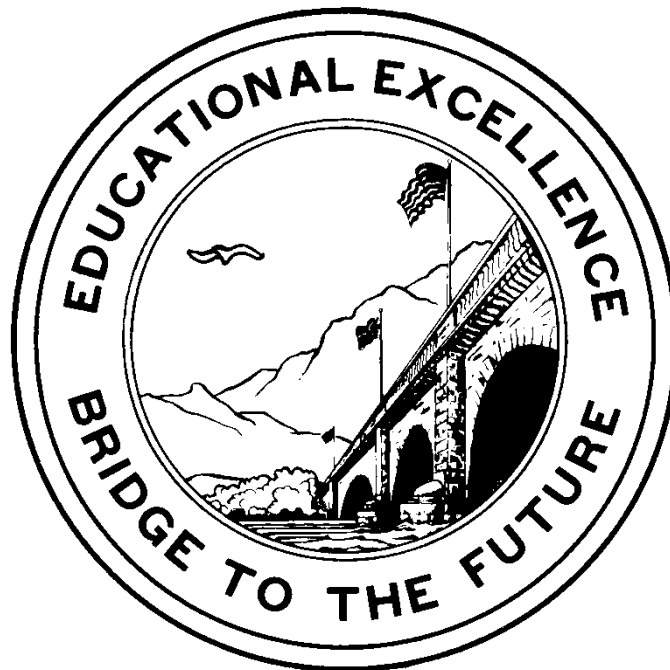

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LAKE HAVASU CITY, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

January 27, 2014

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, 2013.

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, 2013, 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, 2013, 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 5,401 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 5,401 students. The District also offers an alternative education program helping those students whose needs could only be addressed by non-traditional instructional and scheduling methods. The Round Table Program of the Lake Havasu High School is available to 9th through 12th graders.

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.

Of interest, The Shops of Lake Havasu, an open-air shopping complex, opened during 2007 and continues to set the pace for retail activity in the city. The mall sits on 150 acres across from the municipal airport and at build-out will eventually feature more than 70 retailers and restaurants. Anchor stores for the mall include Dillard's and J.C. Penney's. The Ultra Star Cinema opened in the fall of 2008. Chase Bank, McDonald's and the Automotive Galleria have also opened for business just north of the mall area. Additionally, a large Hobby Lobby store opened in Lake Havasu during 2011 and Ross opened a retail store during 2012.

In June 2012, the Partnership for Economic Development announced Romer Beverage has broken ground to be the first tenant in the Agave Business Park. Phase 1 of the Romer project will consist of a 25,000 plus square foot facility with state-of-the-art refrigeration. Phase 1 will provide 25-40 jobs. Romer's capital investment for Phase 1 is substantial. The Partnership for Economic Development made an investment to the project of the land. Future Romer Beverage phases will consist of expanding the refrigerated warehouse to approximately 100,000 square feet and moving the corporate headquarters to an approximate 10,000 square foot multi-level office building that will provide service to the entire Colorado River Region.

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.

Long-term Financial Planning. Although Lake Havasu continues to see the effects of the economic downturn being experienced throughout the whole country, we are conscious of our mission to educate our students with the best resources we have. We are forever mindful of the needs of our community and will remain fiscally sound even with fewer revenues.

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.

AWARDS AND ACKNOWLEDGMENTS

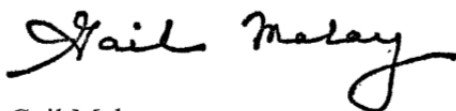
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty-fourth consecutive year that the District has received this 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, 2012. 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 2012-13 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,



Gail Malay
Superintendent



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, 2012*

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



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

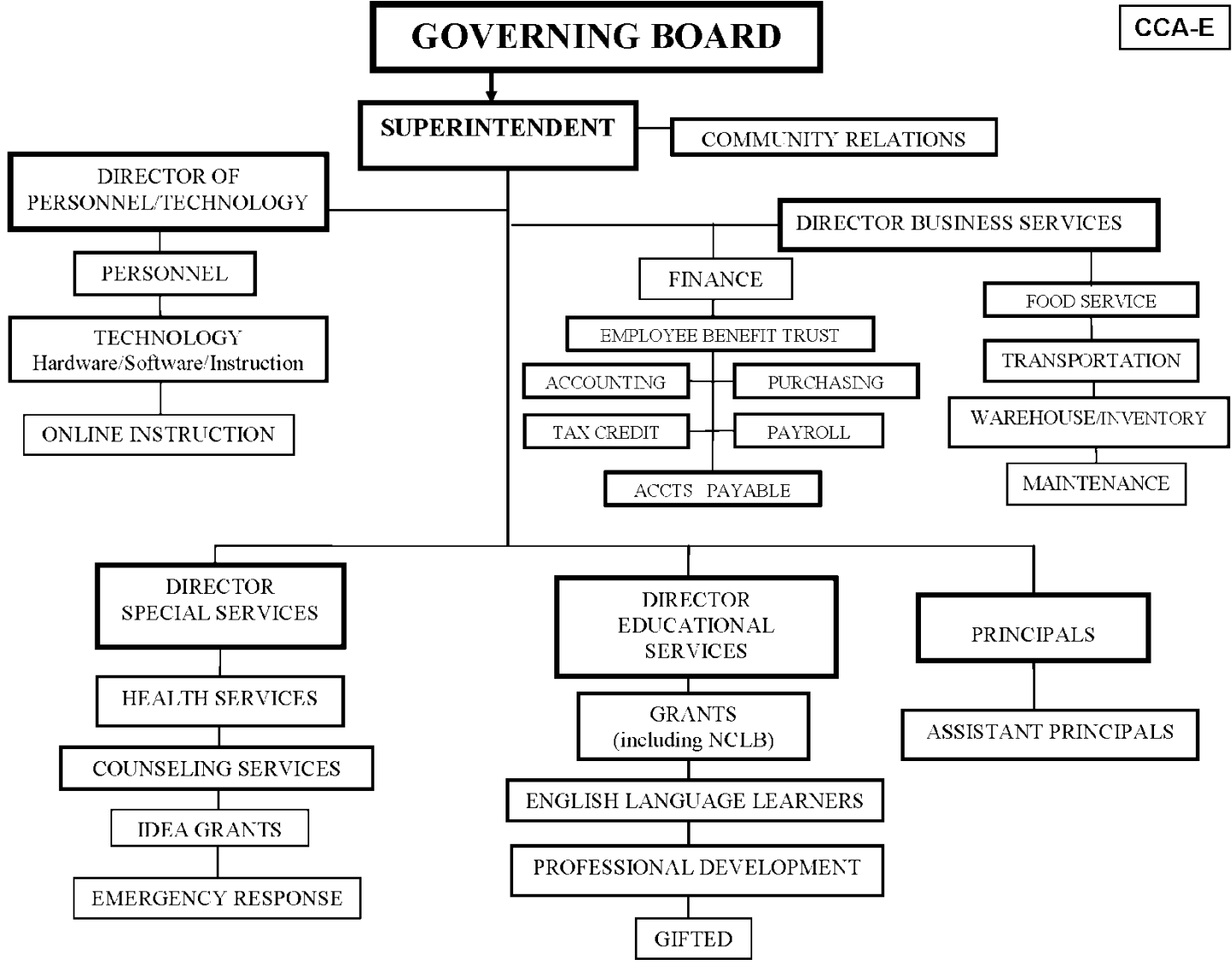
Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CFO



CCA-E

viii

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Jo Navaretta
President

Pat Rooney
Vice President

Ross Hobday
Member

Roger Schmitt
Member

Nancy Iannone
Member

ADMINISTRATIVE STAFF

Gail Malay, Superintendent

Elaine 'Missy' Wood, Director of Business Services

Katharine Fitzgerald, 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, 2013, 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 District'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 District'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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, 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 on pages 5 through 14 and budgetary comparison information on pages 56 through 58 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, 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

January 27, 2014

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, 2013**

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, 2013. 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 decreased \$2.9 million which represents a 5 percent decrease from the prior fiscal year primarily due to reductions in property tax revenues due to decreases in assessed values of properties surrounding the District.
- General revenues accounted for \$30.8 million in revenue, or 79 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.1 million, or 21 percent of total current fiscal year revenues.
- The District had approximately \$41.8 million in expenses related to governmental activities, an increase of 6 percent from the prior fiscal year.
- Among major funds, the General Fund had \$24.6 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$26.4 million in expenditures. The General Fund's fund balance decrease from \$6.8 million at the prior fiscal year end to \$4.7 million at the end of the current fiscal year was primarily due to reductions in property tax revenues due to decreases in assessed values.
- Net position for the Internal Service Fund decreased \$2.0 million from the prior fiscal year due to the first full year of operating a wellness center. Operating expenses of \$5.8 million exceeded operating revenues of \$3.8 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.

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.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

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

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.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site 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 Classroom Site Fund as required supplementary information.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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 \$50.9 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, 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, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Current and other assets	\$ 24,786,290	\$ 28,397,432
Capital assets, net	47,247,956	49,148,510
Total assets	<u>72,034,246</u>	<u>77,545,942</u>
Current and other liabilities	3,017,244	3,006,399
Long-term liabilities	18,163,549	20,772,056
Total liabilities	<u>21,180,793</u>	<u>23,778,455</u>
Net position:		
Net investment in capital assets	32,036,647	31,987,723
Restricted	7,590,728	6,893,775
Unrestricted	11,226,078	14,885,989
Total net position	<u>\$ 50,853,453</u>	<u>\$ 53,767,487</u>

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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.

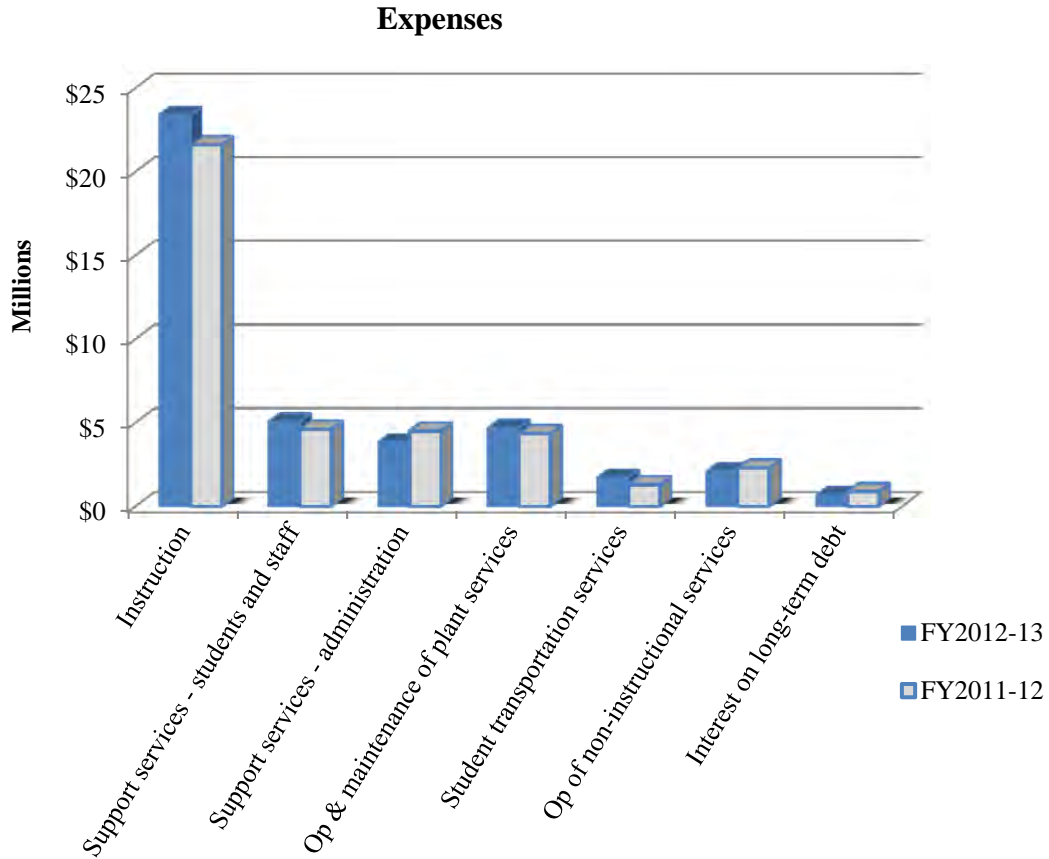
- The principal retirement of \$4.0 million of bonds.
- Accumulated depreciation increased \$2.4 million.

