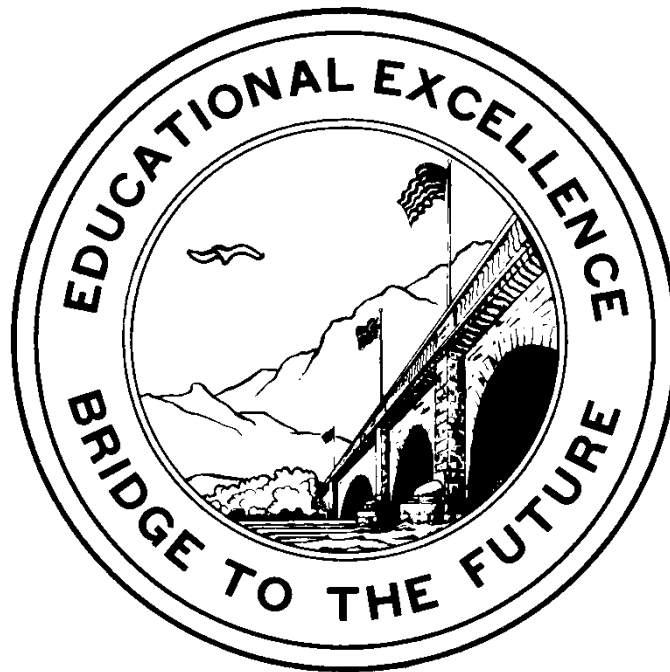

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LAKE HAVASU CITY, ARIZONA

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

Issued by:
Business and Finance Department

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	i
ASBO Certificate of Excellence	vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
List of Principal Officials	ix
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	28
Statement of Net Assets - Proprietary Funds	29

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION</u> (Cont'd)	<u>Page</u>
BASIC FINANCIAL STATEMENTS (Concl'd)	
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Assets and Liabilities	32
Notes to Financial Statements	33
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	56
Classroom Site Fund	57
Note to Required Supplementary Information	58
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	63
Special Revenue Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	78

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION</u> (Concl'd)	<u>Page</u>
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	98
Capital Projects Funds:	
Combining Balance Sheet	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	104
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	110
Combining Statement of Changes in Fiduciary Assets and Liabilities	111
 <u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Assets by Component	114
Expenses, Program Revenues, and Net (Expense)/Revenue	115
General Revenues and Total Changes in Net Assets	117
Fund Balances - Governmental Funds	119
Governmental Funds Revenues	121
Governmental Funds Expenditures and Debt Service Ratio	123
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	125

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS (Concl'd)

<u>STATISTICAL SECTION</u> (Concl'd)	<u>Page</u>
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	126
Direct and Overlapping Property Tax Rates	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Debt Capacity:	
Outstanding Debt by Type	130
Direct and Overlapping Governmental Activities Debt	131
Legal Debt Margin Information	132
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	133
Principal Employers	134
Operating Information:	
Full-Time Equivalent District Employees by Type	135
Operating Statistics	136
Capital Assets Information	137

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

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.havasupai.k12.az.us

December 12, 2012

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

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, 2012.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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 5,702 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 5,702 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.

Our community recently completed, after 11 years, the largest infrastructure project in the nation. The City's wastewater collection and reclamation system has eliminated approximately 25,000 septic tanks. This massive project was implemented to help protect the quality of the lake and groundwater supplies.

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. Michael's (craft store), along with 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.

The Partnership for Economic Development has purchased 13.2 acres to create the Lake Havasu City Agave Business Park. The acreage has been divided into 6 parcels and the PED has hired a consultant to help with the process of finding the right industries to relocate to Havasu.

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.

Long-term Financial Planning. The District has completed its final year of the K-3 and K-12 Maintenance and Operations Budget overrides in place since 2005. Unfortunately, the voters did not approve the continuance of these overrides. The final reduction concluded during the 2011-12 school year, with a reduction of approximately an additional \$1.3 million.

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 less revenues.

In June, 2012, Moody's Investors Service issued a rating update, affirming the A1 rating on Lake Havasu Unified School District No. 1. The rating affirmation reflects the large rural tax base that is anticipated to continue to decline given further devaluation of property assessed values, the strong financial position expected to remain pressured given loss of additional budgetary capacity through the M&O levy override, and the low debt burden with rapid amortization of principal. The A1 rating also reflected management's ability to implement appropriate expenditure controls to limit use of general reserves.

AWARDS AND ACKNOWLEDGMENTS

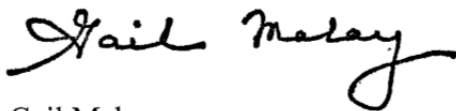
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-third consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2011-12 certificates.

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

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Gail Malay
Superintendent



Elaine (Missy) Wood
Director of Business Services

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Havasu Unified School
District No. 1, Arizona

