing sources (uses)			1,459,565		
Changes in fund balances	<u>\$ (1,186,812)</u>	<u>\$ (4,720,961)</u>	<u>\$ (1,371,205)</u>	<u>\$ (231,498)</u>	<u>\$ 74,350</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Excess (deficiency) of revenues over expenditures	\$ 3,546,505	\$ (1,520,936)	\$ 751,408	\$ (1,359,835)	\$ (4,875,502)
Other financing sources (uses):					
Capital lease agreements			573,136	362,298	3,797,761
Transfers in	1,031,087	23,957	13,830	46,704	216,982
Transfers out	(1,031,087)	(23,957)	(13,830)	(46,704)	(216,982)
Total other financing sources (uses)			573,136	362,298	3,797,761
Changes in fund balances	<u>\$ 3,546,505</u>	<u>\$ (1,520,936)</u>	<u>\$ 1,324,544</u>	<u>\$ (997,537)</u>	<u>\$ (1,077,741)</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 125,205,109	\$ 132,055,131	\$ 130,395,600	\$ 134,138,442	\$ 163,594,892
Agricultural and Vacant	41,613,698	46,586,199	50,747,524	55,699,273	87,230,852
Residential (Owner Occupied)	361,887,527	359,297,842	364,963,987	355,318,402	432,787,485
Residential (Rental)	79,584,482	65,703,308	55,724,454	57,904,919	66,488,835
Railroad, Private Cars and Airlines	302,597	268,198	251,120	206,703	190,954
Certain Government Property Improvements	14,420	10,828			
Total	<u>\$ 608,607,833</u>	<u>\$ 603,921,506</u>	<u>\$ 602,082,685</u>	<u>\$ 603,267,739</u>	<u>\$ 750,293,018</u>
Estimated Actual Value (Full Cash Value)	\$ 5,857,651,899	\$ 5,761,459,919	\$ 5,724,797,198	\$ 5,648,474,083	\$ 7,048,614,650
Ratio of Primary Assessed Value to Estimated Actual Value	10%	10%	11%	11%	11%
Total Direct Rate	4.90	3.98	4.05	4.37	3.65

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 184,921,657	\$ 171,349,001	\$ 159,022,724	\$ 146,084,943	\$ 133,922,611
Agricultural and Vacant	105,871,889	99,328,369	78,567,705	61,101,606	43,096,733
Residential (Owner Occupied)	534,114,623	491,456,528	421,313,143	353,080,693	295,975,781
Residential (Rental)	72,300,514	65,442,520	53,411,604	45,103,100	38,175,308
Railroad, Private Cars and Airlines	194,018	231,044	210,680	292,237	243,696
Total	<u>\$ 897,402,701</u>	<u>\$ 827,807,462</u>	<u>\$ 712,525,856</u>	<u>\$ 605,662,579</u>	<u>\$ 511,414,129</u>
Estimated Actual Value (Full Cash Value)	\$ 9,379,508,714	\$ 10,428,177,892	\$ 9,272,021,363	\$ 7,065,214,923	\$ 5,507,123,414
Ratio of Primary Value to Estimated Actual Value	10%	8%	8%	9%	9%
Total Direct Rate	3.58	3.55	3.87	4.17	4.70

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

Note: The primary assessed value generates revenues for general District operations.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 127,418,912	\$ 133,759,057	\$ 131,614,284	\$ 134,614,280	\$ 165,977,880
Agricultural and Vacant	43,172,209	50,028,020	55,227,353	58,280,393	94,320,933
Residential (Owner Occupied)	364,570,427	362,854,362	369,138,329	356,163,805	434,509,340
Residential (Rental)	80,234,987	66,325,596	56,407,776	58,194,296	67,647,840
Railroad, Private Cars and Airlines	304,903	270,257	254,998	225,089	220,398
Certain Government Property Improvements	14,511				
Total	<u>\$ 615,715,949</u>	<u>\$ 613,248,218</u>	<u>\$ 612,642,740</u>	<u>\$ 607,477,863</u>	<u>\$ 762,676,391</u>
Ratio of Secondary Assessed Value to Estimated Actual Value	11%	11%	11%	11%	11%
Total Direct Rate	4.90	3.98	4.05	4.37	3.65