Changes in net position. The District's total revenues for the current fiscal year were \$38.9 million. The total cost of all programs and services was \$41.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Revenues:		
Program revenues:		
Charges for services	\$ 2,764,453	\$ 2,696,656
Operating grants and contributions	5,098,688	5,220,533
Capital grants and contributions	189,191	331,775
General revenues:		
Property taxes	19,645,936	21,616,802
Investment income	97,295	151,893
Unrestricted county aid	1,003,626	1,316,981
Unrestricted state aid	9,911,291	11,516,546
Unrestricted federal aid	184,274	1,209
Total revenues	38,894,754	42,852,395
Expenses:		
Instruction	23,799,629	21,583,414
Support services – students and staff	5,057,901	4,588,754
Support services – administration	3,815,743	4,485,813
Operation and maintenance of plant services	4,662,443	4,315,006
Student transportation services	1,698,660	1,273,997
Operation of non-instructional services	2,098,588	2,262,003
Interest on long-term debt	675,824	853,223
Total expenses	41,808,788	39,362,210
Changes in net position	(2,914,034)	3,490,185
Net position, beginning	53,767,487	50,277,302
Net position, ending	\$ 50,853,453	\$ 53,767,487

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- Decrease of \$2.0 million in property taxes due to decreased value of properties surrounding the District.
- Decrease of \$1.6 million in unrestricted state aid due primarily to decreases in student population.
- Increase of \$2.2 million in instructional expense due to increased costs for textbooks and other instructional supplies.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

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

	<u>Year Ended June 30, 2013</u>		<u>Year Ended June 30, 2012</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 23,799,629	\$ (20,076,439)	\$ 21,583,414	\$ (17,501,570)
Support services – students and staff	5,057,901	(3,696,810)	4,588,754	(3,217,252)
Support services – administration	3,815,743	(3,598,982)	4,485,813	(4,296,974)
Operation and maintenance of plant services	4,662,443	(4,611,785)	4,315,006	(4,145,238)
Student transportation services	1,698,660	(1,695,271)	1,273,997	(1,272,053)
Operation of non-instructional services	2,098,588	598,655	2,262,003	173,064
Interest on long-term debt	675,824	(675,824)	853,223	(853,223)
Total	<u>\$ 41,808,788</u>	<u>\$ (33,756,456)</u>	<u>\$ 39,362,210</u>	<u>\$ (31,113,246)</u>

- The cost of all governmental activities this year was \$41.8 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.1 million.
- Net cost of governmental activities of \$33.8 million was financed by general revenues, which are made up of primarily property taxes of \$19.6 million and state and county aid of \$10.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$12.8 million, a decrease of \$1.7 million due primarily to decreased property tax revenues due to decreases in assessed values.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$2.1 million to \$4.7 million was due to decreased property tax revenues. General Fund revenues decreased \$2.7 million primarily due to a decrease in property tax revenues due to declines in assessed values. General Fund expenditures decreased \$1.1 million primarily due to decreases in student population and reductions in funding.

The fund balance of the Classroom Site Fund increased \$796,707 primarily due to increased funding per student.

The fund balance decreased \$63,716 in the Debt Service Fund to \$884,200.

Proprietary funds. Unrestricted net position of the Internal Service Fund at the end of the year amounted to \$4.3 million. The decrease of \$2.0 million from the prior fiscal year was primarily due to the first full year of operating the wellness center.

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 \$298,053 increase, or 1 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 variance is summarized as follows.

- The favorable variance of \$478,505 in instruction was a result of position vacancy savings.
- The favorable variance of \$311,710 in support services – administration was a result of position vacancy savings.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$91.1 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 \$500,903 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, 2013 and June 30, 2012.

	As of June 30, 2013	As of June 30, 2012
Capital assets – non-depreciable	\$ 3,607,925	\$ 3,607,925
Capital assets – depreciable, net	43,640,031	45,540,585
Total	\$ 47,247,956	\$ 49,148,510

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

Debt Administration. At year-end, the District had \$15.2 million in long-term debt outstanding, \$4.5 million due within one year. This represents a net decrease of \$2.9 million due primarily to the retirement of \$4.0 million in school improvement bonds and the addition of capital lease agreements of \$1.5 million.

State statutes currently limit the amount of general obligation debt a district may issue to 30 percent of its total secondary assessed valuation. The current debt limitation for the District is \$183.8 million, which is more than the District's outstanding general obligation debt.

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

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 2013-14 budget. Among them:

- Fiscal year 2012-13 budget balance carry forward (estimated \$341,008).
- District student population (estimated 5,361 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 decreased 4 percent to \$25.2 million in fiscal year 2013-14. The difference is a result of anticipated decreases in student enrollment and loss of override funding. State aid and property taxes are expected to be the primary funding sources. No new significant programs were added to the 2013-14 budget.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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, 2013

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 19,021,940
Cash and investments - restricted	1,430,565
Property taxes receivable	616,146
Due from governmental entities	3,596,480
Total current assets	24,665,131
Noncurrent assets:	
Deferred charges	121,159
Land	3,607,925
Land improvements	1,887,379
Buildings and improvements	79,995,631
Vehicles, furniture and equipment	5,657,424
Accumulated depreciation	(43,900,403)
Total noncurrent assets	47,369,115
Total assets	72,034,246
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	371,315
Claims payable	520,000
Accrued payroll and employee benefits	1,817,572
Compensated absences payable	1,326,980
Accrued interest payable	288,189
Unearned revenues	20,168
Obligations under capital leases	353,825
Bonds payable	4,155,000
Total current liabilities	8,853,049
Noncurrent liabilities:	
Non-current portion of long-term obligations	12,327,744
Total noncurrent liabilities	12,327,744
Total liabilities	21,180,793
<u>NET POSITION</u>	
Net investment in capital assets	32,036,647
Restricted for:	
Federal and state projects	1,876,380
Food service	874,633
Other local initiatives	1,558,444
Debt service	991,752
Capital outlay	2,289,519
Unrestricted	11,226,078
Total net position	\$ 50,853,453

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, 2013

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
Governmental activities:					
Instruction	\$ 23,799,629	\$ 1,683,251	\$ 1,850,748	\$ 189,191	\$ (20,076,439)
Support services - students and staff	5,057,901		1,361,091		(3,696,810)
Support services - administration	3,815,743		216,761		(3,598,982)
Operation and maintenance of plant services	4,662,443	50,658			(4,611,785)
Student transportation services	1,698,660		3,389		(1,695,271)
Operation of non-instructional services	2,098,588	1,030,544	1,666,699		598,655
Interest on long-term debt	675,824				(675,824)
Total governmental activities	<u>\$ 41,808,788</u>	<u>\$ 2,764,453</u>	<u>\$ 5,098,688</u>	<u>\$ 189,191</u>	<u>(33,756,456)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	14,333,384
Property taxes, levied for debt service	4,737,572
Property taxes, levied for capital outlay	574,980
Investment income	97,295
Unrestricted county aid	1,003,626
Unrestricted state aid	9,911,291
Unrestricted federal aid	184,274

Total general revenues

30,842,422

Changes in net position

(2,914,034)

Net position, beginning of year

53,767,487

Net position, end of year

\$ 50,853,453

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, 2013

	General	Classroom Site	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 2,589,679	\$ 2,071,080	\$ 5,290,737
Cash and investments - restricted			
Property taxes receivable	471,942		144,204
Due from governmental entities	2,916,930	126,608	
Due from other funds			
Total assets	\$ 5,978,551	\$ 2,197,688	\$ 5,434,941
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 131,112	\$	\$
Due to other funds			
Accrued payroll and employee benefits	828,436	884,782	
Deferred revenues	284,308		107,552
Bonds payable			4,155,000
Bond interest payable			288,189
Total liabilities	1,243,856	884,782	4,550,741
Fund balances:			
Restricted		1,312,906	884,200
Assigned	578,165		
Unassigned	4,156,530		
Total fund balances	4,734,695	1,312,906	884,200
 Total liabilities and fund balances	 \$ 5,978,551	 \$ 2,197,688	 \$ 5,434,941

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,294,077	\$ 14,245,573
1,430,565	1,430,565
	616,146
552,942	3,596,480
432,511	432,511
<u>\$ 6,710,095</u>	<u>\$ 20,321,275</u>

\$ 240,203	\$ 371,315
432,511	432,511
104,354	1,817,572
20,168	412,028
	4,155,000
	288,189
<u>797,236</u>	<u>7,476,615</u>

5,286,070	7,483,176
626,789	1,204,954
<u>5,912,859</u>	<u>4,156,530</u>
<u>\$ 6,710,095</u>	<u>\$ 20,321,275</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, 2013

Total governmental fund balances	\$	12,844,660
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 91,148,359	
Less accumulated depreciation	<u>(43,900,403)</u>	47,247,956
<p>Property tax revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		391,860
<p>Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.</p>		
		121,159
<p>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.</p>		
		4,256,367
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Other postemployment benefits payable	(1,380,047)	
Compensated absences payable	(1,562,523)	
Obligations under capital leases	(2,180,979)	
Bonds payable	<u>(8,885,000)</u>	<u>(14,008,549)</u>
Net position of governmental activities	\$	<u>50,853,453</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, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
Revenues:			
Other local	\$ 1,932,484	\$ 5,789	\$ 21,426
Property taxes	14,425,629		4,646,236
State aid and grants	8,014,550	1,668,122	
Federal aid, grants and reimbursements	184,274		
Total revenues	<u>24,556,937</u>	<u>1,673,911</u>	<u>4,667,662</u>
Expenditures:			
Current -			
Instruction	14,644,835	776,185	
Support services - students and staff	3,097,428	101,019	
Support services - administration	2,899,898		
Operation and maintenance of plant services	4,326,607		
Student transportation services	1,287,051		
Operation of non-instructional services	90,059		
Capital outlay	42,603		
Debt service -			
Principal retirement			4,155,000
Interest and fiscal charges			576,378
Total expenditures	<u>26,388,481</u>	<u>877,204</u>	<u>4,731,378</u>
Excess (deficiency) of revenues over expenditures	<u>(1,831,544)</u>	<u>796,707</u>	<u>(63,716)</u>
Other financing sources (uses):			
Transfers in	36,052		
Transfers out			
Capital lease agreements			
Total other financing sources (uses):	<u>36,052</u>		
Changes in fund balances	<u>(1,795,492)</u>	<u>796,707</u>	<u>(63,716)</u>
Fund balances, beginning of year	6,829,447	516,199	947,916
Increase (decrease) in reserve for inventory	(299,260)		
Fund balances, end of year	<u>\$ 4,734,695</u>	<u>\$ 1,312,906</u>	<u>\$ 884,200</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,905,675	\$ 3,865,374
603,991	19,675,856
605,958	10,288,630
4,960,796	5,145,070
<u>8,076,420</u>	<u>38,974,930</u>
4,023,911	19,444,931
1,449,339	4,647,786
652,999	3,552,897
90,201	4,416,808
15,743	1,302,794
1,794,457	1,884,516
1,400,098	1,442,701
330,907	4,485,907
50,982	627,360
<u>9,808,637</u>	<u>41,805,700</u>
<u>(1,732,217)</u>	<u>(2,830,770)</u>
	36,052
(36,052)	(36,052)
1,459,565	1,459,565
<u>1,423,513</u>	<u>1,459,565</u>
<u>(308,704)</u>	<u>(1,371,205)</u>
6,248,177	14,541,739
(26,614)	(325,874)
<u>\$ 5,912,859</u>	<u>\$ 12,844,660</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, 2013

Net changes in fund balances - total governmental funds **\$ (1,697,079)**

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	\$ 500,903	
Less current year depreciation	<u>(2,401,457)</u>	(1,900,554)

Issuance of long-term debt, obligations under capital leases, provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (1,459,565)

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

Property taxes	(29,920)	
Intergovernmental	<u>(50,256)</u>	(80,176)

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	330,907	
Bond principal retirement	<u>4,155,000</u>	4,485,907

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 payable	(205,757)	
Amortization of deferred bond items	(48,464)	
Compensated absences	<u>(52,078)</u>	(306,299)

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. (1,956,268)

Change in net position in governmental activities **\$ (2,914,034)**

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, 2013

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 4,776,367
Total current assets	<u>4,776,367</u>
Total assets	<u><u>4,776,367</u></u>
 <u>LIABILITIES</u>	
Current liabilities:	
Claims payable	<u>520,000</u>
Total current liabilities	<u>520,000</u>
Total liabilities	<u><u>520,000</u></u>
 <u>NET POSITION</u>	
Unrestricted	<u>4,256,367</u>
Total net position	<u><u>\$ 4,256,367</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, 2013