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

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

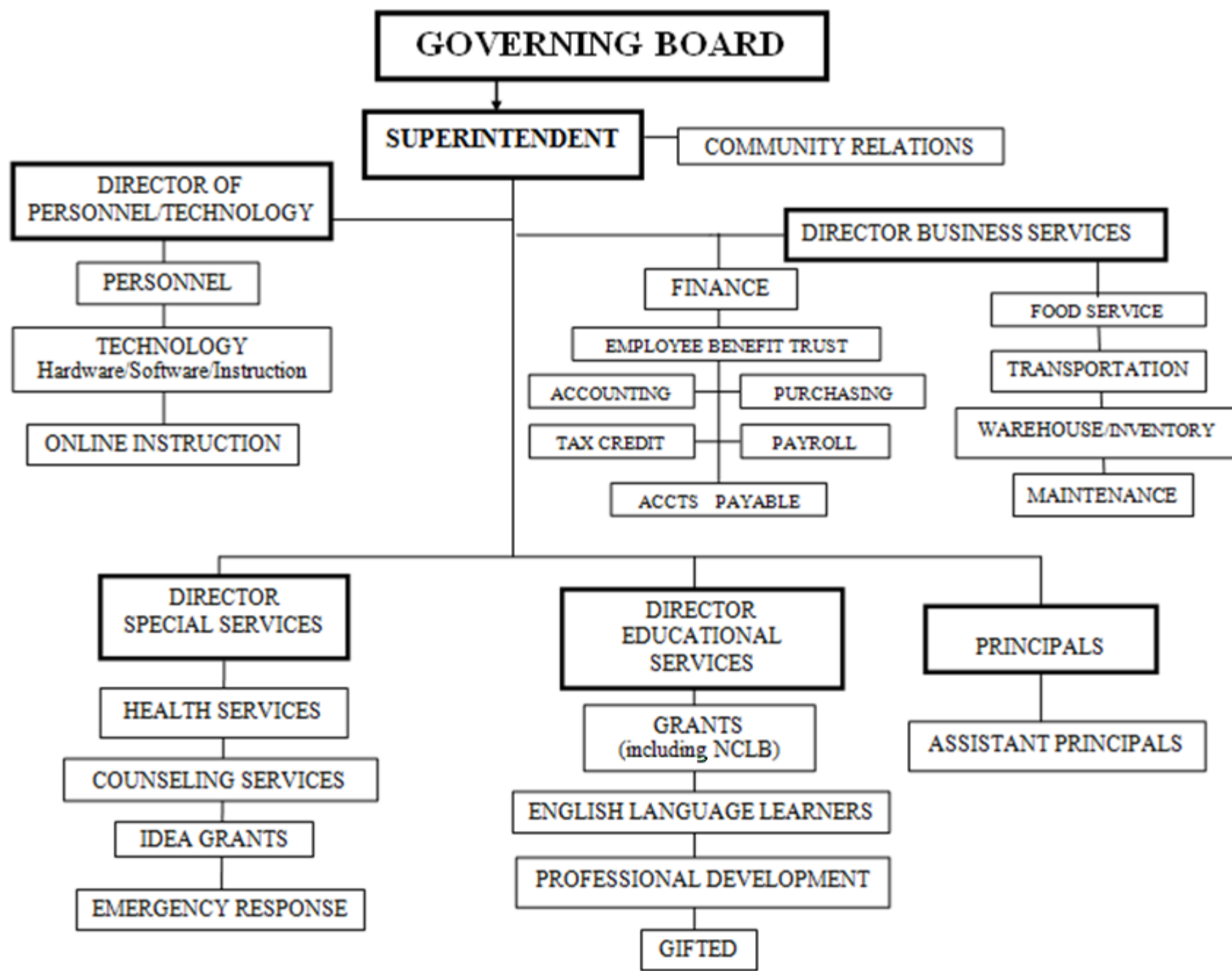


Christopher P. Morrell

President

Jeffrey R. Enos

Executive Director



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Jo Navaretta
President

Pat Rooney
Vice President

Ross Hobday
Member

Randy Troyer
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

(This page intentionally left blank)

FINANCIAL SECTION

(This page intentionally left blank)

INDEPENDENT AUDITORS' REPORT

Governing Board
Lake Havasu Unified School District No. 1

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Havasu Unified School District No. 1 (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Havasu Unified School District No. 1 as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of the Lake Havasu Unified School District No. 1 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplementary information such as the introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co., P.C.

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

December 12, 2012

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

(This page intentionally left blank)

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities increased \$3.5 million which represents a 7 percent increase from the prior fiscal year.
- General revenues accounted for \$34.6 million in revenue, or 81 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.2 million, or 19 percent of total current fiscal year revenues.
- The District had approximately \$39.4 million in expenses related to governmental activities, a decrease of 11 percent from the prior fiscal year.
- Among major funds, the General Fund had \$27.3 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$27.4 million in expenditures. The General Fund's fund balance decrease from \$6.9 million at the prior fiscal year end to \$6.8 million at the end of the current fiscal year was not significant.
- Net assets for the Internal Service Fund increased \$1.3 million from the prior fiscal year due to planned increases in reserves. Operating revenues of \$5.4 million exceeded operating expenses of \$4.1 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, 2012

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Classroom Site Fund and Debt Service Fund, 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, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$53.8 million at the current fiscal year end.

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

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

	As of June 30, 2012	As of June 30, 2011 (as restated)
Current and other assets	\$ 28,397,432	\$ 29,246,522
Capital assets, net	49,148,510	50,991,547
Total assets, net	<u>77,545,942</u>	<u>80,238,069</u>
Current and other liabilities	3,006,399	5,102,455
Long-term liabilities	20,772,056	24,858,312
Total liabilities	<u>23,778,455</u>	<u>29,960,767</u>
Net assets:		
Invested in capital assets, net of related debt	31,987,723	28,586,579
Restricted	6,893,775	7,078,842
Unrestricted	14,885,989	14,611,881
Total net assets	<u>\$ 53,767,487</u>	<u>\$ 50,277,302</u>

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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 Assets.