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 195,850,707	\$ 191,775,438	\$ 189,920,819	\$ 166,976,944	\$ 150,748,646
Agricultural and Vacant	137,728,691	166,867,306	147,631,591	115,651,259	77,463,121
Residential (Owner Occupied)	578,727,429	661,681,184	580,844,603	461,997,234	353,201,853
Residential (Rental)	79,844,826	87,710,337	73,129,831	57,738,327	44,255,783
Railroad, Private Cars and Airlines	219,912	253,530	227,585	305,210	262,931
Total	<u>\$ 992,371,565</u>	<u>\$ 1,108,287,795</u>	<u>\$ 991,754,429</u>	<u>\$ 802,668,974</u>	<u>\$ 625,932,334</u>
Ratio of Secondary Assed Value to Estimated Actual Value	11%	11%	11%	11%	11%
Total Direct Rate	3.58	3.55	3.87	4.17	4.70

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

Note: The secondary assessed value generates revenues to service district bonded debt requirements and other voter-approved overrides.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	16	15	15	15	17

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	22 %	23 %	24 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	18	20	21	22	21

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

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State	County	Communit y College	Lake Havasu	Desert Hills	City of	Havasu			
	Equalization		District	Sanitary District	Fire District	Lake Havasus	Irrigation District	Primary	Secondary	Total
2015	0.51	4.54	1.22	0.00	3.25	1.28	268.85/acre	4.17	0.73	4.90
2014	0.51	4.49	1.15	0.00	3.25	1.05	268.85/acre	3.20	0.78	3.98
2013	0.47	4.40	1.10	0.00	3.25	0.73	268.85/acre	3.26	0.78	4.05
2012	0.43	4.23	0.80	0.00	2.50	0.76	268.85/acre	3.38	0.99	4.37
2011	0.36	3.62	0.79	0.00	2.15	0.58	212.75/acre	2.75	0.90	3.65
2010	0.33	3.28	0.68	0.00	2.88	0.58	156.78/acre	2.74	0.84	3.58
2009		3.06	0.72	0.00	2.15	0.60	100.74/acre	2.80	0.75	3.55
2008		3.36	0.82	0.00	2.40	0.67	100.74/acre	3.01	0.86	3.87
2007		3.59	0.90	0.00	2.40	0.73	100.74/acre	3.31	0.86	4.17
2006		4.14	0.94	0.00	2.40	0.80	100.74/acre	3.42	1.28	4.70

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Taxpayer	2015		2006	
	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation
Unisource Energy Corporation	\$ 9,851,455	1.60 %	\$ 14,964,978	2.39 %
PHC Lake Havasu Inc.	\$ 5,418,300	0.88	8,044,658	1.29
SFT Havasu LLC Etal	\$ 3,879,010	0.63		
Citizen's Rural Division	\$ 3,509,581	0.57	5,676,950	0.91
Walmart Stores, Inc.	\$ 1,847,148	0.30	1,306,420	0.21
Anderson Family, LLC	\$ 1,785,576	0.29		
Sterlite Corporation	\$ 1,662,433	0.27	1,802,994	0.29
London Bridge Resort	\$ 1,539,290	0.25	3,418,649	0.55
Steinle Janice A Chapter 11 Trustee	\$ 1,539,290	0.25		
Lowes HIW, Inc.	\$ 1,416,147	0.23		
Citizens Utilities, Inc.			2,625,504	0.42
Palo Verde Investments			1,228,457	0.20
Lake Havasu City Hotel Partners, LLC			1,414,555	0.23
Home Depot USA inc.			1,237,481	0.20
Total	<u>\$ 32,448,230</u>	<u>5.27 %</u>	<u>\$ 41,720,646</u>	<u>6.67 %</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 26,100,398	\$ 25,371,503	97.21 %	\$	\$ 25,371,503	97.21 %
2014	19,497,164	19,305,030	99.01	28,666	19,333,696	99.16
2013	19,683,126	19,072,123	96.90	611,003	19,683,126	100.00
2012	21,496,943	20,826,554	96.88	69,999	20,896,553	97.21
2011	22,621,563	21,846,489	96.57	683,277	22,529,766	99.59
2010	26,591,794	25,451,932	95.71	544,499	25,996,431	97.76
2009	25,695,299	24,614,488	95.79	1,063,852	25,678,340	99.93
2008	24,764,374	23,491,096	94.86	1,255,733	24,746,829	99.93
2007	22,079,677	21,318,733	96.55	746,709	22,065,442	99.94
2006	21,282,155	20,786,316	97.67	495,839	21,282,155	100.00