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 3,761,155
Total operating revenues	<u>3,761,155</u>
Operating expenses:	
Claims	4,222,995
Premiums	563,573
Administrative fees	183,122
Cost of services	781,367
Total operating expenses	<u>5,751,057</u>
Operating income (loss)	<u>(1,989,902)</u>
Nonoperating revenues (expenses):	
Investment income	33,634
Total nonoperating revenues (expenses)	<u>33,634</u>
Changes in net position	<u>(1,956,268)</u>
Total net position, beginning of year	6,212,635
Total net position, end of year	<u>\$ 4,256,367</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, 2013

**Governmental
Activities:
Internal Service
Funds**

Decrease in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from contributions	\$	3,761,155
Cash payments for claims		(4,019,926)
Cash payments to suppliers for goods and services		<u>(1,528,062)</u>

Net cash used for operating activities (1,786,833)

Cash flows from investing activities:

Investment income		33,634
Net changes due to sales and maturities of investments		<u>1,075,656</u>

Net cash provided by investing activities 1,109,290

Net decrease in cash and cash equivalents (677,543)

Cash and cash equivalents, beginning of year 2,119,821

Cash and cash equivalents, end of year \$ 1,442,278

Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

Cash and investments	\$	4,776,367
Less investments not maturing in less than three months		<u>(3,334,089)</u>
Total cash and cash equivalents	\$	<u><u>1,442,278</u></u>

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating loss \$ (1,989,902)

Adjustments to reconcile operating loss
to net cash used for operating activities:

Changes in assets and liabilities:		
Increase in claims payable		<u>203,069</u>

Total adjustments 203,069

Net cash used for operating activities \$ (1,786,833)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 192,931
Total assets	\$ 192,931
 <u>LIABILITIES</u>	
Deposits held for others	\$ 9,901
Due to student groups	183,030
Total liabilities	\$ 192,931

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, 2013

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, 2013, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

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, 2013

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

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, 2013

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

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

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

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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 the Medicaid Reimbursement, School Plant, Auxiliary Operations, Litigation Recovery, Indirect Costs, and Advertisement Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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.

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, 2013

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

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, Certificates of Deposit and investments in Money Market funds. As noted on the Statement of Cash Flows, beginning cash was restated to appropriately reflect investments not maturing within three months.

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

Certain resources set aside 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

F. Receivables and Payables

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

G. Property Tax Calendar

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

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

H. Prepaid Items

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

I. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

J. 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.

K. 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 issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

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

L. Interfund Activity

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

M. 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, 2013

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

N. Estimates

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

NOTE 2 – 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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.

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.

	<u>General Fund</u>	<u>Classroom Site Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Restricted:				
Debt service	\$	\$	\$ 884,200	\$
Capital projects				2,289,519
Voter approved initiatives		1,312,906		313,140
Federal and State projects				250,334
Food service				874,633
Extracurricular activities				495,639
Joint technical education				493,256
Community school projects				336,624
Gifts and donations				148,036
Other purposes				84,889
Assigned:				
Auxiliary operations	578,165			
Capital projects				626,789
Unassigned	4,156,530			
Total fund balances	<u>\$ 4,734,695</u>	<u>\$ 1,312,906</u>	<u>\$ 884,200</u>	<u>\$ 5,912,859</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 4 – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits, including cash held by paying agent, was \$6,655,850 and the bank balance was \$6,993,418. In addition, the District had \$1,005 of cash on hand. At year end, \$527,161 of the District's deposits were covered by collateral held by the pledging financial institution in the District's name, \$1,431,565 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 and \$3,935 was uninsured and uncollateralized. Cash held by paying agent of \$4,443,189 is not subject to custodial risk.

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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Certificates of Deposit	\$ 2,971,492	\$ 2,807,677	\$ 163,815
Money Market	1,804,875		
		<u>\$ 2,807,677</u>	<u>\$ 163,815</u>
County Treasurer's investment pool	9,212,214	235 days average maturities	
Total	<u>\$13,988,131</u>		

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County 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.

NOTE 5 – RECEIVABLES

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

	<u>General Fund</u>	<u>Classroom Site Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from Federal government	\$	\$	\$ 483,725
Due from State government	2,720,900	126,608	69,217
Due from other Districts	196,030		
Net due from governmental entities	<u>\$ 2,916,930</u>	<u>\$ 126,608</u>	<u>\$ 552,942</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – RECEIVABLES (Concl'd)

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 284,308	\$
Delinquent property taxes receivable (Debt Service Fund)	107,552	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		20,168
Total deferred revenue for governmental funds	<u>\$ 391,860</u>	<u>\$ 20,168</u>

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,607,925	\$	\$	\$ 3,607,925
Total capital assets, not being depreciated	<u>3,607,925</u>			<u>3,607,925</u>
Capital assets, being depreciated:				
Land improvements	1,704,821	182,558		1,887,379
Buildings and improvements	79,705,069	290,562		79,995,631
Vehicles, furniture and equipment	5,629,641	27,783		5,657,424
Total capital assets being depreciated	<u>87,039,531</u>	<u>500,903</u>		<u>87,540,434</u>
Less accumulated depreciation for:				
Land improvements	(696,405)	(72,039)		(768,444)
Buildings and improvements	(36,948,260)	(2,000,949)		(38,949,209)
Vehicles, furniture and equipment	(3,854,281)	(328,469)		(4,182,750)
Total accumulated depreciation	<u>(41,498,946)</u>	<u>(2,401,457)</u>		<u>(43,900,403)</u>
Total capital assets, being depreciated, net	<u>45,540,585</u>	<u>(1,900,554)</u>		<u>43,640,031</u>
Governmental activities capital assets, net	<u>\$ 49,148,510</u>	<u>\$ (1,900,554)</u>	<u>\$</u>	<u>\$ 47,247,956</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 1,992,586
Support services – students and staff	26,189
Support services – administration	27,633
Operation and maintenance of plant services	29,207
Student transportation services	226,636
Operation of non-instructional services	99,206
Total depreciation expense – governmental activities	<u>\$ 2,401,457</u>

NOTE 7 – OBLIGATIONS UNDER LEASES

Capital Leases – The District has acquired energy retrofits under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligations. In addition, the District entered into a lease agreement for the purpose of obtaining further energy retrofits including solar panels. Revenues from the Energy and Water Savings Fund, a non-major governmental fund, will be used to pay the capital lease obligations.

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
2014	\$ 381,888
2015	513,345
2016	113,154
2017	113,726
2018	114,319
2019-23	580,934
2024-28	597,345
2029-33	<u>222,673</u>
Total minimum lease payments	<u>2,637,384</u>
Less: amount representing interest	<u>456,405</u>
Present value of minimum lease payments	<u>2,180,979</u>
Due within one year	<u>\$ 353,825</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – OBLIGATIONS UNDER LEASES (Concl'd)

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 \$213,956 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:		
	2014	\$ 213,955
	2015	213,955
	2016	213,955
	2017	153,718
	Total minimum payments required	<u>\$ 795,583</u>

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Governmental activities:					
Refunding Bonds, 2001	\$ 17,055,000	4.60-4.75%	7/1/13-15	\$ 9,765,000	\$ 3,115,000
Refunding Bonds, 2004	5,975,000	3.50-3.75%	7/1/13-15	3,275,000	1,040,000
Total				<u>\$ 13,040,000</u>	<u>\$ 4,155,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2014	\$ 4,155,000	\$ 486,533
2015	4,350,000	300,375
2016	4,535,000	102,031
Total	<u>\$ 13,040,000</u>	<u>\$ 888,939</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 17,035,000	\$	\$ 3,995,000	\$ 13,040,000	\$ 4,155,000
Obligations under capital leases	1,052,321	1,459,565	330,907	2,180,979	353,825
Compensated absences payable	1,510,445	779,371	727,293	1,562,523	1,326,980
Other postemployment benefits payable	1,174,290	454,757	249,000	1,380,047	
Governmental activity long-term liabilities	<u>\$ 20,772,056</u>	<u>\$ 2,693,693</u>	<u>\$ 5,302,200</u>	<u>\$ 18,163,549</u>	<u>\$ 5,835,805</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due to	Due from Non-Major Governmental Fund
Non-Major Governmental Funds	\$ 432,511
Total	<u>\$ 432,511</u>

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

Interfund transfers:

Transfers out	Transfers in General Fund
Non-Major Governmental Funds	\$ 36,052
Total	<u>\$ 36,052</u>

Transfers between funds were used to move Federal grant funds restricted for indirect costs.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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.

During fiscal year 1987, 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, 2013

NOTE 12 – RISK MANAGEMENT (Concl'd)

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
2012-13	\$ 316,931	\$ 4,222,995	\$ 4,019,926	\$ 520,000
2011-12	863,553	3,476,344	4,022,966	316,931

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2013	\$ 1,651,641	\$ 104,738	\$ 38,673
2012	1,990,901	127,079	48,411
2011	1,861,040	121,866	51,638

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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.

	<u>Participants</u>
Active employees	852
Retired employees	86
Total	<u>938</u>

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 closed with 28 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	\$ 466,905
Interest on net OPEB obligation	38,165
Adjustment to annual required contribution	<u>(50,313)</u>
Annual OPEB cost (expense)	454,757
Contributions made	(249,000)
Increase in net OPEB obligation	<u>205,757</u>
Net OPEB obligation – beginning of year	<u>1,174,290</u>
Net OPEB obligation – end of year	<u>\$ 1,380,047</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN
(Cont'd)

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, 2013 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, 2013	\$ 454,757	\$ 249,000	54.8%	\$ 1,380,047
June 30, 2012	460,290	327,200	71.1%	1,174,290
June 30, 2011	582,552	230,000	39.5%	1,041,200

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 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	December 31, 2011
Actuarial cost method	Unit credit
Amortization method for actuarial accrued liabilities	30 years, level dollar amount
Remaining amortization period	27 years as of June 30, 2013
Interest rate	3.25%
Inflation rate	3.25%
Projected salary increases	N/A
Health care cost trend rate:	
Medical and Prescription Drug	14.5%, graded down to an ultimate rate of 11% over 7 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN
(Concl'd)

Schedule of Funding Progress – The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
12/31/11	\$ 1,311,413	\$ 5,959,600	\$ 4,648,187	22%	\$ 21,354,983	22%
3/26/10	1,294,626	5,881,044	4,586,418	22%	21,844,840	21%
2/19/08	-0-	4,834,600	4,834,600	0%	25,359,433	19%

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(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, 2013

	<u>Budgeted Amounts</u>		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 1,407,679	\$ 1,407,679
Property taxes			14,425,629	14,425,629
State aid and grants			8,014,550	8,014,550
Federal aid, grants and reimbursements			1,185	1,185
Total revenues			<u>23,849,043</u>	<u>23,849,043</u>
Expenditures:				
Current -				
Instruction	14,303,429	14,599,114	14,120,609	478,505
Support services - students and staff	2,943,777	2,946,145	3,037,950	(91,805)
Support services - administration	3,146,830	3,146,830	2,835,120	311,710
Operation and maintenance of plant services	4,376,470	4,376,470	4,295,560	80,910
Student transportation services	1,094,117	1,094,117	944,691	149,426
Operation of non-instructional services	107,332	107,332	90,059	17,273
Total expenditures	<u>25,971,955</u>	<u>26,270,008</u>	<u>25,323,989</u>	<u>946,019</u>
Changes in fund balances	<u>(25,971,955)</u>	<u>(26,270,008)</u>	<u>(1,474,946)</u>	<u>24,795,062</u>
Fund balances, beginning of year			5,002,026	5,002,026
Increase (decrease) in reserve for inventory			(234,263)	(234,263)
Fund balances (deficits), end of year	<u>\$ (25,971,955)</u>	<u>\$ (26,270,008)</u>	<u>\$ 3,292,817</u>	<u>\$ 29,562,825</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 5,789	\$ 5,789
State aid and grants			1,668,122	1,668,122
Total revenues			<u>1,673,911</u>	<u>1,673,911</u>
Expenditures:				
Current -				
Instruction	2,863,328	2,858,635	776,185	2,082,450
Support services - students and staff			101,019	(101,019)
Total expenditures	<u>2,863,328</u>	<u>2,858,635</u>	<u>877,204</u>	<u>1,981,431</u>
Changes in fund balances	<u>(2,863,328)</u>	<u>(2,858,635)</u>	<u>796,707</u>	<u>3,655,342</u>
Fund balances, beginning of year			516,199	516,199
Fund balances (deficits), end of year	<u>\$ (2,863,328)</u>	<u>\$ (2,858,635)</u>	<u>\$ 1,312,906</u>	<u>\$ 4,171,541</u>