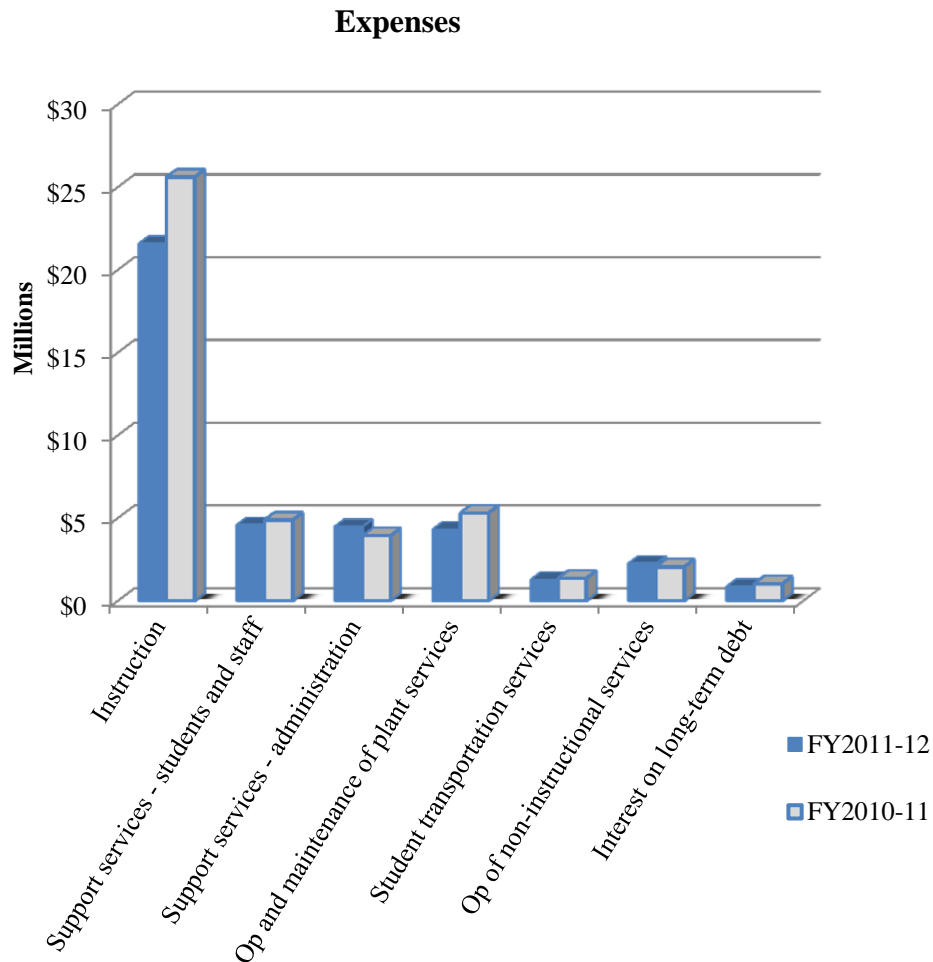
- The principal retirement of \$3.9 million of bonds.
- Accumulated depreciation increased \$2.4 million.

Changes in net assets. The District's total revenues for the current fiscal year were \$42.9 million. The total cost of all programs and services was \$39.4 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 2,696,656	\$ 2,962,069
Operating grants and contributions	5,220,533	6,414,289
Capital grants and contributions	331,775	496,946
General revenues:		
Property taxes	21,616,802	22,417,562
Investment income	151,893	230,242
Unrestricted county aid	1,316,981	1,224,934
Unrestricted state aid	11,516,546	11,355,535
Unrestricted federal aid	1,209	129,700
Total revenues	<u>42,852,395</u>	<u>45,231,277</u>
Expenses:		
Instruction	21,583,414	25,603,971
Support services – students and staff	4,588,754	4,886,741
Support services – administration	4,485,813	3,938,285
Operation and maintenance of plant services	4,315,006	5,311,753
Student transportation services	1,273,997	1,363,735
Operation of non-instructional services	2,262,003	2,053,411
Interest on long-term debt	853,223	1,024,997
Total expenses	<u>39,362,210</u>	<u>44,182,893</u>
Change in net assets	<u>3,490,185</u>	<u>1,048,384</u>
Net assets, beginning	<u>50,277,302</u>	<u>49,228,918</u>
Net assets, ending	<u><u>\$ 53,767,487</u></u>	<u><u>\$ 50,277,302</u></u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- Decrease of \$800,760 in property taxes due to decreased assessed value of properties surrounding the District.
- Decrease of \$4.0 million in instruction expense due primarily to a decline in enrollment.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

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

	Year Ended June 30, 2012		Year Ended June 30, 2011	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses (as restated)	Net (Expense)/ Revenue (as restated)
Instruction	\$ 21,583,414	\$ (17,501,570)	\$ 25,603,971	\$ (20,041,863)
Support services – students and staff	4,588,754	(3,217,252)	4,886,741	(3,077,141)
Support services – administration	4,485,813	(4,296,974)	3,938,285	(3,631,625)
Operation and maintenance of plant services	4,315,006	(4,145,238)	5,311,753	(5,201,186)
Student transportation services	1,273,997	(1,272,053)	1,363,735	(1,355,832)
Operation of non-instructional services	2,262,003	173,064	2,053,411	23,055
Interest on long-term debt	853,223	(853,223)	1,024,997	(1,024,997)
Total	\$ 39,362,210	\$ (31,113,246)	\$ 44,182,893	\$ (34,309,589)

- The cost of all governmental activities this year was \$39.4 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.2 million.
- Net cost of governmental activities of \$31.1 million was financed by general revenues, which are made up of primarily property taxes of \$21.6 million and state and county aid of \$12.8 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, 2012**

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$14.5 million, a decrease of \$197,865.

The General Fund comprises 47 percent of the total fund balance. Approximately \$5.8 million, or 85 percent of the General Fund's fund balance, constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The fund balance decreased \$98,157 to \$6.8 million. General Fund revenues decreased \$2.5 million primarily due to a decrease in property tax revenues. General Fund expenditures decreased \$3.1 million primarily due to decreases in enrollment.

The fund balance of the Classroom Site Fund did not change significantly.

The fund balance increased \$202,500 in the Debt Service Fund to \$947,916 as of fiscal year end due to changes in bonded debt requirements.

Proprietary funds. Unrestricted net assets of the Internal Service Fund at the end of the year amounted to \$6.2 million. The increase of \$1.3 million from the prior fiscal year was primarily due to planned increases in reserves.

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 \$95,306 increase, or less than 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 \$864,628 in instruction was a result of planning to use excess budget capacity in the subsequent fiscal year.
- The favorable variance of \$688,606 in operation and maintenance of plant services was a result of planning to use excess budget capacity in the subsequent fiscal year.
- The unfavorable variance of \$435,068 in support services – administration was a result of a one-time salary increase for all employees.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$90.6 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 \$575,220 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, 2012 and June 30, 2011.

