

SUMMARY OF SCHOOL DISTRICT ANNUAL FINANCIAL REPORT

CTDS NUMBER 080201000

I certify that the Annual Financial Report of Lake Havasu Unified School District #1, County, for fiscal year 2016 was approved by the Governing Board on October 6, 2016, and that the complete Annual Financial Report may be reviewed by contacting Elaine Wood at the District Office, telephone 928-505-6936, during normal business hours.

Avg. Daily Membership	<u>2015</u>	<u>2016</u>
Attending	5,418.115	5,326.328
2016 Tax Rates:	<u>Primary</u>	<u>Secondary</u>
	4.0121	0.0000

ADE/AG 41-202S Rev. 8/16-FY 2016

President of the Governing Board

Fund/Program (See pages 2-9 for explanation of items in this column.)	Beginning Fund Balance	Revenues and Other Financing Source (Excl. Transfers)	Fund Transfers In (Out)	Budgeted Expenditures	Actual Expenditures and Other Financing Uses (Excl. Transfers)	Ending Fund Balance
Regular Education				21,884,265	20,503,027	
Special Education				4,540,384	4,271,648	
Pupil Transportation				1,062,939	911,209	
Desegregation				0	0	
Special K-3 Program Override				0	0	
Dropout Prevention Programs				0	0	
Joint Career & Tech. Ed. & Voc. Ed. Center				0	0	
K-3 Reading Program				202,127	202,394	
Maintenance and Operation Total	405,084	27,698,158	0	27,689,715	25,888,278	2,214,964
Classroom Site Funds	1,323,873	2,186,452		3,508,215	1,973,981	1,536,344
Instructional Improvement	435,410	194,038		300,000	160,593	468,855
Unrestricted Capital Outlay	1,003,816	740,344	0	1,335,772	396,811	1,347,349
Adjacent Ways	0	887,985	0	1,500,000	880,695	7,290
Bond Building	0	0	0	0	0	0
Other Capital Funds	80,810	52,740	0	66,274	13,713	119,837
New School Facilities	0	0		0	0	0
Federal Projects	407,464	3,289,555	(23,379)	4,072,944	3,026,593	647,047
State Projects	24,471	207,824		226,390	182,634	49,661
County, City, and Town Grants	0	0	0	0	0	0
Structured English Immersion	0	0		0	0	0
Compensatory Instruction	0	0		0	0	0
School Plant Funds	187,689	62,959	0	37,000	0	250,648
Food Service	1,089,103	2,259,041	0	2,800,000	2,163,837	1,184,307
Civic Center	43,000	9,176	0	40,000	32,017	20,159
Community School	222,395	306,125	0	300,000	323,977	204,543
Auxiliary Operations	606,691	427,828	0	600,000	348,737	685,782
Extracurricular Activities Fees	236,698	736,187	0	700,000	658,653	314,232
Gifts and Donations	137,144	255,375	0	300,000	169,607	222,912
Career & Tech. Ed. & Voc. Ed. Projects	0	0	0	0	0	0
Fingerprint	15,166	1,778	0	10,000	1,187	15,757
School Opening	0	0	0	0	0	0
Insurance Proceeds	37,329	4,088	0	30,000	15,250	26,167
Textbooks	14,577	11,932	0	5,000	13,978	12,531
Litigation Recovery	108,457	282	0	2,000	0	108,739
Indirect Costs	0	0	0	60,000	0	0
Unemployment Insurance	3,129	8	0	0	0	3,137
Teacherage	0	0	0	0	0	0
Insurance Refund	18,901	12,364	0	0	0	31,265
Grants and Gifts to Teachers	0	0	0	0	0	0
Advertisement	8,818	23	0	5,000	0	8,841
Joint Technical Education	118,442	594,390	0	700,000	506,388	206,444
Impact Aid Revenue Bond Building	0	0	0	0	0	0
Debt Service	635,599	112,061	0	0	0	747,660
Emergency Deficiencies Correction	0	0	0	0	0	0
Building Renewal Grant	(186,435)	999,566	0	1,000,000	844,207	(31,076)
Impact Aid Rev. Bond Debt Service	0	0	0	0	0	0
Student Activities	0	0		0	0	0
Self-Insurance	0	0	0	0	0	0
Intergovernmental Agreements	0	50,000	0	0	0	50,000
OPEB	0	0	0	0	0	0
Other Funds	0	0	0	93,493	0	0