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue funds, and 2) a portion of the fiscal year 2012-13 insurance payments were budgeted for in fiscal year 2011-12. Consequently, the following adjustments were necessary to present actual expenditures, fund balance at July 1, 2012, and fund balance at June 30, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balance,</u> <u>June 30, 2013</u>	<u>Fund Balance,</u> <u>July 1, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 26,388,481	\$ 4,734,695	\$ 6,829,447
Fiscal year 2012-13 activity budgeted as special revenue funds	(815,292)	(1,441,878)	(1,578,221)
Fiscal year 2012-13 insurance payments budgeted in 2011-12	<u>(249,200)</u>	<u> </u>	<u>(249,200)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 25,323,989</u>	<u>\$ 3,292,817</u>	<u>\$ 5,002,026</u>

**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, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,808,334	\$ 1,485,743	\$ 4,294,077
Cash and investments - restricted		1,430,565	1,430,565
Due from governmental entities	552,942		552,942
Due from other funds	432,511		432,511
Total assets	\$ 3,793,787	\$ 2,916,308	\$ 6,710,095
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 240,203	\$	\$ 240,203
Due to other funds	432,511		432,511
Accrued payroll and employee benefits	104,354		104,354
Deferred revenues	20,168		20,168
Total liabilities	797,236		797,236
Fund balances:			
Restricted	2,996,551	2,289,519	5,286,070
Assigned		626,789	626,789
Total fund balances	2,996,551	2,916,308	5,912,859
 Total liabilities and fund balances	\$ 3,793,787	\$ 2,916,308	\$ 6,710,095

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, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 1,901,651	\$ 4,024	\$ 1,905,675
Property taxes		603,991	603,991
State aid and grants	605,958		605,958
Federal aid, grants and reimbursements	4,960,796		4,960,796
Total revenues	<u>7,468,405</u>	<u>608,015</u>	<u>8,076,420</u>
Expenditures:			
Current -			
Instruction	3,837,017	186,894	4,023,911
Support services - students and staff	1,436,912	12,427	1,449,339
Support services - administration	395,718	257,281	652,999
Operation and maintenance of plant services	7,912	82,289	90,201
Student transportation services	15,743		15,743
Operation of non-instructional services	1,794,457		1,794,457
Capital outlay	609,181	790,917	1,400,098
Debt service -			
Principal retirement		330,907	330,907
Interest and fiscal charges		50,982	50,982
Total expenditures	<u>8,096,940</u>	<u>1,711,697</u>	<u>9,808,637</u>
Excess (deficiency) of revenues over expenditures	<u>(628,535)</u>	<u>(1,103,682)</u>	<u>(1,732,217)</u>
Other financing sources (uses):			
Transfers out	(36,052)		(36,052)
Capital lease agreements		1,459,565	1,459,565
Total other financing sources (uses):	<u>(36,052)</u>	<u>1,459,565</u>	<u>1,423,513</u>
Changes in fund balances	<u>(664,587)</u>	<u>355,883</u>	<u>(308,704)</u>
Fund balances, beginning of year	3,687,752	2,560,425	6,248,177
Increase (decrease) in reserve for inventory	(26,614)		(26,614)
Fund balances, end of year	<u>\$ 2,996,551</u>	<u>\$ 2,916,308</u>	<u>\$ 5,912,859</u>

SPECIAL REVENUE FUNDS

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

Structured English Immersion - to account for monies received to provide for the incremental cost of instruction to English language learners.

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

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

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.

Homeless Education - to account for financial assistance received to increase education opportunities for the homeless.

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.

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

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

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

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

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

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

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, 2013

	<u>Instructional Improvement</u>	<u>Structured English Immersion</u>	<u>Title I Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 326,312	\$ 355	\$
Due from governmental entities			263,098
Due from other funds			
Total assets	<u>\$ 326,312</u>	<u>\$ 355</u>	<u>\$ 263,098</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 16,307
Due to other funds			208,569
Accrued payroll and employee benefits	13,172		38,222
Deferred revenues		355	
Total liabilities	<u>13,172</u>	<u>355</u>	<u>263,098</u>
Fund balances:			
Restricted	313,140		
Total fund balances	<u>313,140</u>		
 Total liabilities and fund balances	 <u>\$ 326,312</u>	 <u>\$ 355</u>	 <u>\$ 263,098</u>

<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>	<u>Homeless Education</u>	<u>E-Rate</u>
\$ 50,906	\$ 2,492	\$ 15,848 12,889	\$ 51,308	\$ 1,834	\$ 239,613 10,721
<u>\$ 50,906</u>	<u>\$ 2,492</u>	<u>\$ 28,737</u>	<u>\$ 51,308</u>	<u>\$ 1,834</u>	<u>\$ 250,334</u>
\$ 46,536 4,370	\$ 2,492	\$ 28,737	\$ 51,308	\$ 1,834	\$
<u>50,906</u>	<u>2,492</u>	<u>28,737</u>	<u>51,308</u>	<u>1,834</u>	
					250,334
					250,334
<u>\$ 50,906</u>	<u>\$ 2,492</u>	<u>\$ 28,737</u>	<u>\$ 51,308</u>	<u>\$ 1,834</u>	<u>\$ 250,334</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Other Federal Projects	State Vocational Education	Other State Projects
<u>ASSETS</u>			
Cash and investments	\$	\$ 17,321	\$
Due from governmental entities	59,099		69,217
Due from other funds			
Total assets	\$ 59,099	\$ 17,321	\$ 69,217
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	59,099		65,165
Accrued payroll and employee benefits			4,052
Deferred revenues		17,321	
Total liabilities	59,099	17,321	69,217
Fund balances:			
Restricted			
Total fund balances			
 Total liabilities and fund balances	 \$ 59,099	 \$ 17,321	 \$ 69,217

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>
\$ 840,763 33,870	\$ 37,242	\$ 336,624	\$ 500,336	\$ 152,733	\$ 17,464
<u>\$ 874,633</u>	<u>\$ 37,242</u>	<u>\$ 336,624</u>	<u>\$ 500,336</u>	<u>\$ 152,733</u>	<u>\$ 17,464</u>
\$	\$	\$	\$	\$	\$
			4,697	4,697	
			<u>4,697</u>	<u>4,697</u>	
874,633	37,242	336,624	495,639	148,036	17,464
<u>874,633</u>	<u>37,242</u>	<u>336,624</u>	<u>495,639</u>	<u>148,036</u>	<u>17,464</u>
<u>\$ 874,633</u>	<u>\$ 37,242</u>	<u>\$ 336,624</u>	<u>\$ 500,336</u>	<u>\$ 152,733</u>	<u>\$ 17,464</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Textbooks	Insurance Refund	Joint Technical Education
<u>ASSETS</u>			
Cash and investments	\$ 11,558	\$ 18,625	\$ 291,048
Due from governmental entities			
Due from other funds			432,511
Total assets	\$ 11,558	\$ 18,625	\$ 723,559
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 223,896
Due to other funds			
Accrued payroll and employee benefits			6,407
Deferred revenues			
Total liabilities			230,303
Fund balances:			
Restricted	11,558	18,625	493,256
Total fund balances	11,558	18,625	493,256
 Total liabilities and fund balances	\$ 11,558	\$ 18,625	\$ 723,559

Totals

\$	2,808,334
	552,942
	432,511
\$	<u>3,793,787</u>

\$	240,203
	432,511
	104,354
	20,168
	<u>797,236</u>

<u>2,996,551</u>
<u>2,996,551</u>

\$	<u>3,793,787</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, 2013

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 21,086	\$	\$
State aid and grants	228,619		
Federal aid, grants and reimbursements		1,409,081	222,562
Total revenues	<u>249,705</u>	<u>1,409,081</u>	<u>222,562</u>
Expenditures:			
Current -			
Instruction	391,089	679,761	
Support services - students and staff		489,950	216,487
Support services - administration		168,985	3,249
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		53,392	
Total expenditures	<u>391,089</u>	<u>1,392,088</u>	<u>219,736</u>
Excess (deficiency) of revenues over expenditures	<u>(141,384)</u>	<u>16,993</u>	<u>2,826</u>
Other financing sources (uses):			
Transfers out		(16,993)	(2,826)
Total other financing sources (uses):		<u>(16,993)</u>	<u>(2,826)</u>
Changes in fund balances	<u>(141,384)</u>		
Fund balances, beginning of year	454,524		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 313,140</u>	<u>\$</u>	<u>\$</u>

Limited English and Immigrant Students	Special Education Grants	Vocational Education	Homeless Education	E-Rate	Other Federal Projects
\$	\$	\$	\$	\$ 2,094	\$
20,555	1,188,056	172,649	6,442	207,457	67,295
<u>20,555</u>	<u>1,188,056</u>	<u>172,649</u>	<u>6,442</u>	<u>209,551</u>	<u>67,295</u>
16,846	715,087	29,523		96,224	38,127
3,418	436,790	35,058	5,642		4,821
	15,364	4,909		15,747	19,259
	1,547		800		
	4,277	102,655			4,641
<u>20,264</u>	<u>1,173,065</u>	<u>172,145</u>	<u>6,442</u>	<u>111,971</u>	<u>66,848</u>
<u>291</u>	<u>14,991</u>	<u>504</u>		<u>97,580</u>	<u>447</u>
(291)	(14,991)	(504)			(447)
<u>(291)</u>	<u>(14,991)</u>	<u>(504)</u>			<u>(447)</u>
				97,580	
				152,754	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 250,334</u>	<u>\$</u>

(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, 2013

	<u>State Vocational Education</u>	<u>Other State Projects</u>	<u>Food Service</u>
Revenues:			
Other local	\$	\$	\$ 546,474
State aid and grants	36,741	340,598	
Federal aid, grants and reimbursements			1,666,699
Total revenues	<u>36,741</u>	<u>340,598</u>	<u>2,213,173</u>
Expenditures:			
Current -			
Instruction	22,156	173,402	
Support services - students and staff	3,938	150,003	21,624
Support services - administration		2,609	136,729
Operation and maintenance of plant services			
Student transportation services		1,005	
Operation of non-instructional services			1,773,338
Capital outlay	10,647	13,579	6,606
Total expenditures	<u>36,741</u>	<u>340,598</u>	<u>1,938,297</u>
Excess (deficiency) of revenues over expenditures			<u>274,876</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			<u>274,876</u>
Fund balances, beginning of year			626,371
Increase (decrease) in reserve for inventory			(26,614)
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 874,633</u>

Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint	Textbooks
\$ 15,983	\$ 375,929	\$ 532,640	\$ 101,564	\$ 4,904	\$ 6,634
<u>15,983</u>	<u>375,929</u>	<u>532,640</u>	<u>101,564</u>	<u>4,904</u>	<u>6,634</u>
	536,097	763,352	58,650		17,283
	6,390		10,700		
9,943			12,023	3,155	
4,559	3,353				
19,999			1,120		
4,259	607	42,543	32,798		
<u>38,760</u>	<u>546,447</u>	<u>805,895</u>	<u>115,291</u>	<u>3,155</u>	<u>17,283</u>
<u>(22,777)</u>	<u>(170,518)</u>	<u>(273,255)</u>	<u>(13,727)</u>	<u>1,749</u>	<u>(10,649)</u>
<u>(22,777)</u>	<u>(170,518)</u>	<u>(273,255)</u>	<u>(13,727)</u>	<u>1,749</u>	<u>(10,649)</u>
60,019	507,142	768,894	161,763	15,715	22,207
<u>\$ 37,242</u>	<u>\$ 336,624</u>	<u>\$ 495,639</u>	<u>\$ 148,036</u>	<u>\$ 17,464</u>	<u>\$ 11,558</u>

(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, 2013

	Insurance Refund	Joint Technical Education	Totals
Revenues:			
Other local	\$ 166	\$ 294,177	\$ 1,901,651
State aid and grants			605,958
Federal aid, grants and reimbursements			4,960,796
Total revenues	<u>166</u>	<u>294,177</u>	<u>7,468,405</u>
Expenditures:			
Current -			
Instruction		299,420	3,837,017
Support services - students and staff		52,091	1,436,912
Support services - administration		3,746	395,718
Operation and maintenance of plant services			7,912
Student transportation services		12,391	15,743
Operation of non-instructional services			1,794,457
Capital outlay		333,177	609,181
Total expenditures		<u>700,825</u>	<u>8,096,940</u>
Excess (deficiency) of revenues over expenditures	<u>166</u>	<u>(406,648)</u>	<u>(628,535)</u>
Other financing sources (uses):			
Transfers out			(36,052)
Total other financing sources (uses):			<u>(36,052)</u>
Changes in fund balances	<u>166</u>	<u>(406,648)</u>	<u>(664,587)</u>
Fund balances, beginning of year	18,459	899,904	3,687,752
Increase (decrease) in reserve for inventory			(26,614)
Fund balances, end of year	<u>\$ 18,625</u>	<u>\$ 493,256</u>	<u>\$ 2,996,551</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, 2013