	As of June 30, 2012	As of June 30, 2011
Capital assets – non-depreciable	\$ 3,607,925	\$ 3,607,925
Capital assets – depreciable, net	45,540,585	47,383,622
Total	<u>\$ 49,148,510</u>	<u>\$ 50,991,547</u>

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

Debt Administration. At year-end, the District had \$18.1 million in long-term debt outstanding, \$4.3 million due within one year. This represents a net decrease of \$4.3 million due primarily to the retirement of \$3.9 million in school improvement bonds.

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 \$170.3 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 2012-13 budget. Among them:

- Fiscal year 2011-12 budget balance carry forward (estimated \$1.0 million).
- District student population (estimated 5,472 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 5 percent to \$26.0 million in fiscal year 2012-13. The difference is a result of decreases in enrollment and state funding. State aid and property taxes are expected to be the primary funding sources. No new significant programs were added to the 2012-13 budget.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 22,929,429
Property taxes receivable	706,982
Accounts receivable	158,825
Due from governmental entities	4,106,699
Inventory	325,874
Total current assets	<u>28,227,809</u>
Noncurrent assets:	
Deferred charges	169,623
Land	3,607,925
Land improvements	1,704,821
Buildings and improvements	79,705,069
Vehicles, furniture and equipment	5,629,641
Accumulated depreciation	(41,498,946)
Total noncurrent assets	<u>49,318,133</u>
Total assets	<u><u>77,545,942</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	463,271
Claims payable	316,931
Accrued payroll and employee benefits	1,804,525
Compensated absences payable	1,274,509
Accrued interest payable	371,733
Unearned revenues	49,939
Obligations under capital leases	340,577
Bonds payable	3,995,000
Total current liabilities	<u>8,616,485</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	15,161,970
Total noncurrent liabilities	<u>15,161,970</u>
Total liabilities	<u><u>23,778,455</u></u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	31,987,723
Restricted for:	
Federal and state projects	1,173,733
Food service	626,371
Other local initiatives	2,454,103
Debt service	964,132
Capital outlay	1,675,436
Unrestricted	14,885,989
Total net assets	<u><u>\$ 53,767,487</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 ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 21,583,414	\$ 1,768,659	\$ 1,981,410	\$ 331,775	\$ (17,501,570)
Support services - students and staff	4,588,754		1,371,502		(3,217,252)
Support services - administration	4,485,813		188,839		(4,296,974)
Operation and maintenance of plant services	4,315,006	14,124	155,644		(4,145,238)
Student transportation services	1,273,997		1,944		(1,272,053)
Operation of non-instructional services	2,262,003	913,873	1,521,194		173,064
Interest on long-term debt	853,223				(853,223)
Total governmental activities	<u>\$ 39,362,210</u>	<u>\$ 2,696,656</u>	<u>\$ 5,220,533</u>	<u>\$ 331,775</u>	<u>(31,113,246)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					16,037,667
Property taxes, levied for debt service					4,929,231
Property taxes, levied for capital outlay					649,904
Investment income					151,893
Unrestricted county aid					1,316,981
Unrestricted state aid					11,516,546
Unrestricted federal aid					1,209
Total general revenues					<u>34,603,431</u>
Changes in net assets					3,490,185
Net assets, beginning of year, as restated					<u>50,277,302</u>
Net assets, end of year					<u>\$ 53,767,487</u>

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

(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 4,904,132	\$ 1,070,162	\$ 5,181,792
Property taxes receivable	528,898		149,073
Accounts receivable	158,825		
Due from governmental entities	2,538,110	252,874	
Due from other funds			
Inventory	299,260		
Total assets	<u><u>\$ 8,429,225</u></u>	<u><u>\$ 1,323,036</u></u>	<u><u>\$ 5,330,865</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 343,463	\$	\$
Due to other funds			
Accrued payroll and employee benefits	879,762	806,837	
Deferred revenues	376,553		16,216
Bonds payable			3,995,000
Bond interest payable			371,733
Total liabilities	<u><u>1,599,778</u></u>	<u><u>806,837</u></u>	<u><u>4,382,949</u></u>
Fund balances:			
Nonspendable	299,260		
Restricted		516,199	947,916
Assigned	742,608		
Unassigned	5,787,579		
Total fund balances	<u><u>6,829,447</u></u>	<u><u>516,199</u></u>	<u><u>947,916</u></u>
Total liabilities and fund balances	<u><u>\$ 8,429,225</u></u>	<u><u>\$ 1,323,036</u></u>	<u><u>\$ 5,330,865</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 5,243,777	\$ 16,399,863
29,011	706,982
	158,825
1,315,715	4,106,699
318,127	318,127
26,614	325,874
<u>\$ 6,933,244</u>	<u>\$ 22,016,370</u>

\$ 119,808	\$ 463,271
318,127	318,127
117,926	1,804,525
129,206	521,975
	3,995,000
	371,733
<u>685,067</u>	<u>7,474,631</u>

26,614	325,874
5,307,563	6,771,678
914,000	1,656,608
	5,787,579
<u>6,248,177</u>	<u>14,541,739</u>
<u>\$ 6,933,244</u>	<u>\$ 22,016,370</u>

(This page intentionally left blank)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total governmental fund balances	\$	14,541,739
---	-----------	-------------------

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 90,647,456	
Less accumulated depreciation	<u>(41,498,946)</u>	49,148,510

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

Property taxes	421,780	
Intergovernmental	<u>50,256</u>	472,036

Deferred charges related to refunding are capitalized and amortized over the life of the associated refunding issue in the government-wide statements but not reported in the funds.	169,623
--	---------

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 Assets.	6,212,635
---	-----------

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

Other postemployment benefits payable	(1,174,290)	
Compensated absences payable	(1,510,445)	
Obligations under capital leases	(1,052,321)	
Bonds payable	<u>(13,040,000)</u>	<u>(16,777,056)</u>

Net assets of governmental activities	\$	<u>53,767,487</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, 2012