Source: The source of this information is the Mohave 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt			
	General Obligation Bonds	Less:	Total	Percentage of	Per Capita	Capital Leases	Total	Percentage of	Per Capita	Percentage of Personal Income
		Amounts		Estimated				Estimated		
		Restricted		Actual Value				Actual Value		
		for Principal		(Full Cash Value)				(Full Cash Value)		
2015	\$	\$	\$	%	\$	\$ 1,397,684	\$ 1,397,684	0.02 %	\$ 26	0.02 %
2014	4,535,000	893,623	3,641,377	0.06	69	1,827,154	6,362,154	0.11	120	0.12
2013	13,040,000	884,200	12,155,800	0.21	231	2,180,979	15,220,979	0.27	289	0.29
2012	17,035,000	947,916	16,087,084	0.28	271	1,052,321	18,087,321	0.32	304	0.35
2011	20,900,000	745,416	20,154,584	0.29	384	1,504,968	22,404,968	0.32	427	0.44
2010	24,460,000	713,983	23,746,017	0.25	428	1,820,518	26,280,518	0.28	474	0.51
2009	27,842,000	542,893	27,299,107	0.26	493	2,494,931	30,336,931	0.29	547	0.65
2008	31,029,000	2,477,268	28,551,732	0.31	517	3,149,678	34,178,678	0.37	618	0.76
2007	33,726,000	684,666	33,041,334	0.47	605	3,334,122	37,060,122	0.52	679	0.90
2006	36,350,000	1,611,571	34,738,429	0.63	634	3,556,499	39,906,499	0.72	728	1.07

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

Note: The District has no outstanding bonds as of June 30, 2015.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2015

<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:			
City of Lake Havasu	\$ 292,537,122	0.94 %	\$ 2,746,864
Subtotal, Overlapping Debt			<u>2,746,864</u>
Direct:			
Lake Havasu Unified School District No. 1			<u>1,397,684</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 4,144,548</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation	-	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 52	
As a Percentage of Net Secondary Assessed Valuation	0.45	%
As a Percentage of Estimated Actual Value (Full Cash Value)	0.05	%

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, 2014 is presented for the overlapping governments as this is the most recent available information.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2014:

Secondary assessed valuation	\$ 615,715,949
Debt limit (20% of assessed value)	123,143,190
Debt applicable to limit	
Legal debt margin	<u><u>\$ 123,143,190</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2013:

Secondary assessed valuation	\$ 615,715,949
Debt limit (30% of assessed value)	184,714,785
Debt applicable to limit	
Legal debt margin	<u><u>\$ 184,714,785</u></u>

Fiscal Year Ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 184,714,785	\$ 183,974,465	\$ 183,792,822	\$ 170,322,635	\$ 228,802,917
Total net debt applicable to limit	<u> </u>	<u>4,535,000</u>	<u>13,040,000</u>	<u>17,035,000</u>	<u>20,900,000</u>
Legal debt margin	<u><u>\$ 184,714,785</u></u>	<u><u>\$ 179,439,465</u></u>	<u><u>\$ 170,752,822</u></u>	<u><u>\$ 153,287,635</u></u>	<u><u>\$ 207,902,917</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	2%	7%	10%	9%

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 297,711,470	\$ 332,486,339	\$ 297,526,329	\$ 240,800,692	\$ 187,779,700
Total net debt applicable to limit	<u>24,460,000</u>	<u>27,842,000</u>	<u>31,029,000</u>	<u>33,726,000</u>	<u>36,350,000</u>
Legal debt margin	<u><u>\$ 273,251,470</u></u>	<u><u>\$ 304,644,339</u></u>	<u><u>\$ 266,497,329</u></u>	<u><u>\$ 207,074,692</u></u>	<u><u>\$ 151,429,700</u></u>
Total net debt applicable to the limit as a percentage of debt limit	8%	8%	10%	14%	19%

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population		Personal Income (thousands)		Per Capita Income	Unemployment Rate	Estimated District Population
2014	203,361	\$	5,633,946	\$	27,704	8.8 %	53,193
2013	203,030		5,451,762		26,852	9.4	52,908
2012	214,400		5,290,530		24,676	9.9	52,720
2011	201,563		5,200,533		25,801	10.8	59,466
2010	200,186		5,101,443		26,539	8.3	52,527
2009	195,599		5,124,115		26,197	8.1	55,502
2008	195,873		4,682,940		23,908	8.0	55,429
2007	191,649		4,512,952		23,548	5.1	55,263
2006	184,199		4,115,919		22,345	3.2	54,610
2005	177,858		3,743,202		21,046	3.2	54,800