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 21,086	\$ 21,086
State aid and grants		228,619	228,619
Federal aid, grants and reimbursements			
Total revenues		<u>249,705</u>	<u>249,705</u>
Expenditures:			
Current -			
Instruction	700,000	391,089	308,911
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>700,000</u>	<u>391,089</u>	<u>308,911</u>
Excess (deficiency) of revenues over expenditures	<u>(700,000)</u>	<u>(141,384)</u>	<u>558,616</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(700,000)</u>	<u>(141,384)</u>	<u>558,616</u>
Fund balances, beginning of year		454,524	454,524
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (700,000)</u>	<u>\$ 313,140</u>	<u>\$ 1,013,140</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,409,081	1,409,081		222,562	222,562
	1,409,081	1,409,081		222,562	222,562
1,412,817	679,761	733,056			
	489,950	(489,950)	246,537	216,487	30,050
	168,985	(168,985)		3,249	(3,249)
	53,392	(53,392)			
1,412,817	1,392,088	20,729	246,537	219,736	26,801
(1,412,817)	16,993	1,429,810	(246,537)	2,826	249,363
	(16,993)	(16,993)		(2,826)	(2,826)
	(16,993)	(16,993)		(2,826)	(2,826)
(1,412,817)		1,412,817	(246,537)		246,537
\$ (1,412,817)	\$	\$ 1,412,817	\$ (246,537)	\$	\$ 246,537

(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, 2013

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		20,555	20,555
Total revenues		20,555	20,555
Expenditures:			
Current -			
Instruction	36,631	16,846	19,785
Support services - students and staff		3,418	(3,418)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	36,631	20,264	16,367
Excess (deficiency) of revenues over expenditures	(36,631)	291	36,922
Other financing sources (uses):			
Transfers in			
Transfers out		(291)	(291)
Total other financing sources (uses):		(291)	(291)
Changes in fund balances	(36,631)		36,631
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (36,631)	\$	\$ 36,631

Special Education Grants			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,188,056	1,188,056		172,649	172,649
	1,188,056	1,188,056		172,649	172,649
1,372,923	715,087	657,836		29,523	(29,523)
	436,790	(436,790)		35,058	(35,058)
	15,364	(15,364)		4,909	(4,909)
	1,547	(1,547)			
	4,277	(4,277)	125,000	102,655	22,345
1,372,923	1,173,065	199,858	125,000	172,145	(47,145)
(1,372,923)	14,991	1,387,914	(125,000)	504	125,504
	(14,991)	(14,991)		(504)	(504)
	(14,991)	(14,991)		(504)	(504)
(1,372,923)		1,372,923	(125,000)		125,000
\$ (1,372,923)	\$	\$ 1,372,923	\$ (125,000)	\$	\$ 125,000

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, 2013

	Homeless Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		6,442	6,442
Total revenues		6,442	6,442
Expenditures:			
Current -			
Instruction			
Support services - students and staff		5,642	(5,642)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		800	(800)
Operation of non-instructional services			
Capital outlay			
Total expenditures		6,442	(6,442)
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$	\$	\$

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,080	\$ 3,080	\$	\$ 2,094	\$ 2,094
	183,089	183,089		207,457	207,457
	186,169	186,169		209,551	209,551
300,000	70,864	229,136	185,715	96,224	89,491
	51,457	(51,457)			
	6,136	(6,136)		15,747	(15,747)
	606	(606)			
	42,603	(42,603)			
300,000	171,666	128,334	185,715	111,971	73,744
(300,000)	14,503	314,503	(185,715)	97,580	283,295
(300,000)	14,503	314,503	(185,715)	97,580	283,295
	554,061	554,061		152,754	152,754
\$ (300,000)	\$ 568,564	\$ 868,564	\$ (185,715)	\$ 250,334	\$ 436,049

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, 2013

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		67,295	67,295
Total revenues		67,295	67,295
Expenditures:			
Current -			
Instruction		38,127	(38,127)
Support services - students and staff		4,821	(4,821)
Support services - administration		19,259	(19,259)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		4,641	(4,641)
Total expenditures		66,848	(66,848)
Excess (deficiency) of revenues over expenditures		447	447
Other financing sources (uses):			
Transfers in			
Transfers out		(447)	(447)
Total other financing sources (uses):		(447)	(447)
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$	\$	\$

State Vocational Education			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 36,741	\$ 36,741	\$	\$ 340,598	\$ 340,598
	<u>36,741</u>	<u>36,741</u>		<u>340,598</u>	<u>340,598</u>
60,000	22,156 3,938	37,844 (3,938)	320,748	173,402 150,003 2,609 1,005	147,346 (150,003) (2,609) (1,005)
	<u>10,647</u>	<u>(10,647)</u>		<u>13,579</u>	<u>(13,579)</u>
<u>60,000</u>	<u>36,741</u>	<u>23,259</u>	<u>320,748</u>	<u>340,598</u>	<u>(19,850)</u>
<u>(60,000)</u>		<u>60,000</u>	<u>(320,748)</u>		<u>320,748</u>
<u>(60,000)</u>		<u>60,000</u>	<u>(320,748)</u>		<u>320,748</u>
<u>\$ (60,000)</u>	<u>\$</u>	<u>\$ 60,000</u>	<u>\$ (320,748)</u>	<u>\$</u>	<u>\$ 320,748</u>

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, 2013

	School Plant		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 35,147	\$ 35,147
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>35,147</u>	<u>35,147</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	32,000		32,000
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>32,000</u>		<u>32,000</u>
Excess (deficiency) of revenues over expenditures	<u>(32,000)</u>	<u>35,147</u>	<u>67,147</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(32,000)</u>	<u>35,147</u>	<u>67,147</u>
Fund balances, beginning of year		143,751	143,751
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (32,000)</u>	<u>\$ 178,898</u>	<u>\$ 210,898</u>

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 546,474	\$ 546,474	\$	\$ 15,983	\$ 15,983
	1,666,699	1,666,699		15,983	15,983
	2,213,173	2,213,173			
	21,624	(21,624)		9,943	(9,943)
	136,729	(136,729)		4,559	(4,559)
2,800,000	1,773,338	1,026,662	40,000	19,999	20,001
	6,606	(6,606)		4,259	(4,259)
2,800,000	1,938,297	861,703	40,000	38,760	1,240
(2,800,000)	274,876	3,074,876	(40,000)	(22,777)	17,223
(2,800,000)	274,876	3,074,876	(40,000)	(22,777)	17,223
	626,371	626,371		60,019	60,019
	(26,614)	(26,614)			
\$ (2,800,000)	\$ 874,633	\$ 3,674,633	\$ (40,000)	\$ 37,242	\$ 77,242

(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, 2013

	Community School		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 375,929	\$ 375,929
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>375,929</u>	<u>375,929</u>
Expenditures:			
Current -			
Instruction	350,000	536,097	(186,097)
Support services - students and staff		6,390	(6,390)
Support services - administration			
Operation and maintenance of plant services		3,353	(3,353)
Student transportation services			
Operation of non-instructional services			
Capital outlay		607	(607)
Total expenditures	<u>350,000</u>	<u>546,447</u>	<u>(196,447)</u>
Excess (deficiency) of revenues over expenditures	<u>(350,000)</u>	<u>(170,518)</u>	<u>179,482</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,000)</u>	<u>(170,518)</u>	<u>179,482</u>
Fund balances, beginning of year		507,142	507,142
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (350,000)</u>	<u>\$ 336,624</u>	<u>\$ 686,624</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 485,538	\$ 485,538	\$	\$ 532,640	\$ 532,640
	<u>485,538</u>	<u>485,538</u>		<u>532,640</u>	<u>532,640</u>
	204,162	(204,162)	750,000	763,352	(13,352)
	8,021	(8,021)			
350,000	30,441	(30,441)			
	342,360	7,640			
<u>350,000</u>	<u>584,984</u>	<u>(234,984)</u>	<u>750,000</u>	<u>805,895</u>	<u>(55,895)</u>
<u>(350,000)</u>	<u>(99,446)</u>	<u>250,554</u>	<u>(750,000)</u>	<u>(273,255)</u>	<u>476,745</u>
<u>(350,000)</u>	<u>(99,446)</u>	<u>250,554</u>	<u>(750,000)</u>	<u>(273,255)</u>	<u>476,745</u>
	742,608	742,608		768,894	768,894
	(64,997)	(64,997)			
<u>\$ (350,000)</u>	<u>\$ 578,165</u>	<u>\$ 928,165</u>	<u>\$ (750,000)</u>	<u>\$ 495,639</u>	<u>\$ 1,245,639</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, 2013

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 101,564	\$ 101,564
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>101,564</u>	<u>101,564</u>
Expenditures:			
Current -			
Instruction	400,000	58,650	341,350
Support services - students and staff		10,700	(10,700)
Support services - administration		12,023	(12,023)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services		1,120	(1,120)
Capital outlay		32,798	(32,798)
Total expenditures	<u>400,000</u>	<u>115,291</u>	<u>284,709</u>
Excess (deficiency) of revenues over expenditures	<u>(400,000)</u>	<u>(13,727)</u>	<u>386,273</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(400,000)</u>	<u>(13,727)</u>	<u>386,273</u>
Fund balances, beginning of year		161,763	161,763
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (400,000)</u>	<u>\$ 148,036</u>	<u>\$ 548,036</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 4,904	\$ 4,904	\$	\$ 6,634	\$ 6,634
	<u>4,904</u>	<u>4,904</u>		<u>6,634</u>	<u>6,634</u>
			45,000	17,283	27,717
4,000	3,155	845			
<u>4,000</u>	<u>3,155</u>	<u>845</u>	<u>45,000</u>	<u>17,283</u>	<u>27,717</u>
<u>(4,000)</u>	<u>1,749</u>	<u>5,749</u>	<u>(45,000)</u>	<u>(10,649)</u>	<u>34,351</u>
<u>(4,000)</u>	<u>1,749</u>	<u>5,749</u>	<u>(45,000)</u>	<u>(10,649)</u>	<u>34,351</u>
	15,715	15,715		22,207	22,207
<u>\$ (4,000)</u>	<u>\$ 17,464</u>	<u>\$ 21,464</u>	<u>\$ (45,000)</u>	<u>\$ 11,558</u>	<u>\$ 56,558</u>

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, 2013

	Litigation Recovery		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 956	\$ 956
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		956	956
Expenditures:			
Current -			
Instruction	2,000		2,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	2,000		2,000
Excess (deficiency) of revenues over expenditures	(2,000)	956	2,956
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(2,000)	956	2,956
Fund balances, beginning of year		105,921	105,921
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,000)	\$ 106,877	\$ 108,877

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 166	\$ 166
				166	166
			1,000		1,000
52,000	58,642	(6,642)			
<u>52,000</u>	<u>58,642</u>	<u>(6,642)</u>	<u>1,000</u>		<u>1,000</u>
<u>(52,000)</u>	<u>(58,642)</u>	<u>(6,642)</u>	<u>(1,000)</u>	<u>166</u>	<u>1,166</u>
	36,052	36,052			
	<u>36,052</u>	<u>36,052</u>			
<u>(52,000)</u>	<u>(22,590)</u>	<u>29,410</u>	<u>(1,000)</u>	<u>166</u>	<u>1,166</u>
	22,590	22,590		18,459	18,459
<u>\$ (52,000)</u>	<u>\$</u>	<u>\$ 52,000</u>	<u>\$ (1,000)</u>	<u>\$ 18,625</u>	<u>\$ 19,625</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, 2013

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 84	\$ 84
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		84	84
Expenditures:			
Current -			
Instruction	15,000		15,000
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	15,000		15,000
Excess (deficiency) of revenues over expenditures	(15,000)	84	15,084
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(15,000)	84	15,084
Fund balances, beginning of year		9,290	9,290
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (15,000)	\$ 9,374	\$ 24,374