Fund/Program Explained

Regular Education

Activities that provide students in prekindergarten through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers. Regular programs should be distinguished from special education programs that focus on adapting curriculum or instruction to accommodate a specific disability, from vocational/technical programs that focus on career skills, and from alternative education programs that focus on the educational needs of students at risk of failing or dropping out of school because of academic, behavioral, or situational factors. Expenditures not specifically assignable to other programs should be coded here, such as district office and food service expenditures.

Special Education

Special Programs include activities for elementary and secondary students (prekindergarten through grade 12) receiving services outside the realm of “regular programs” in accordance with disability classifications defined in A.R.S. §15-761, and programs for gifted, remedial, English immersion, vocational and technical, and career education.

Pupil Transportation

Accounts for expenditures relating to transporting students to and from school and school activities, including school athletics.

Desegregation

Expenditures incurred solely as a result of compliance with a court order of desegregation or administrative agreement with the U.S. Department of Education Office for Civil Rights as provided in A.R.S. §15-910.

Special K-3 Program Override

Accounts for expenditures from a budget override authorized by A.R.S. §15-482, prior to November 24, 2009, to be used to improve the academic skills of low achieving students in grades kindergarten through third and to prepare third-grade students for fourth-grade work.

Dropout Prevention Programs

Accounts for expenditures for dropout prevention programs approved by the State Board of Education.

Joint Career and Technical Education and Vocational Education Center

Accounts for vocational expenditures that are specifically exempt in whole or in part from the revenue control limit for a period of not more than 3 years, beginning the first year that the career and technical education and vocational education center is operating and serving students as provided in A.R.S. §15-910.01.

K-3 Reading Program

Accounts for expenditures from the amount generated by the K-3 Reading support level weight to be used only on reading programs for pupils in kindergarten and grades one, two, and three with particular emphasis on pupils in kindergarten and grades one and two. A.R.S. §15-211.

Maintenance and Operation

Accounts for all of a district’s financial resources except those required to be accounted for in another fund. For example, this fund cannot be used for transactions related to capital items as funds in the 600 range are generally used to account for capital transactions.

Classroom Site Funds

011, 012, and 013 account for the portion of state sales tax collections and permanent state school fund earnings districts receive as approved by the voters in 2000 as part of Proposition 301. Expenditures should be recorded directly in the individual funds. The monies in the three funds must be used to supplement, rather than supplant, existing monies and must not be used for administrative purposes.

Instructional Improvement

Accounts for monies received from gaming revenue. Up to 50 percent of the monies received may be used for teacher compensation increases and class size reduction as provided in A.R.S. §15-977. The expenditures for class size reduction, if any, must be appropriate expenditures under function 1000—Instruction, excluding athletics. The remaining monies must be used for the following maintenance and operation purposes: dropout prevention programs and instructional improvement programs, including programs to develop minimum reading skills for students by the end of the third grade. The monies in the fund may not be used to supplant existing state and local monies. A.R.S. §15-979.

Unrestricted Capital Outlay

Accounts for transactions relating to the acquisition of items by purchase, lease-purchase, or lease as prescribed by A.R.S. §15-903(C). Revenues include equalization assistance, tuition, property taxes, and interest on investments. Expenditures include:

1. Land, buildings, and improvements to land and buildings, including labor and related employee benefits costs and material costs if the work is performed by district employees.
2. Furniture, furnishings, athletic equipment, and other equipment, including computer software.
3. Pupil and nonpupil transportation vehicles and equipment, including all capital expenditures within a contract if a district contracts for pupil transportation.
4. Textbooks and related printed subject matter materials adopted by the governing board.
5. Instructional aids.
6. Library books.
7. Payment of principal and interest on bonds.
8. District administration emergency needs that are directly related to pupils.