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, the source of the information is the Arizona Office of Employment and Population Statistics.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR TEN YEARS PRIOR

Employer	2015			2006		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Havasu Regional Medical Center	700	3.04	%	695	2.85	%
Lake Havasu Unified School District No. 1	645	2.80		530	2.17	
Lake Havasu City	642	2.79		671	2.75	
Sterilite Corporation	406	1.76		425	1.74	
Wal-Mart	367	1.59		259	1.06	
Shugrue's Restaurants	325	1.41		250	1.03	
London Bridge Resort	250	1.08		315	1.29	
Bashas'	200	0.87				
Anderson Auto Group	170	0.74				
River Medical	160	0.69		160	0.66	
Mission of Nevada, Inc.				200	0.82	
Mohave Community College				183	1.29	
Total	3,865	16.77	%	3,688	15.66	%
Total employment	23,045			24,375		

Source: The source of this information is the Arizona Department of Administration-Office of Employment and Population Statistics and Arizona Workforce Informer.

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

Full-time Equivalent Employees as of June 30					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Certified employees	274	273	260	306	329
Administration	15	17	18	17	17
Support Staff	263	250	230	254	250
Total	<u>552</u>	<u>540</u>	<u>508</u>	<u>577</u>	<u>596</u>

Full-time Equivalent Employees as of June 30					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Supervisory					
Certified employees	367	367	361	293	321
Administration	19	18	18	18	19
Support Staff	285	284	279	261	238
Total	<u>671</u>	<u>669</u>	<u>658</u>	<u>572</u>	<u>578</u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2015	5,418	\$ 36,000,769	\$ 6,645	5.33 %	\$ 38,403,248	\$ 7,088	(3.18) %	274	19.8	59.9 %
2014	5,308	33,483,893	6,308	(3.35)	38,858,450	7,321	(5.43)	273	19.4	57.3
2013	5,401	35,249,732	6,527	(2.65)	41,808,788	7,741	7.10	260	20.8	58.0
2012	5,446	36,512,472	6,704	(2.16)	39,362,210	7,228	(7.77)	306	17.8	57.0
2011	5,638	38,633,320	6,852	4.55	44,182,893	7,837	3.14	329	17.1	56.6
2010	5,929	38,860,101	6,554	(5.49)	45,046,836	7,598	(3.06)	337	17.6	45.4
2009	6,112	42,386,185	6,935	3.71	47,902,704	7,837	3.22	359	17.0	51.4
2008	6,150	41,123,668	6,687	4.26	46,695,151	7,593	1.99	367	16.8	47.0
2007	6,325	40,563,954	6,413	6.23	47,086,440	7,444	0.87	367	17.2	44.6
2006	6,236	37,648,204	6,037	31.19	46,022,847	7,380	40.15	361	17.3	47.0

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

Note: Operating expenditures are total expenditures less debt service and capital outlay.

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

	Fiscal Year Ended June 30									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	18	18	18	18	18	18	18	18	18	18
Square feet	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	308,875
Capacity	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389
Enrollment	2,658	2,621	2,624	2,912	3,105	2,854	2,779	2,904	3,110	3,117
<u>Middle</u>										
Buildings	1	1	1	1	1	14	14	14	14	14
Square feet	183,694	183,694	183,694	183,694	183,694	249,872	249,872	249,872	249,872	248,000
Capacity	1,653	1,653	1,653	1,653	1,653	2,385	2,385	2,385	2,385	2,385
Enrollment	859	909	909	942	950	1,486	1,492	1,528	1,580	1,589
<u>High</u>										
Buildings	13	13	13	13	13	13	13	13	13	12
Square feet	286,861	286,861	286,861	286,861	286,861	286,861	286,861	286,861	268,861	267,035
Capacity	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377
Enrollment	1,836	1,868	1,868	1,822	1,767	1,813	1,901	1,784	1,771	1,783
<u>Administrative</u>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	32	32	32	32	32	32	32	30	29	29
<u>Athletics</u>										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	2	2	2	2
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	6	6	6	6	6	6	6	6	6	6
Playgrounds	12	12	12	12	12	12	12	12	12	12

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

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