Joint Technical Education			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 294,177	\$ 294,177	\$	\$ 2,426,456	\$ 2,426,456
				605,958	605,958
				5,143,885	5,143,885
	<u>294,177</u>	<u>294,177</u>		<u>8,176,299</u>	<u>8,176,299</u>
	299,420	(299,420)	5,951,834	4,112,043	1,839,791
	52,091	(52,091)	246,537	1,496,390	(1,249,853)
	3,746	(3,746)	56,000	460,496	(404,496)
			32,000	38,959	(6,959)
	12,391	(12,391)	350,000	358,103	(8,103)
			2,840,000	1,794,457	1,045,543
<u>2,000,000</u>	<u>333,177</u>	<u>1,666,823</u>	<u>2,125,000</u>	<u>651,784</u>	<u>1,473,216</u>
<u>2,000,000</u>	<u>700,825</u>	<u>1,299,175</u>	<u>11,601,371</u>	<u>8,912,232</u>	<u>2,689,139</u>
<u>(2,000,000)</u>	<u>(406,648)</u>	<u>1,593,352</u>	<u>(11,601,371)</u>	<u>(735,933)</u>	<u>10,865,438</u>
				36,052	36,052
				<u>(36,052)</u>	<u>(36,052)</u>
<u>(2,000,000)</u>	<u>(406,648)</u>	<u>1,593,352</u>	<u>(11,601,371)</u>	<u>(735,933)</u>	<u>10,865,438</u>
	899,904	899,904		5,265,973	5,265,973
				(91,611)	(91,611)
<u>\$ (2,000,000)</u>	<u>\$ 493,256</u>	<u>\$ 2,493,256</u>	<u>\$ (11,601,371)</u>	<u>\$ 4,438,429</u>	<u>\$ 16,039,800</u>

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DEBT SERVICE FUND

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

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, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Other local	\$	\$ 21,426	\$ 21,426
Property taxes		4,646,236	4,646,236
Total revenues		<u>4,667,662</u>	<u>4,667,662</u>
Expenditures:			
Debt service -			
Principal retirement	4,155,000	4,155,000	
Interest and fiscal charges	499,921	576,378	(76,457)
Total expenditures	<u>4,654,921</u>	<u>4,731,378</u>	<u>(76,457)</u>
Changes in fund balances	<u>(4,654,921)</u>	<u>(63,716)</u>	<u>4,591,205</u>
Fund balances, beginning of year		947,916	947,916
Fund balances (deficits), end of year	<u>\$ (4,654,921)</u>	<u>\$ 884,200</u>	<u>\$ 5,539,121</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.

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

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

Building Renewal - to account for monies received from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems or buildings that will maintain or extend their useful life.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013

	Insurance Proceeds	Unrestricted Capital Outlay	Soft Capital Allocation
<u>ASSETS</u>			
Cash and investments	\$ 82,061	\$ 776,868	\$ 626,789
Cash and investments - restricted			
Total assets	\$ 82,061	\$ 776,868	\$ 626,789
Fund balances:			
Restricted	\$ 82,061	\$ 776,868	\$
Assigned			626,789
Total fund balances	82,061	776,868	626,789
Total liabilities and fund balances	\$ 82,061	\$ 776,868	\$ 626,789

<u>Energy and Water Savings</u>	<u>Building Renewal</u>	<u>Totals</u>
\$ 1,430,565	\$ 25	\$ 1,485,743
<u>\$ 1,430,565</u>	<u>\$ 25</u>	<u>\$ 1,430,565</u>
<u>\$ 1,430,565</u>	<u>\$ 25</u>	<u>\$ 2,916,308</u>
\$ 1,430,565	\$ 25	\$ 2,289,519
<u>1,430,565</u>	<u>25</u>	<u>626,789</u>
<u>\$ 1,430,565</u>	<u>\$ 25</u>	<u>\$ 2,916,308</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Insurance Proceeds	Unrestricted Capital Outlay	Adjacent Ways
Revenues:			
Other local	\$ 4,024	\$	\$
Property taxes		153,991	450,000
Total revenues	4,024	153,991	450,000
Expenditures:			
Current -			
Instruction			
Support services - students and staff		2,230	
Support services - administration		257,281	
Operation and maintenance of plant services		82,289	
Capital outlay		221,797	450,000
Debt service -			
Principal retirement		330,907	
Interest and fiscal charges		50,982	
Total expenditures		945,486	450,000
Excess (deficiency) of revenues over expenditures	4,024	(791,495)	
Other financing sources (uses):			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	4,024	(791,495)	
Fund balances, beginning of year	78,037	1,568,363	
Fund balances, end of year	\$ 82,061	\$ 776,868	\$

Soft Capital Allocation	Energy and Water Savings	Building Renewal	Totals
\$	\$	\$	\$ 4,024
			603,991
			608,015
186,894			186,894
10,197			12,427
			257,281
			82,289
90,120	29,000		790,917
			330,907
			50,982
287,211	29,000		1,711,697
(287,211)	(29,000)		(1,103,682)
	1,459,565		1,459,565
	1,459,565		1,459,565
(287,211)	1,430,565		355,883
914,000		25	2,560,425
\$ 626,789	\$ 1,430,565	\$ 25	\$ 2,916,308

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,024	\$ 4,024
Property taxes			
Total revenues	<u> </u>	<u> 4,024</u>	<u> 4,024</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	30,000		30,000
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u> 30,000</u>	<u> </u>	<u> 30,000</u>
Excess (deficiency) of revenues over expenditures	<u> (30,000)</u>	<u> 4,024</u>	<u> 34,024</u>
Other financing sources (uses):			
Capital lease agreements			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (30,000)</u>	<u> 4,024</u>	<u> 34,024</u>
Fund balances, beginning of year		78,037	78,037
Fund balances (deficits), end of year	<u> \$ (30,000)</u>	<u> \$ 82,061</u>	<u> \$ 112,061</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	153,991	153,991		450,000	450,000
	153,991	153,991		450,000	450,000
150,000		150,000			
	2,230	(2,230)			
725,000	257,281	467,719			
82,500	82,289	211			
504,211	221,797	282,414	450,000	450,000	
340,577	330,907	9,670			
41,312	50,982	(9,670)			
1,843,600	945,486	898,114	450,000	450,000	
(1,843,600)	(791,495)	1,052,105	(450,000)		450,000
(1,843,600)	(791,495)	1,052,105	(450,000)		450,000
	1,568,363	1,568,363			
\$ (1,843,600)	\$ 776,868	\$ 2,620,468	\$ (450,000)	\$	\$ 450,000

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Soft Capital Allocation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
Total revenues			
Expenditures:			
Current -			
Instruction	269,300	186,894	82,406
Support services - students and staff	13,465	10,197	3,268
Support services - administration			
Operation and maintenance of plant services			
Capital outlay	594,847	90,120	504,727
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	877,612	287,211	590,401
Excess (deficiency) of revenues over expenditures	(877,612)	(287,211)	590,401
Other financing sources (uses):			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	(877,612)	(287,211)	590,401
Fund balances, beginning of year		914,000	914,000
Fund balances (deficits), end of year	\$ (877,612)	\$ 626,789	\$ 1,504,401

Energy and Water Savings

Building Renewal

Energy and Water Savings			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	29,000	(29,000)			
	29,000	(29,000)			
	(29,000)	(29,000)			
	1,459,565	1,459,565			
	1,459,565	1,459,565			
	1,430,565	1,430,565			
				25	25
\$	\$ 1,430,565	\$ 1,430,565	\$	\$ 25	\$ 25

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,024	\$ 4,024
Property taxes		603,991	603,991
Total revenues		<u>608,015</u>	<u>608,015</u>
Expenditures:			
Current -			
Instruction	419,300	186,894	232,406
Support services - students and staff	13,465	12,427	1,038
Support services - administration	725,000	257,281	467,719
Operation and maintenance of plant services	112,500	82,289	30,211
Capital outlay	1,549,058	790,917	758,141
Debt service -			
Principal retirement	340,577	330,907	9,670
Interest and fiscal charges	41,312	50,982	(9,670)
Total expenditures	<u>3,201,212</u>	<u>1,711,697</u>	<u>1,489,515</u>
Excess (deficiency) of revenues over expenditures	<u>(3,201,212)</u>	<u>(1,103,682)</u>	<u>2,097,530</u>
Other financing sources (uses):			
Capital lease agreements		1,459,565	1,459,565
Total other financing sources (uses):		<u>1,459,565</u>	<u>1,459,565</u>
Changes in fund balances	<u>(3,201,212)</u>	<u>355,883</u>	<u>3,557,095</u>
Fund balances, beginning of year		2,560,425	2,560,425
Fund balances (deficits), end of year	<u>\$ (3,201,212)</u>	<u>\$ 2,916,308</u>	<u>\$ 6,117,520</u>

AGENCY FUNDS

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

Employee Insurance - 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, 2013

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 183,030	\$ 9,901	\$ 192,931
Total assets	\$ 183,030	\$ 9,901	\$ 192,931
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 9,901	\$ 9,901
Due to student groups	183,030		183,030
Total liabilities	\$ 183,030	\$ 9,901	\$ 192,931

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	<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	\$ 226,090	\$ 371,120	\$ 414,180	\$ 183,030
Total assets	\$ 226,090	\$ 371,120	\$ 414,180	\$ 183,030
<u>Liabilities</u>				
Due to student groups	\$ 226,090	\$ 371,120	\$ 414,180	\$ 183,030
Total liabilities	\$ 226,090	\$ 371,120	\$ 414,180	\$ 183,030
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 17,279	\$ 9,409,697	\$ 9,417,075	\$ 9,901
Total assets	\$ 17,279	\$ 9,409,697	\$ 9,417,075	\$ 9,901
<u>Liabilities</u>				
Deposits held for others	\$ 17,279	\$ 9,409,697	\$ 9,417,075	\$ 9,901
Total liabilities	\$ 17,279	\$ 9,409,697	\$ 9,417,075	\$ 9,901
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 243,369	\$ 9,780,817	\$ 9,831,255	\$ 192,931
Total assets	\$ 243,369	\$ 9,780,817	\$ 9,831,255	\$ 192,931
<u>Liabilities</u>				
Deposits held for others	\$ 17,279	\$ 9,409,697	\$ 9,417,075	\$ 9,901
Due to student groups	226,090	371,120	414,180	183,030
Total liabilities	\$ 243,369	\$ 9,780,817	\$ 9,831,255	\$ 192,931