Adjacent Ways

Accounts for transactions relating to special assessments to finance the improvement of public ways adjacent to school property, in accordance with A.R.S. §15-995.

Bond Building

Accounts for proceeds from district bond issues that are used for acquiring or leasing school sites; constructing or renovating school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; purchasing pupil transportation vehicles; or paying existing bonded indebtedness in accordance with A.R.S. §15-491(A)(3). Bond proceeds are recorded as other financing sources in object code 5110 or 5120, as applicable. Interest earned on investments must be used to reduce outstanding bonded indebtedness, unless a district requests the monies be deposited in the Bond Building Fund if federal laws or rules require the interest to be used for capital expenditures, or the voters authorized the interest to be credited to the Bond Building Fund in a separate question in a bond election. If there is no outstanding bonded indebtedness, such interest should be transferred to the Maintenance and Operation Fund (001). A.R.S. §15-1024.

Other Capital Funds

Total of funds 660 and 665:

660 Condemnation—Used for the following purposes. A.R.S. §15-1102(G) and (H)

1. Proceeds from sales by condemnation or threat of condemnation may be accounted for in this fund. If accounted for in this fund, these proceeds must be used either:
2. For the payment of a district's outstanding bonded indebtedness that is payable from the levy of taxes upon the property within the district, or
3. To construct, acquire, improve, repair, or furnish school buildings or sites after notice and a hearing.
4. Proceeds from a right-of-way settlement must be accounted for in this fund. These proceeds must be used to construct, acquire, improve, repair, or furnish school buildings or sites after notice and a hearing.

After 10 years, any unused monies must be transferred to the School Plant Fund (506).

665 Energy and Water Savings (EWS)—Accounts for capital investment monies, energy-related rebate or grant monies, and monies from other funding sources, including clean renewable energy bonds, to fund energy or water saving projects in school facilities in accordance with A.R.S. §15-910.02. This fund also accounts for monthly payment amounts transferred to the EWS Fund from the Maintenance and Operation Fund (001). Any monies associated with an energy or water savings project remaining in the fund after capital investment monies are repaid in full may also be transferred to the Maintenance and Operation Fund.

New School Facilities

Accounts for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites as prescribed by A.R.S. §15-2041. Any surplus monies received from the School Facilities Board may be used only for capital purposes for the project up to 1 year after completion of the project. Any surplus monies remaining after 1 year must be returned to the School Facilities Board.

Federal Projects

A group of funds used to account for revenues and expenditures of federally funded projects. A separate fund should be established for each individual program. If a federal project is not specifically listed or included in a fund range below, an unassigned fund number in the 300-399 range should be assigned for that project.

- ESEA Title I—Helping Disadvantaged Children Meet High Standards
- ESEA Title II—Professional Development and Technology
- ESEA Title IV—21st Century Schools
- ESEA Title V—Promote Informed Parent Choice
- ESEA Title III—Limited English & Immigrant Students
- ESEA Title VII—Indian Education
- ESEA Title VI—Flexibility and Accountability
- IDEA Part B
- Johnson-O'Malley
- Workforce Investment Act
- AEA—Adult Education
- Vocational Education—Basic Grants
- ESEA Title X—Homeless Education
- Medicaid Reimbursement
- National Forest Fees
- Taylor Grazing Fees
- E-Rate (A.R.S. §15-1261)
- Impact Aid [A.R.S. §15-905(R)]
- Other Federal Projects

State Projects

A group of funds used to account for revenues and expenditures of state-funded projects. If a state project is not specifically listed below, an unassigned fund number in the 465-499 range should be assigned for that project.