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
Revenues:			
Other local	\$ 2,067,854	\$ 9,706	\$ 22,853
Property taxes	16,080,945		4,919,542
State aid and grants	9,029,841	1,560,700	
Federal aid, grants and reimbursements	105,452		
Total revenues	<u>27,284,092</u>	<u>1,570,406</u>	<u>4,942,395</u>
Expenditures:			
Current -			
Instruction	14,947,048	1,481,526	
Support services - students and staff	3,112,623	98,754	
Support services - administration	3,851,866		
Operation and maintenance of plant services	4,184,742		
Student transportation services	1,076,718		
Operation of non-instructional services	239,603		
Capital outlay	36,699		
Debt service -			
Principal retirement			3,995,000
Interest and fiscal charges			744,895
Total expenditures	<u>27,449,299</u>	<u>1,580,280</u>	<u>4,739,895</u>
Excess (deficiency) of revenues over expenditures	<u>(165,207)</u>	<u>(9,874)</u>	<u>202,500</u>
Other financing sources (uses):			
Transfers in	37,750		
Transfers out			
Total other financing sources (uses):	<u>37,750</u>		
Changes in fund balances	<u>(127,457)</u>	<u>(9,874)</u>	<u>202,500</u>
Fund balances, beginning of year, as restated	6,927,604	526,073	745,416
Increase (decrease) in reserve for inventory	29,300		
Fund balances, end of year	<u><u>\$ 6,829,447</u></u>	<u><u>\$ 516,199</u></u>	<u><u>\$ 947,916</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,176,992	\$ 4,277,405
620,893	21,621,380
1,124,572	11,715,113
5,116,670	5,222,122
<u>9,039,127</u>	<u>42,836,020</u>
3,433,896	19,862,470
1,433,194	4,644,571
718,215	4,570,081
153,409	4,338,151
26,176	1,102,894
1,754,702	1,994,305
1,265,941	1,302,640
452,647	4,447,647
59,864	804,759
<u>9,298,044</u>	<u>43,067,518</u>
<u>(258,917)</u>	<u>(231,498)</u>
	37,750
<u>(37,750)</u>	<u>(37,750)</u>
<u>(37,750)</u>	
<u>(296,667)</u>	<u>(231,498)</u>
6,540,511	14,739,604
4,333	33,633
<u>\$ 6,248,177</u>	<u>\$ 14,541,739</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, 2012

Net changes in fund balances - total governmental funds **\$ (197,865)**

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	\$ 575,220	
Less current year depreciation	<u>(2,418,257)</u>	(1,843,037)

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

Property taxes	(4,578)	
Intergovernmental	<u>20,953</u>	16,375

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

Capital lease principal retirement	452,647	
Bond principal retirement	<u>3,995,000</u>	4,447,647

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	(133,090)	
Amortization of deferred bond items	(48,464)	
Compensated absences	<u>(98,301)</u>	(279,855)

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

1,346,920

Change in net assets in governmental activities **\$ 3,490,185**

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 6,529,566
Total current assets	<u>6,529,566</u>
Total assets	<u><u>6,529,566</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Claims payable	<u>316,931</u>
Total current liabilities	<u>316,931</u>
Total liabilities	<u><u>316,931</u></u>
<u>NET ASSETS</u>	
Unrestricted	<u>6,212,635</u>
Total net assets	<u><u>\$ 6,212,635</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 ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 5,425,617
Total operating revenues	<u>5,425,617</u>
Operating expenses:	
Claims	3,476,344
Premiums	482,987
Administrative fees	147,935
Total operating expenses	<u>4,107,266</u>
Operating income (loss)	<u>1,318,351</u>
Nonoperating revenues (expenses):	
Investment income	28,569
Total nonoperating revenues (expenses)	<u>28,569</u>
Changes in net assets	<u>1,346,920</u>
Total net assets, beginning of year	4,865,715
Total net assets, end of year	<u><u>\$ 6,212,635</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 CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities: Internal Service Funds
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 5,425,617
Cash payments for claims	(4,022,966)
Cash payments to suppliers for goods and services	<u>(630,922)</u>
Net cash provided by operating activities	<u>771,729</u>
Cash flows from investing activities:	
Investment income	28,569
Net changes due to sales and maturities of investments	<u>(603,937)</u>
Net cash provided by investing activities	<u>(575,368)</u>
Net increase in cash and cash equivalents	<u>196,361</u>
Cash and cash equivalents, beginning of year, as restated	<u>1,923,460</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,119,821</u></u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>	
Cash and investments	\$ 6,529,566
Less investments not maturing in less than three months	<u>(4,409,745)</u>
Total cash and cash equivalents	<u><u>\$ 2,119,821</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 1,318,351
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in claims payable	<u>(546,622)</u>
Total adjustments	<u>(546,622)</u>
Net cash provided by operating activities	<u><u>\$ 771,729</u></u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 243,369
Total assets	<u><u>\$ 243,369</u></u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 17,279
Due to student groups	226,090
Total liabilities	<u><u>\$ 243,369</u></u>

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

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, 2012

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 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 assets and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District 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, 2012

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, 2012

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-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, 2012

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.

E. Investment Income

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

F. Receivables and Payables

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

G. Property Tax Calendar

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

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

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

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

H. Inventory

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

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

I. Prepaid Items

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

J. Capital Assets

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

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

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

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

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

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all contractual employees at a rate of one day for every month of employment, and the accumulation is unlimited. All classified employees earn vacation; however, non-administrators' accumulated vacation as of June 30 must be used before the following June 30. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

L. Long-term Obligations

In the government-wide financial statements, 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 assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

M. Interfund Activity

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

N. Estimates

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

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, 2012

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.

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

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

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:				
Nonspendable:				
Inventory	\$ 299,260	\$	\$	\$ 26,614
Restricted:				
Debt service			947,916	
Capital projects				1,646,425
Voter approved initiatives		516,199		454,524
Federal projects				152,754
Food service				599,757
Extracurricular activities fees				768,894
Joint technical education				899,904
Other purposes				785,305
Assigned:				
Auxiliary operations	742,608			
Capital projects				914,000
Unassigned	<u>5,787,579</u>			
				\$
Total fund balances	<u>\$ 6,829,447</u>	<u>\$ 516,199</u>	<u>\$ 947,916</u>	<u>6,248,177</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$5,303,454 and the bank balance was \$5,647,508. Cash held by paying agent of \$4,366,733 is not subject to custodial risk.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

At year end the District's investments consisted of the following.