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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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position:					
Net investment in capital assets	\$ 32,036,647	\$ 31,987,723	\$ 28,586,579	\$ 26,530,067	\$ 24,580,909
Restricted	7,590,728	6,893,775	7,078,842	4,226,941	5,520,014
Unrestricted	11,226,078	14,885,989	14,611,881	18,471,910	14,501,604
Total net position	<u>\$ 50,853,453</u>	<u>\$ 53,767,487</u>	<u>\$ 50,277,302</u>	<u>\$ 49,228,918</u>	<u>\$ 44,602,527</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Position:					
Net investment in capital assets	\$ 22,716,451	\$ 20,550,318	\$ 18,503,107	\$ 17,795,182	\$ 17,819,338
Restricted	3,944,876	3,302,999	3,903,576	5,478,558	4,777,299
Unrestricted	17,358,615	15,413,963	15,183,658	13,485,275	9,913,462
Total net position	<u>\$ 44,019,942</u>	<u>\$ 39,267,280</u>	<u>\$ 37,590,341</u>	<u>\$ 36,759,015</u>	<u>\$ 32,510,099</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Instruction	\$ 23,799,629	\$ 21,583,414	\$ 25,603,971	\$ 26,031,193	\$ 28,217,419
Support services - students and staff	5,057,901	4,588,754	4,886,741	5,152,696	4,499,693
Support services - administration	3,815,743	4,485,813	3,938,285	4,237,501	4,525,095
Operation and maintenance of plant services	4,662,443	4,315,006	5,311,753	4,830,336	5,317,863
Student transportation services	1,698,660	1,273,997	1,363,735	1,379,620	1,087,123
Operation of non-instructional services	2,098,588	2,262,003	2,053,411	2,147,309	2,780,015
Interest on long-term debt	675,824	853,223	1,024,997	1,268,181	1,475,496
Total expenses	<u>41,808,788</u>	<u>39,362,210</u>	<u>44,182,893</u>	<u>45,046,836</u>	<u>47,902,704</u>
Program Revenues					
Charges for services:					
Instruction	1,683,251	1,768,659	2,331,557	1,143,243	348,970
Operation of non-instructional services	1,030,544	913,873	531,963	73,368	1,218,567
Other activities	50,658	14,124	98,549	685,786	61,537
Operating grants and contributions	5,098,688	5,220,533	6,414,289	6,162,377	5,767,429
Capital grants and contributions	189,191	331,775	496,946	333,593	254,632
Total program revenues	<u>8,052,332</u>	<u>8,248,964</u>	<u>9,873,304</u>	<u>8,398,367</u>	<u>7,651,135</u>
Net (Expense)/Revenue	<u>\$ (33,756,456)</u>	<u>\$ (31,113,246)</u>	<u>\$ (34,309,589)</u>	<u>\$ (36,648,469)</u>	<u>\$ (40,251,569)</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses					
Instruction	\$ 26,939,183	\$ 27,390,945	\$ 28,346,865	\$ 22,770,004	\$ 21,128,544
Support services - students and staff	3,921,807	3,723,309	3,304,261	2,547,223	2,265,416
Support services - administration	4,435,350	4,020,040	3,237,193	3,556,377	3,324,611
Operation and maintenance of plant services	4,987,634	4,971,537	4,594,272	4,093,237	3,884,363
Student transportation services	1,586,608	1,609,909	1,115,662	1,052,036	852,541
Operation of non-instructional services	3,141,198	3,217,584	3,300,864	2,791,062	2,313,637
Interest on long-term debt	1,683,371	2,153,116	2,123,730	1,931,779	2,091,416
Total expenses	<u>46,695,151</u>	<u>47,086,440</u>	<u>46,022,847</u>	<u>38,741,718</u>	<u>35,860,528</u>
Program Revenues					
Charges for services:					
Instruction	304,175	942,488	824,222	608,123	548,980
Operation of non-instructional services	1,449,462	1,625,113	1,900,252	1,392,058	1,168,308
Other activities	67,430	68,179	23,313	199,735	82,468
Operating grants and contributions	5,448,957	4,849,105	4,586,605	4,322,316	4,152,861
Capital grants and contributions	197,815	269,509	268,538	286,039	316,210
Total program revenues	<u>7,467,839</u>	<u>7,754,394</u>	<u>7,602,930</u>	<u>6,808,271</u>	<u>6,268,827</u>
Net (Expense)/Revenue	<u>\$ (39,227,312)</u>	<u>\$ (39,332,046)</u>	<u>\$ (38,419,917)</u>	<u>\$ (31,933,447)</u>	<u>\$ (29,591,701)</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense)/Revenue	\$ (33,756,456)	\$ (31,113,246)	\$ (34,309,589)	\$ (36,648,469)	\$ (40,251,569)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	14,333,384	16,037,667	17,641,005	21,077,939	19,029,407
Property taxes, levied for debt service	4,737,572	4,929,231	4,505,176	4,739,383	4,649,963
Property taxes, levied for capital outlay	574,980	649,904	271,381	1,303,695	2,617,390
Investment income	97,295	151,893	230,242	193,650	382,480
Unrestricted county aid	1,003,626	1,316,981	1,224,934	1,141,322	31
Unrestricted state aid	9,911,291	11,516,546	11,355,535	11,335,828	14,153,306
Unrestricted federal aid	184,274	1,209	129,700	1,483,043	1,577
Total general revenues	<u>30,842,422</u>	<u>34,603,431</u>	<u>35,357,973</u>	<u>41,274,860</u>	<u>40,834,154</u>
Changes in Net Position	<u>\$ (2,914,034)</u>	<u>\$ 3,490,185</u>	<u>\$ 1,048,384</u>	<u>\$ 4,626,391</u>	<u>\$ 582,585</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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net (Expense)/Revenue	\$ (39,227,312)	\$ (39,332,046)	\$ (38,419,917)	\$ (31,933,447)	\$ (29,591,701)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	18,383,213	17,370,386	15,946,504	14,276,533	15,112,722
Property taxes, levied for debt service	4,645,358	3,353,690	4,570,594	4,278,051	5,674,906
Property taxes, levied for capital outlay	2,214,000	2,024,966	1,443,001	1,074,821	1,161,035
Investment income	787,701	787,688	503,764	263,384	216,824
Unrestricted county aid	1,782	84,558	966,428	985,420	846,843
Unrestricted state aid	17,947,836	17,387,593	15,820,865	15,303,987	16,588,941
Unrestricted federal aid	84	104	87	167	
Total general revenues	<u>43,979,974</u>	<u>41,008,985</u>	<u>39,251,243</u>	<u>36,182,363</u>	<u>39,601,271</u>
Changes in Net Position	<u>\$ 4,752,662</u>	<u>\$ 1,676,939</u>	<u>\$ 831,326</u>	<u>\$ 4,248,916</u>	<u>\$ 10,009,570</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$	\$ 299,260	\$ 269,960	\$	\$
Assigned	578,165	742,608	627,284		
Unassigned	4,156,530	5,787,579	6,030,360		
Reserved				459,498	105,683
Unreserved				6,303,086	2,002,632
Total General Fund	<u>\$ 4,734,695</u>	<u>\$ 6,829,447</u>	<u>\$ 6,927,604</u>	<u>\$ 6,762,584</u>	<u>\$ 2,108,315</u>
All Other Governmental Funds:					
Nonspendable	\$	\$ 26,614	\$ 22,281	\$	\$
Restricted	7,483,176	6,771,678	7,020,731		
Assigned	626,789	914,000	768,988		
Reserved				103,573	301,597
Unreserved, reported in:					
Special revenue funds				5,618,928	5,319,799
Capital projects funds				3,248,272	4,472,440
Debt service fund				713,983	542,893
Total all other governmental funds	<u>\$ 8,109,965</u>	<u>\$ 7,712,292</u>	<u>\$ 7,812,000</u>	<u>\$ 9,684,756</u>	<u>\$ 10,636,729</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:					
Reserved	\$ 168,069	\$ 460,288	\$ 183,880	\$ 174,258	\$ 788,326
Unreserved	4,276,694	5,612,944	6,151,889	6,384,200	3,612,931
Total General Fund	<u>\$ 4,444,763</u>	<u>\$ 6,073,232</u>	<u>\$ 6,335,769</u>	<u>\$ 6,558,458</u>	<u>\$ 4,401,257</u>
All Other Governmental Funds:					
Reserved	\$ 79,511	\$ 154,262	\$ 54,506	\$ 43,377	\$ 40,381
Unreserved, reported in:					
Special revenue funds	5,937,754	3,903,096	3,632,813	2,972,113	3,338,998
Capital projects funds	3,158,142	2,584,099	2,135,420	2,746,590	1,883,410
Debt service fund	486,110	434,017	1,611,571	2,506,531	2,332,754
Total all other governmental funds	<u>\$ 9,661,517</u>	<u>\$ 7,075,474</u>	<u>\$ 7,434,310</u>	<u>\$ 8,268,611</u>	<u>\$ 7,595,543</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal sources:					
Federal grants	\$ 3,478,371	\$ 3,111,363	\$ 3,944,633	\$ 5,353,055	\$ 3,187,181
State Fiscal Stabilization (ARRA)			129,700		
Education Jobs		589,565	505,187		
National School Lunch Program	1,666,699	1,521,194	1,544,503	1,687,454	1,537,958
Total federal sources	<u>5,145,070</u>	<u>5,222,122</u>	<u>6,124,023</u>	<u>7,040,509</u>	<u>4,725,139</u>
State sources:					
State equalization assistance	8,014,550	9,647,892	9,848,828	9,642,048	11,773,417
State grants	377,339	198,567	194,333	314,113	385,607
School Facilities Board		70,060			30,436
Other revenues	1,896,741	1,798,594	1,704,045	1,496,442	2,587,329
Total state sources	<u>10,288,630</u>	<u>11,715,113</u>	<u>11,747,206</u>	<u>11,452,603</u>	<u>14,776,789</u>
Local sources:					
Property taxes	19,675,856	21,621,380	22,783,472	27,133,738	26,465,834
County aid	1,003,626	1,316,981	1,224,934	1,141,322	31
Food service sales	545,006	492,193	531,963	685,786	877,828
Investment income	97,295	151,893	203,223	122,883	276,253
Other revenues	2,219,447	2,316,338	3,171,144	1,841,002	1,396,643
Total local sources	<u>23,541,230</u>	<u>25,898,785</u>	<u>27,914,736</u>	<u>30,924,731</u>	<u>29,016,589</u>
Total revenues	<u><u>\$ 38,974,930</u></u>	<u><u>\$ 42,836,020</u></u>	<u><u>\$ 45,785,965</u></u>	<u><u>\$ 49,417,843</u></u>	<u><u>\$ 48,518,517</u></u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Federal sources:					
Federal grants	\$ 2,995,545	\$ 3,431,264	\$ 3,109,975	\$ 3,100,701	\$ 2,997,674
National School Lunch Program	1,448,778	1,343,860	1,244,194	1,197,855	1,194,256
Total federal sources	<u>4,444,323</u>	<u>4,775,124</u>	<u>4,354,169</u>	<u>4,298,556</u>	<u>4,191,930</u>
State sources:					
State equalization assistance	14,343,249	14,087,219	12,579,882	12,850,896	13,460,579
State grants	485,942	354,326	279,846	286,042	348,005
School Facilities Board	265,527	522,183	412,602	603,765	1,352,162
Other revenues	3,339,060	2,778,191	2,828,381	2,144,671	1,624,861
Total state sources	<u>18,433,778</u>	<u>17,741,919</u>	<u>16,100,711</u>	<u>15,885,374</u>	<u>16,785,607</u>
Local sources:					
Property taxes	24,858,596	22,576,236	22,091,187	19,836,287	21,719,202
County aid	1,782	84,558	966,428	985,420	846,843
Food service sales	1,067,924	1,259,417	1,090,847	1,038,582	974,320
Investment income	639,970	476,797	408,720	234,145	212,243
Other revenues	1,670,236	1,376,363	1,670,940	1,161,334	825,436
Total local sources	<u>28,238,508</u>	<u>25,773,371</u>	<u>26,228,122</u>	<u>23,255,768</u>	<u>24,578,044</u>
Total revenues	<u>\$ 51,116,609</u>	<u>\$ 48,290,414</u>	<u>\$ 46,683,002</u>	<u>\$ 43,439,698</u>	<u>\$ 45,555,581</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
Instruction	\$ 19,444,931	\$ 19,862,470	\$ 21,759,966	\$ 22,625,946	\$ 25,206,882
Support services - students and staff	4,647,786	4,644,571	4,692,108	4,715,292	4,214,268
Support services - administration	3,552,897	4,570,081	3,875,414	3,960,307	4,118,298
Operation and maintenance of plant services	4,416,808	4,338,151	5,366,191	4,644,294	5,233,070
Student transportation services	1,302,794	1,102,894	1,039,537	852,839	935,378
Operation of non-instructional services	1,884,516	1,994,305	1,900,104	2,061,423	2,678,289
Capital outlay	1,442,701	1,302,640	1,930,387	1,575,467	2,207,849
Debt service -					
Principal retirement	4,485,907	4,447,647	4,180,550	4,234,413	4,036,747
Interest and fiscal charges	627,360	804,759	967,358	1,201,357	1,408,672
Bond issuance costs					
Total expenditures	<u><u>\$ 41,805,700</u></u>	<u><u>\$ 43,067,518</u></u>	<u><u>\$ 45,711,615</u></u>	<u><u>\$ 45,871,338</u></u>	<u><u>\$ 50,039,453</u></u>
Expenditures for capitalized assets	\$ 500,903	\$ 575,220	\$ 610,351	\$ 321,516	\$ 470,672
Debt service as a percentage of noncapital expenditures	12%	12%	11%	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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:					
Current -					
Instruction	\$ 24,047,256	\$ 23,983,398	\$ 22,601,211	\$ 19,536,214	\$ 18,202,054
Support services - students and staff	3,958,919	3,610,972	3,287,592	2,539,812	2,314,473
Support services - administration	4,047,117	3,971,518	3,212,624	3,345,905	3,321,646
Operation and maintenance of plant services	4,957,574	4,857,217	4,439,789	4,090,293	3,904,159
Student transportation services	1,078,647	1,013,828	964,440	843,947	711,904
Operation of non-instructional services	3,034,155	3,127,021	3,142,548	2,687,159	2,271,240
Capital outlay	3,680,406	3,718,328	7,299,729	2,148,394	4,432,519
Debt service -					
Principal retirement	3,944,580	3,281,675	4,553,665	2,941,678	2,923,718
Interest and fiscal charges	1,616,547	2,086,292	2,056,906	1,864,955	2,073,056
Bond issuance costs					114,750
Total expenditures	<u>\$ 50,365,201</u>	<u>\$ 49,650,249</u>	<u>\$ 51,558,504</u>	<u>\$ 39,998,357</u>	<u>\$ 40,269,519</u>
Expenditures for capitalized assets	\$ 1,683,912	\$ 1,532,372	\$ 2,128,823	\$ 842,672	\$ 1,913,290
Debt service as a percentage of noncapital expenditures	11%	11%	13%	12%	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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ (2,830,770)	\$ (231,498)	\$ 74,350	\$ 3,546,505	\$ (1,520,936)
Other financing sources (uses):					
Capital lease agreements	1,459,565				
Transfers in	36,052	37,750	48,802	1,031,087	23,957
Transfers out	(36,052)	(37,750)	(48,802)	(1,031,087)	(23,957)
Total other financing sources (uses)	<u>1,459,565</u>	<u></u>	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u>\$ (1,371,205)</u>	<u>\$ (231,498)</u>	<u>\$ 74,350</u>	<u>\$ 3,546,505</u>	<u>\$ (1,520,936)</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) of revenues over expenditures	\$ 751,408	\$ (1,359,835)	\$ (4,875,502)	\$ 3,441,341	\$ 5,286,062
Other financing sources (uses):					
Refunding bonds issued					6,532,335
Premium on sale of bonds					138,774
Capital lease agreements	573,136	362,298	3,797,761		328,495
Transfers in	13,830	46,704	216,982	1,706,816	321,849
Transfers out	(13,830)	(46,704)	(216,982)	(1,706,816)	(321,849)
Payment to refunded bond escrow agent					(6,556,359)
Total other financing sources (uses)	<u>573,136</u>	<u>362,298</u>	<u>3,797,761</u>	<u></u>	<u>443,245</u>
Changes in fund balances	<u>\$ 1,324,544</u>	<u>\$ (997,537)</u>	<u>\$ (1,077,741)</u>	<u>\$ 3,441,341</u>	<u>\$ 5,729,307</u>