- Ext. School Yr.—Pupils with Disabilities (A.R.S. §15-881)
- Adult Basic Education (A.R.S. §15-234)
- Chemical Abuse Prevention Programs (A.R.S. §15-712)
- Academic Contests (A.R.S. §15-1241)
- Gifted (A.R.S. §15-779.03)
- Environmental Special Plate (A.R.S. §37-1015)
- Failing Schools Tutoring Grant (A.R.S. §15-241)
- Other State Projects

County, City, and Town Grants

Accounts for monies received from county, city, and town grants.

Structured English Immersion

Accounts for monies received to provide for the incremental cost of instruction to English language learners (ELLs) and must be used to supplement existing programs. In accordance with A.R.S. §15-756.03, monies must not be used to supplant federal, state, or local monies, including desegregation monies, previously used for ELLs, or used to pay for the normal costs of conducting programs for English-proficient students. As defined in A.R.S. §15-756.01, incremental costs are the costs that are associated with a structured English immersion program pursuant to A.R.S. §15-752 or a program pursuant to A.R.S. §15-753 and that are in addition to the normal costs of conducting programs for English-proficient students. Incremental costs do not include costs that replace the same types of services provided to English-proficient students or compensatory instruction. A.R.S. §15-756.04.

Compensatory Instruction

Accounts for monies received to be used for compensatory instruction for programs in addition to normal classroom instruction that may include individual or small group instruction, extended day classes, summer school, or intersession school. These programs are limited to improving the English proficiency of current ELLs and students who have been reclassified from ELL to English-proficient within the previous 2 years. Monies must not be used to supplant federal, state, or local monies, including desegregation monies, previously used for ELLs. A.R.S. §15-756.11.

School Plant Funds

School Plant (Lease Over 1 Year)—Accounts for monies received from the sale of school property before July 1, 1998, or lease of school property for more than 1 year and used for the payment of outstanding bonded indebtedness, the reduction of district taxes, maintenance and operation, or capital outlay under criteria specified in A.R.S. §15-1102.

School Plant (Lease 1 Year or Less)—Accounts for monies received from the lease of school property for 1 year or less and used for the payment of outstanding bonded indebtedness, the reduction of district taxes, maintenance and operation, or capital outlay under criteria specified in A.R.S. §15-1102.

School Plant (Sale)—Accounts for monies received from the sale of school property after June 30, 1998, and used for the payment of outstanding bonded indebtedness, the reduction of district taxes, or capital outlay under criteria specified in A.R.S. §15-1102. However, monies received from the sale of land originally purchased with School Facilities Board monies must be returned to the State in accordance with A.R.S. §15-2041(F).

Food Service

Accounts for the financial operations of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions. A.R.S. §15-1154.

Civic Center

The district's governing board may permit the use of school facilities under its direction for civic activities as defined in A.R.S. §15-1105, such as parent-teacher association meetings, public forums, lectures, and clubs. Monies received for use of school facilities and the related expenditures must be accounted for in this fund. In accordance with A.R.S. §15-342(29), if program needs are met, excess monies may be used for maintenance and operation or unrestricted capital outlay purposes. Upon termination of the civic center school program, any unused monies must be transferred to the School Plant Fund (500 or 505).

Community School

Accounts for revenues and expenditures for purposes of academic and skill development for all citizens in accordance with A.R.S. §15-1141 et seq. In accordance with A.R.S. §15-342(30), if program needs are met, excess monies may be used for maintenance and operation or unrestricted capital outlay purposes. Upon termination of a community school program, any unused monies must be transferred to the Maintenance and Operation Fund (001). A.R.S. §15-1143.

Auxiliary Operations

Accounts for revenues and expenditures arising from bookstore operations, athletic operations, and miscellaneous district-related operations. Revenues may include the sale or rental of books, supplies and materials; course fees; fees for optional, noncredit, educational, or recreational activities; deposits for the use of district supplies; athletic gate receipts and concession sales; and other miscellaneous receipts. This fund may also be used to account for revenues and expenditures of monies collected in support of extracurricular activities to be taken as a tax credit by the taxpayer in accordance with A.R.S. §43-1089.01 and spent on the activities for which they are collected. Districts must maintain detailed records to ensure that tax credit monies are used only for allowable expenditures and in support of both the school and purpose designated by the taxpayer.