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	29 days	\$ 11,345,520
Total		<u>\$ 11,345,520</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Certificates of Deposit	\$ 5,827,101	\$ 5,148,060	\$ 679,041
Money Market	696,723		
		<u>\$ 5,148,060</u>	<u>\$ 679,041</u>
Total	<u>\$ 6,523,824</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.

	General Fund	Classroom Site Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from Federal government	\$ 14,920	\$	\$ 573,373
Due from State government	2,500,673	252,874	435,840
Due from County government	22,517		2,502
Due from other Districts			304,000
Net due from governmental entities	<u>\$ 2,538,110</u>	<u>\$ 252,874</u>	<u>\$ 1,315,715</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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)	\$ 376,553	\$
Delinquent property taxes receivable (Debt Service Fund)	16,216	
Delinquent property taxes receivable (Non-Major governmental funds)	29,011	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		49,939
Measurable but unavailable revenues (Non-Major Governmental Fund)	50,256	
Total deferred revenue for governmental funds	<u>\$ 472,036</u>	<u>\$ 49,939</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			1,704,821
Buildings and improvements	79,300,030	405,039		79,705,069
Vehicles, furniture and equipment	5,459,460	170,181		5,629,641
Total capital assets being depreciated	<u>86,464,311</u>	<u>575,220</u>		<u>87,039,531</u>
Less accumulated depreciation for:				
Land improvements	(625,438)	(70,967)		(696,405)
Buildings and improvements	(34,946,153)	(2,002,107)		(36,948,260)
Vehicles, furniture and equipment	(3,509,098)	(345,183)		(3,854,281)
Total accumulated depreciation	<u>(39,080,689)</u>	<u>(2,418,257)</u>		<u>(41,498,946)</u>
Total capital assets, being depreciated, net	47,383,622	(1,843,037)		45,540,585
Governmental activities capital assets, net	<u>\$ 50,991,547</u>	<u>\$ (1,843,037)</u>	<u>\$</u>	<u>\$ 49,148,510</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 1,992,294
Support services – students and staff	37,714
Support services – administration	30,562
Operation and maintenance of plant services	35,009
Student transportation services	231,313
Operation of non-instructional services	91,365
Total depreciation expense – governmental activities	<u>\$ 2,418,257</u>

NOTE 7 – OBLIGATIONS UNDER LEASES

Capital Leases – The District has acquired buses 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.

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

	<u>Governmental Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 579,546
Less: Accumulated depreciation	219,106
Total	<u>\$ 360,444</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – OBLIGATIONS UNDER LEASES (Concl'd)

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
2013	\$ 381,889
2014	381,888
2015	381,888
Total minimum lease payments	1,145,665
Less: amount representing interest	93,344
Present value of minimum lease payments	1,052,321
Due within one year	\$ 340,577

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 \$355,359 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:	
2013	\$ 60,238
2014	60,238
2015	60,238
2016	60,238
Total minimum payments required	\$ 240,952

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
Refunding Bonds, 2001	\$ 17,055,000	4.50-4.75%	7/1/12-15	\$ 12,745,000	\$ 2,980,000
Refunding Bonds, 2004	6,532,335	3.25-3.75%	7/1/12-15	4,290,000	1,015,000
Total				<u>\$ 17,035,000</u>	<u>\$ 3,995,000</u>

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

<u>Year ending June 30:</u>		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2013		\$ 3,995,000	\$ 659,921
2014		4,155,000	486,533
2015		4,350,000	300,375
2016		4,535,000	102,031
Total		<u>\$ 17,035,000</u>	<u>\$ 1,548,860</u>

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 20,900,000	\$	\$ 3,865,000	\$ 17,035,000	\$ 3,995,000
Obligations under capital leases	1,504,968		452,647	1,052,321	340,577
Compensated absences payable	1,412,144	774,153	675,852	1,510,445	1,274,509
Other postemployment benefits	1,041,200	460,290	327,200	1,174,290	
Governmental activity long-term liabilities	<u>\$ 24,858,312</u>	<u>\$ 1,234,443</u>	<u>\$ 5,320,699</u>	<u>\$ 20,772,056</u>	<u>\$ 5,610,086</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 318,127
Total	\$ 318,127

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	\$ 37,750
Total	\$ 37,750

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

NOTE 11 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The July 1, 2011, government-wide net assets and the fund balance of the Classroom Site Fund do not agree to the prior year financial statements due to a correction of an error. The prior year amount did not include all accruals for payroll.

	Statement of Activities	Governmental Funds Classroom Site Fund
Net Assets/Fund balance, June 30, 2011, as previously reported	\$ 51,032,930	\$ 1,281,701
Accrued payroll not included in prior year	(755,628)	(755,628)
Net Assets/Fund balance, July 1, 2011, as restated	<u>\$ 50,277,302</u>	<u>\$ 526,073</u>

NOTE 13 – 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 continues to carry commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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, 2012

NOTE 13 – 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
2011-12	\$ 863,553	\$ 3,476,344	\$ 4,022,966	\$ 316,931
2010-11	870,100	3,447,665	3,454,212	863,553

NOTE 14 – 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, 2012

NOTE 14 – 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 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

		Retirement	Health Benefit	Long-Term
		Fund	Supplement	Disability
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Year ending June 30:				
	2012	\$ 1,990,901	\$ 127,079	\$ 48,411
	2011	1,861,040	121,866	51,638
	2010	1,846,512	146,127	88,562

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – 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	9,583
Adjustment to annual required contribution	<u>(16,198)</u>
Annual OPEB cost (expense)	460,290
Contributions made	(327,200)
Increase in net OPEB obligation	<u>133,090</u>
Net OPEB obligation – beginning of year	<u>1,041,200</u>
Net OPEB obligation – end of year	<u>\$ 1,174,290</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – 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, 2012 and the two preceding years is as follows.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 460,290	\$ 327,200	71.1%	\$ 1,174,290
June 30, 2011	582,552	230,000	39.5%	1,041,200
June 30, 2010	582,552	178,050	30.6%	688,648

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.