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

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value	
	Residential Property	Commercial Property							
2013	428,808,187	226,770,584	\$ 29,656,675	\$ 72,592,706	\$ 612,642,740	4.05	\$5,724,797,198	10.70	%
2012	509,698,529	102,125,253	26,575,804	70,657,468	567,742,118	4.37	5,307,163,655	10.70	
2011	504,878,105	328,727,927	31,327,534	102,257,175	762,676,391	3.65	7,048,614,650	10.82	
2010	661,310,136	463,624,007	33,349,909	165,912,487	992,371,565	3.58	9,379,508,714	10.58	
2009					1,108,287,795	3.55	10,428,177,892	10.63	
2008					991,754,429	3.87	9,272,021,363	10.70	
2007					802,668,974	4.17	7,065,214,923	11.36	
2006					625,932,334	4.70	5,507,123,414	11.37	
2005					483,121,173	5.40	4,280,391,771	11.29	
2004					405,410,168	6.53	3,552,141,325	11.41	

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

Note: Total taxable assessed valuation is displayed by major component beginning with fiscal year ended June 30, 2010.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commerical, Industrial, Utilities and Mining	\$ 131,614,284	\$ 134,614,280	\$ 165,977,880	\$ 195,850,707	\$ 191,775,438
Agricultural and Vacant	55,227,353	58,280,393	94,320,933	137,728,691	166,867,306
Residential (Owner Occupied)	369,138,329	356,163,805	434,509,340	578,727,429	661,681,184
Residential (Rental)	56,407,776	58,194,296	67,647,840	79,844,826	87,710,337
Railroad, Private Cars and Airlines	254,998	225,089	220,398	219,912	253,530
Total	<u>\$ 612,642,740</u>	<u>\$ 607,477,863</u>	<u>\$ 762,676,391</u>	<u>\$ 992,371,565</u>	<u>\$ 1,108,287,795</u>

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commerical, Industrial, Utilities and Mining	\$ 189,920,819	\$ 166,976,944	\$ 150,748,646	\$ 126,952,677	\$ 120,908,491
Agricultural and Vacant	147,631,591	115,651,259	77,463,121	49,899,191	37,290,243
Residential (Owner Occupied)	580,844,603	461,997,234	353,201,853	272,689,863	220,699,866
Residential (Rental)	73,129,831	57,738,327	44,255,783	33,331,257	26,287,916
Railroad, Private Cars and Airlines	227,585	305,210	262,931	248,185	223,652
Total	<u>\$ 991,754,429</u>	<u>\$ 802,668,974</u>	<u>\$ 625,932,334</u>	<u>\$ 483,121,173</u>	<u>\$ 405,410,168</u>

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
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	15	15	17	18	20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commercial, Industrial, Utilities and Mining	24 %	25 %	25 %	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	21	22	21	21	20

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 Equalization	County	Communit y College District	Lake Havasu Sanitary District	Desert Hills Fire District	City of Lake Havasu	Havasu Irrigation District	Primary	Secondary	Total
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
2005		4.16	0.95	0.00	2.40	0.80	100.74/acre	4.34	1.06	5.40
2004		4.16	0.95	0.00	2.40	0.80	100.74/acre	5.23	1.30	6.53

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**

<u>Taxpayer</u>	<u>2013</u>		<u>2004</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Unisource Energy Corporation	\$ 12,559,176	2.05 %	\$ 8,212,498	2.03 %
PHC Lake Havasu Inc.	5,039,372	0.82	9,194,016	2.27
SFT Havasu LLC Etal	3,416,006	0.56		
Walmart Stores, Inc.	1,774,566	0.29	1,054,066	0.26
London Bridge Resort	1,520,680	0.25	2,009,951	0.50
Sterlite Corporation	1,484,105	0.24	2,959,494	0.73
Anderson Family, LLC	1,465,103	0.24	1,337,854	0.33
Havsu Regional Medical Center, LLC	1,372,107	0.22		
Lowes HIW, Inc.	1,354,143	0.22		
Island Development Group, LLC	1,292,000	0.21		
Citizens Utilities, Inc.			26,311,120	6.49
McCulloch Corporation			3,932,479	0.97
Lake Havasu City Hotel Partners, LLC			1,663,296	0.41
River Land Development			1,175,689	0.29
Total	<u>\$ 31,277,258</u>	<u>5.11 %</u>	<u>\$ 57,850,463</u>	<u>14.27 %</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
2013	\$ 19,683,126	\$ 19,072,123	96.90 %	\$	\$ 19,072,123	96.90 %
2012	21,496,943	20,826,554	96.88	57,352	20,883,906	97.15
2011	22,621,563	21,846,489	96.57	672,966	22,519,455	99.55
2010	26,591,794	25,451,932	95.71	539,148	25,991,080	97.74
2009	25,695,299	24,614,488	95.79	1,062,012	25,676,500	99.93
2008	24,764,374	23,491,096	94.86	1,254,599	24,745,695	99.92
2007	22,079,677	21,318,733	96.55	746,322	22,065,055	99.93
2006	21,282,155	20,786,316	97.67	494,133	21,280,449	99.99
2005	19,393,676	18,598,444	95.90	795,232	19,393,676	100.00
2004	21,191,742	20,689,388	97.63	502,354	21,191,742	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: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
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	0.30	271	1,052,321	18,087,321	0.34	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	
2005	39,142,335	1,451,399	37,690,936	0.88	708	408,403	39,550,738	0.92	743	1.15	
2004	41,747,335	2,605,000	39,142,335	1.10	743	557,746	42,305,081	1.19	803	1.31	

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013**

<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	\$ 73,616,685	100.00 %	\$ 73,616,685
Subtotal, Overlapping Debt			<u>73,616,685</u>
Direct:			
Lake Havasu Unified School District No. 1			<u>15,220,979</u>
Total Direct and Overlapping Debt			<u><u>\$ 88,837,664</u></u>

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on the District's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2012 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**

Total Legal Debt Margin Calculation for Fiscal Year 2013:

Secondary assessed valuation	\$ 612,642,740
Debt limit (30% of assessed value)	183,792,822
Debt applicable to limit	<u>13,040,000</u>
Legal debt margin	<u><u>\$ 170,752,822</u></u>

Fiscal Year Ended June 30

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 183,792,822	\$ 170,322,635	\$ 228,802,917	\$ 297,711,470	\$ 332,486,339
Total net debt applicable to limit	<u>13,040,000</u>	<u>17,035,000</u>	<u>20,900,000</u>	<u>24,460,000</u>	<u>27,842,000</u>
Legal debt margin	<u><u>\$ 170,752,822</u></u>	<u><u>\$ 153,287,635</u></u>	<u><u>\$ 207,902,917</u></u>	<u><u>\$ 273,251,470</u></u>	<u><u>\$ 304,644,339</u></u>
Total net debt applicable to the limit as a percentage of debt limit	7%	10%	9%	8%	8%
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 297,526,329	\$ 240,800,692	\$ 187,779,700	\$ 144,936,352	\$ 121,623,050
Total net debt applicable to limit	<u>31,029,000</u>	<u>33,726,000</u>	<u>36,350,000</u>	<u>39,142,335</u>	<u>41,747,335</u>
Legal debt margin	<u><u>\$ 266,497,329</u></u>	<u><u>\$ 207,074,692</u></u>	<u><u>\$ 151,429,700</u></u>	<u><u>\$ 105,794,017</u></u>	<u><u>\$ 79,875,715</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10%	14%	19%	27%	34%

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**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2012	52,720	\$ 5,290,530	\$ 24,676	9.9 %	52,720
2011	59,466	5,200,533	25,801	10.8	59,466
2010	52,527	5,101,443	26,539	8.3	52,527
2009	55,502	5,124,115	26,197	8.1	55,502
2008	55,429	4,682,940	23,908	8.0	55,429
2007	55,263	4,512,952	23,548	5.1	55,263
2006	54,610	4,115,919	22,345	3.2	54,610
2005	53,435	3,743,202	21,046	3.2	54,800
2004	51,700	3,444,542	20,054	3.1	53,200
2003	48,945	3,235,607	19,582	3.3	52,700

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 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 and 2012, 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 SEVEN YEARS PRIOR**

<u>Employer</u>	<u>2013</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Havasu Regional Medical Center	695	3.08 %	695	2.85 %
Lake Havasu City	643	2.85	671	2.75
Lake Havasu Unified School District No. 1	590	2.61	530	2.17
Sterilite Corporation	425	1.88	425	1.74
Wal-Mart	300	1.33	259	1.06
London Bridge Resort	250	1.11	315	1.29
Shugrue's Restaurant	200	0.89	250	1.03
Bashas'	182	0.81		
River Medical	165	0.73	160	0.66
Mohave Community College	156	0.69	183	1.29
Mission of Nevada, Inc.			200	0.82
Total	<u>3,606</u>	<u>15.98 %</u>	<u>3,688</u>	<u>15.66 %</u>
Total employment	<u>22,579</u>		<u>24,375</u>	

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

Note: Data is not available from nine years prior, therefore data is presented from seven years ago.

**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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Certified employees	260	306	329	337	359
Administration	18	17	17	18	20
Support Staff	230	254	250	269	272
	508	577	596	624	651
Total	508	577	596	624	651
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Certified employees	367	367	361	293	321
Administration	19	18	18	18	19
Support Staff	285	284	279	261	238
	671	669	658	572	578
Total	671	669	658	572	578

**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
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	14.32	46,022,847	7,380	19.19	361	17.3	47.0
2005	6,257	33,043,330	5,281	7.15	38,741,718	6,192	7.64	293	21.4	44.0
2004	6,234	30,725,476	4,929	3.52	35,860,528	5,752	5.59	321	19.4	45.0

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

Notes: 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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>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	308,875	308,875	308,875
Capacity	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389
Enrollment	2,624	2,912	3,105	2,854	2,779	2,904	3,110	3,117	3,078	3,168
<u>Middle</u>										
Buildings	1	1	1	14	14	14	14	14	14	14
Square feet	183,694	183,694	183,694	249,872	249,872	249,872	249,872	248,000	248,000	248,000
Capacity	1,653	1,653	1,653	2,385	2,385	2,385	2,385	2,385	2,385	2,385
Enrollment	909	942	950	1,486	1,492	1,528	1,580	1,589	1,625	1,603
<u>High</u>										
Buildings	13	13	13	13	13	13	13	12	12	12
Square feet	286,861	286,861	286,861	286,861	286,861	286,861	268,861	267,035	267,035	267,035
Capacity	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377
Enrollment	1,868	1,822	1,767	1,813	1,901	1,784	1,771	1,783	1,721	1,792
<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	30	29	29	25	25
<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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