Extracurricular Activities Fees Tax Credit

Accounts for revenues and expenditures of monies collected in support of extracurricular activities to be taken as a tax credit by the taxpayer in accordance with A.R.S. §43-1089.01. Amounts in this fund should be spent on the activities for which they are collected and districts must maintain detailed records to ensure that tax credit monies are used only for allowable expenditures and in support of both the school and purpose designated by the taxpayer. Districts may choose to account for these monies in the Auxiliary Operations Fund rather than this fund.

Gifts and Donations

Accounts for the revenues and expenditures of gifts, donations, bequests, and private grants made to a district. A.R.S. §15-341(A)(14).

Career and Technical Education and Vocational Education Projects

Accounts for revenues and expenditures relating to the production and subsequent sale of items produced in an instructional program by career and technical education and vocational education pupils. Monies in the fund in excess of \$100,000 at fiscal year-end must be transferred to the School Plant Fund (506). A.R.S. §15-1231.

Fingerprint

Accounts for revenues and expenditures related to fingerprinting employees. A.R.S. §15-512.

School Opening

Accounts for monies transferred in from the Maintenance and Operation Fund (001) ending cash balance to be

used for maintenance and operation purposes incurred in the first year of operation of a new school within a district. At the end of 5 years without any activity in the fund, any remaining monies must be transferred to the Maintenance and Operation Fund. A.R.S. §15-943.01.

Insurance Proceeds

Accounts for the monies received from insurance claims. Insurance proceeds are not considered revenues under GAAP, but should be recorded as other financing sources in object code 5300 or as special or extraordinary items in object codes 5700 or 5800, as applicable. Districts may use such proceeds to pay outstanding bonded indebtedness or to construct, acquire, improve, repair, or furnish school property after notice and a hearing. A.R.S. §15-1103.

Textbooks

Accounts for monies received from students to replace or repair lost or damaged textbooks, subject matter materials, supplementary books, or instructional computer software in accordance with A.R.S. §15-729. Additionally, monies received from students to replace or repair lost or damaged library books may be accounted for here or in the Unrestricted Capital Outlay Fund (610). Monies received from the sale of books and other printed materials should be accounted for in the Auxiliary Operations Fund (525).

Litigation Recovery

Accounts for monies received for and derived from the settlement of legal controversies or from the recovery of costs, attorney fees, or damages in litigation by or against a district in accordance with A.R.S. §15-1107. Expenditures from the fund may be made to procure legal services or for the costs of litigation. However, if monies are received specifically for the purpose of replacing or repairing school buildings or other school property, the monies may only be used to:

1. Pay any outstanding bonded indebtedness of a district that is payable from the levy of taxes on property within a district.
2. Construct, acquire, improve, repair, or furnish school buildings after notice and a hearing.
3. Replace or repair school property other than school buildings.

Indirect Costs

Accounts for monies transferred in to this fund (object code 5200) from federal project funds or the Food Service Fund (510). These transfers are for indirect costs as allowed by the related federal grant. A district may only transfer monies into this fund based on an indirect cost rate approved by the Arizona Department of Education.

Unemployment Insurance

Used by districts using the reimbursement method of accounting for unemployment insurance contributions. Deposits to this fund consist of contributions from other funds. Expenditures consist of reimbursement payments to the Department of Economic Security. When the governing board determines that monies accumulated are in excess of insurance needs, the excess must be used to reduce district taxes for the budget year. A.R.S. §15-1104.

Teacherage

Accounts for the operations of district housing facilities provided for district employees that the governing board determined necessary for district operation. Revenues consist of lease and rental receipts. Disbursements consist of payments for maintenance, operation, and debt service related to teacherages. Also, districts located on Indian and federal lands may purchase houses, including mobile and modular housing, to be used exclusively as teacherages. A.R.S. §§15-342(6) and 15-1106.