In the December 31, 2011 actuarial valuation, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 3.25% discount rate. Because the plan is unfunded, reference to the District's general operational assets, which are short-term in nature, was considered in the selection of the 3.25% rate. The valuation assumes a 15% healthcare cost trend increase for fiscal year 2011-12, reduced by decrements to a rate of 12.5% after 5 years. There is no interest rate assumption for the plan. 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, 2012

NOTE 15 – 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%
2/29/08	- 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, 2012

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 1,589,479	\$ 1,589,479
Property taxes			16,080,945	16,080,945
State aid and grants			9,029,841	9,029,841
Federal aid, grants and reimbursements			1,209	1,209
Total revenues			<u>26,701,474</u>	<u>26,701,474</u>
Expenditures:				
Current -				
Instruction	15,155,405	15,262,932	14,398,304	864,628
Support services - students and staff	2,918,986	2,969,930	3,072,086	(102,156)
Support services - administration	3,161,005	3,161,005	3,596,073	(435,068)
Operation and maintenance of plant services	4,933,833	4,870,668	4,182,062	688,606
Student transportation services	1,068,632	1,068,632	1,075,178	(6,546)
Operation of non-instructional services	106,982	106,982	106,464	518
Total expenditures	<u>27,344,843</u>	<u>27,440,149</u>	<u>26,430,167</u>	<u>1,009,982</u>
Changes in fund balances	<u>(27,344,843)</u>	<u>(27,440,149)</u>	<u>271,307</u>	<u>27,711,456</u>
Fund balances, beginning of year			4,722,664	4,722,664
Increase (decrease) in reserve for prepaid items			249,200	249,200
Increase (decrease) in reserve for inventory			8,055	8,055
Fund balances (deficits), end of year	<u>\$ (27,344,843)</u>	<u>\$ (27,440,149)</u>	<u>\$ 5,251,226</u>	<u>\$ 32,691,375</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, 2012

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Other local	\$	\$ 9,706	\$ 9,706
State aid and grants		1,560,700	1,560,700
Total revenues		<u>1,570,406</u>	<u>1,570,406</u>
Expenditures:			
Current -			
Instruction	2,699,554	1,481,526	1,218,028
Support services - students and staff	159,156	98,754	60,402
Total expenditures	<u>2,858,710</u>	<u>1,580,280</u>	<u>1,278,430</u>
Changes in fund balances	<u>(2,858,710)</u>	<u>(9,874)</u>	<u>2,848,836</u>
Fund balances, beginning of year, as restated		526,073	526,073
Fund balances (deficits), end of year	<u>\$ (2,858,710)</u>	<u>\$ 516,199</u>	<u>\$ 3,374,909</u>

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue funds, 2) a portion of fiscal year 2012-13 insurance payments were charged against the fiscal year 2011-12 budget and 3) a portion of the fiscal year 2011-12 insurance payments were budgeted for in fiscal year 2010-11. Consequently, the following adjustments were necessary to present actual expenditures, increase for prepaid items, fund balance at July 1, 2011, and fund balance at June 30, 2012 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Increase for Prepaid Items</u>	<u>Fund Balance, June 30, 2012</u>	<u>Fund Balance, July 1, 2011</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 27,449,299	\$	\$ 6,829,447	\$ 6,927,604
Fiscal year 2011-12 activity budgeted as special revenue funds	(405,673)		(1,578,221)	(1,342,281)
Fiscal year 2012-13 insurance payments charged against fiscal year 2011-12 budget	249,200	249,200		
Fiscal year 2011-12 insurance payments budgeted in 2010-11	<u>(862,659)</u>			<u>(862,659)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 26,430,167</u>	<u>\$ 249,200</u>	<u>\$ 5,251,226</u>	<u>\$ 4,722,664</u>

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

(This page intentionally left blank)

GOVERNMENTAL FUNDS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,918,435	\$ 2,325,342	\$ 5,243,777
Property taxes receivable		29,011	29,011
Due from governmental entities	1,035,361	280,354	1,315,715
Due from other funds	318,127		318,127
Inventory	26,614		26,614
Total assets	<u><u>\$ 4,298,537</u></u>	<u><u>\$ 2,634,707</u></u>	<u><u>\$ 6,933,244</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 74,537	\$ 45,271	\$ 119,808
Due to other funds	318,127		318,127
Accrued payroll and employee benefits	117,926		117,926
Deferred revenues	100,195	29,011	129,206
Total liabilities	<u>610,785</u>	<u>74,282</u>	<u>685,067</u>
Fund balances:			
Nonspendable	26,614		26,614
Restricted	3,661,138	1,646,425	5,307,563
Assigned	914,000	914,000	914,000
Total fund balances	<u>3,687,752</u>	<u>2,560,425</u>	<u>6,248,177</u>
Total liabilities and fund balances	<u><u>\$ 4,298,537</u></u>	<u><u>\$ 2,634,707</u></u>	<u><u>\$ 6,933,244</u></u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 2,107,392	\$ 69,600	\$ 2,176,992
Property taxes		620,893	620,893
State aid and grants	436,461	688,111	1,124,572
Federal aid, grants and reimbursements	<u>5,116,670</u>		<u>5,116,670</u>
Total revenues	<u>7,660,523</u>	<u>1,378,604</u>	<u>9,039,127</u>
Expenditures:			
Current -			
Instruction	3,411,758	22,138	3,433,896
Support services - students and staff	1,397,416	35,778	1,433,194
Support services - administration	352,291	365,924	718,215
Operation and maintenance of plant services	143,448	9,961	153,409
Student transportation services	25,981	195	26,176
Operation of non-instructional services	1,736,225	18,477	1,754,702
Capital outlay	810,818	455,123	1,265,941
Debt service -			
Principal retirement		452,647	452,647
Interest and fiscal charges		<u>59,864</u>	<u>59,864</u>
Total expenditures	<u>7,877,937</u>	<u>1,420,107</u>	<u>9,298,044</u>
Excess (deficiency) of revenues over expenditures	<u>(217,414)</u>	<u>(41,503)</u>	<u>(258,917)</u>
Other financing sources (uses):			
Transfers out	<u>(37,750)</u>		<u>(37,750)</u>
Total other financing sources (uses):	<u>(37,750)</u>		<u>(37,750)</u>
Changes in fund balances	<u>(255,164)</u>	<u>(41,503)</u>	<u>(296,667)</u>
Fund balances, beginning of year	3,938,583	2,601,928	6,540,511
Increase (decrease) in reserve for inventory	4,333		4,333
Fund balances, end of year	<u>\$ 3,687,752</u>	<u>\$ 2,560,425</u>	<u>\$ 6,248,177</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 & 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 transferred from Federal projects for administrative costs.