Insurance Refund

Accounts for insurance premium payments that are refunded to a district at the end of a fiscal year. The monies

may be used for insurance premium payments; placed into a trust to be used for payments of uninsured losses, claims, defense costs, and other related expenses as provided in A.R.S. §15-382; or used for reduction of district taxes in the budget year. A.R.S. §15-386.

Grants and Gifts to Teachers

Accounts for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes. A.R.S. §15-1224.

Advertisement

Accounts for monies received from the sale of advertising that may be used for any district purpose. A.R.S. §15-342(27)(c).

Joint Technical Education

Accounts for monies received by member districts from Joint Technical Education Districts for vocational education programs. A.R.S. §15-393.

Impact Aid Revenue Bond Building

Accounts for proceeds from district bond issues that are used for acquiring or leasing school sites; constructing or renovating school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; purchasing pupil transportation vehicles; or paying existing bonded indebtedness in accordance with A.R.S. §15-491(A)(3). Bond proceeds are recorded as other financing sources in object code 5110 or 5120, as applicable. Interest earned on investments must be used to reduce outstanding bonded indebtedness, unless a district requests the monies be deposited in the Bond Building Fund if federal laws or rules require the interest to be used for capital expenditures, or the voters authorized the interest to be credited to the Bond Building Fund in a separate question in a bond election. If there is no outstanding bonded indebtedness, such interest should be transferred to the Maintenance and Operation Fund (001). A.R.S. §15-1024.

Debt Service Funds

Account for the accumulation of resources and the payment of principal and interest on bonds. A.R.S. §15-1022.

Emergency Deficiencies Correction

Accounts for monies received from the School Facilities Board to correct emergency deficiencies. A.R.S. §15-2022.

Building Renewal Grant

Accounts for building renewal grant monies that districts may request from the School Facilities Board. These monies may be used for major renovations and repairs to buildings, upgrading systems and areas that will maintain or extend buildings' useful lives, and infrastructure costs. These monies may not be used for new construction; remodeling interior space for aesthetic or preferential reasons; exterior beautification; demolition; routine preventative maintenance; or any project in a building, or part of a building, that is being leased to another entity, including a charter school sponsored by a school district pursuant to A.R.S. §15-183. A.R.S. §15-2032.

Impact Aid Revenue Bond Debt Service

Accounts for impact aid monies received and interest earned that is used for the payment of impact aid revenue bond principal and interest payments. Any surplus monies remaining in the fund must be transferred to the Impact Aid Fund (378). A.R.S. §§15-905(R), 15-2104, 15-2107, 15-2108, and 15-2109.

Student Activities

Accounts for all monies raised with the approval of the governing board by the effort of students in pursuance of or in connection with all activities of student organizations, clubs, school plays, or other student entertainment other than Auxiliary Operations Fund monies. A.R.S. §15-1121.

Self-Insurance Employee Claims Payable

Amount owed to employees for insurance claims from the Self-Insurance Fund.

Intergovernmental Agreements

Used by a fiscal agent to account for monies of an intergovernmental agreement (IGA). Revenues include amounts received from participants. Expenditures include salaries, supplies, etc. (Depending on specific provisions of the agreement, IGAs may also be accounted for in a Trust or Agency Fund.) A.R.S. §15-342(13).

OPEB (Pension Trust Funds)

Accounts for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other benefit plans. Typically, these funds are used to account for local pension and other employee benefit funds that are provided by a district in lieu of or in addition to any state retirement system.

Monies to fund other postemployment benefits (OPEB) that are deposited in a trust account in accordance with A.R.S. §15-1225 should be included as a Pension Trust Fund (OPEB Trust Fund). The OPEB Trust Fund accounts for monies accumulated to pay for postemployment benefits offered to district employees or their spouses and dependents. This fund may be used for administrative and management costs and payment of benefits. Postemployment benefits do not include benefits provided by the Arizona State Retirement System. If monies to fund other postemployment benefits are not deposited in a trust account, they should be accounted for in an Internal Service Fund.

Other Funds

Total of other funds not accounted for above and other Internal Service Funds.