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

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

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, 2012

	Instructional Improvement	Structured English Immersion	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 365,746	\$ 352	\$
Due from governmental entities	103,563		146,192
Due from other funds			
Inventory			
Total assets	<u><u>\$ 469,309</u></u>	<u><u>\$ 352</u></u>	<u><u>\$ 146,192</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 26,615
Due to other funds			89,196
Accrued payroll and employee benefits	14,785		30,381
Deferred revenues		352	
Total liabilities	<u><u>14,785</u></u>	<u><u>352</u></u>	<u><u>146,192</u></u>
Fund balances:			
Nonspendable			
Restricted	454,524		
Total fund balances	<u><u>454,524</u></u>		
Total liabilities and fund balances	<u><u>\$ 469,309</u></u>	<u><u>\$ 352</u></u>	<u><u>\$ 146,192</u></u>

Professional Development and Technology Grants	Limited English & Immigrant Students	Special Education Grants	Vocational Education	Homeless Education	E-Rate
\$ 65,006	\$ 2,374	\$ 98,716	\$ 47,677	\$ 5,664	\$ 203,010
<u>\$ 65,006</u>	<u>\$ 2,374</u>	<u>\$ 98,716</u>	<u>\$ 47,677</u>	<u>\$ 5,664</u>	<u>\$ 203,010</u>
\$ 56,887 8,119	\$	\$ 69,942 28,774	\$ 47,677	\$	\$
<u>65,006</u>	<u>2,374</u> <u>2,374</u>	<u>98,716</u>	<u>47,677</u>	<u>5,664</u> <u>5,664</u>	<u>50,256</u> <u>50,256</u>
					152,754
					<u>152,754</u>
<u>\$ 65,006</u>	<u>\$ 2,374</u>	<u>\$ 98,716</u>	<u>\$ 47,677</u>	<u>\$ 5,664</u>	<u>\$ 203,010</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Other State Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 23,493	\$ 41,549	\$
Due from governmental entities	12,374		54,425
Due from other funds			
Inventory			
Total assets	<u><u>\$ 35,867</u></u>	<u><u>\$ 41,549</u></u>	<u><u>\$ 54,425</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			54,425
Accrued payroll and employee benefits	35,867		
Deferred revenues		41,549	
Total liabilities	<u><u>35,867</u></u>	<u><u>41,549</u></u>	<u><u>54,425</u></u>
Fund balances:			
Nonspendable			
Restricted			
Total fund balances			
Total liabilities and fund balances	<u><u>\$ 35,867</u></u>	<u><u>\$ 41,549</u></u>	<u><u>\$ 54,425</u></u>

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>
\$ 434,206 203,408	\$ 60,019	\$ 507,142	\$ 778,959	\$ 161,763	\$ 15,715
26,614					
<u>\$ 664,228</u>	<u>\$ 60,019</u>	<u>\$ 507,142</u>	<u>\$ 778,959</u>	<u>\$ 161,763</u>	<u>\$ 15,715</u>
\$ 37,857	\$	\$	\$ 10,065	\$	\$
<u>37,857</u>			<u>10,065</u>		
26,614					
599,757	60,019	507,142	768,894	161,763	15,715
<u>626,371</u>	<u>60,019</u>	<u>507,142</u>	<u>768,894</u>	<u>161,763</u>	<u>15,715</u>
<u>\$ 664,228</u>	<u>\$ 60,019</u>	<u>\$ 507,142</u>	<u>\$ 778,959</u>	<u>\$ 161,763</u>	<u>\$ 15,715</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
<u>ASSETS</u>			
Cash and investments	\$ 22,207	\$ 18,459	\$ 277,777
Due from governmental entities			304,000
Due from other funds			318,127
Inventory			
Total assets	<u><u>\$ 22,207</u></u>	<u><u>\$ 18,459</u></u>	<u><u>\$ 899,904</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Deferred revenues			
Total liabilities	<u></u>	<u></u>	<u></u>
Fund balances:			
Nonspendable			
Restricted	<u>22,207</u>	<u>18,459</u>	<u>899,904</u>
Total fund balances	<u><u>22,207</u></u>	<u><u>18,459</u></u>	<u><u>899,904</u></u>
Total liabilities and fund balances	<u><u>\$ 22,207</u></u>	<u><u>\$ 18,459</u></u>	<u><u>\$ 899,904</u></u>

Totals	
\$	2,918,435
	1,035,361
	318,127
	26,614
\$	4,298,537

\$	74,537
	318,127
	117,926
	100,195
	610,785

	26,614
	3,661,138
	3,687,752
\$	4,298,537

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, 2012

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 7,622	\$	\$
State aid and grants	237,894		
Federal aid, grants and reimbursements		1,398,766	268,099
Total revenues	<u>245,516</u>	<u>1,398,766</u>	<u>268,099</u>
Expenditures:			
Current -			
Instruction	261,432	617,049	
Support services - students and staff		484,271	257,638
Support services - administration		159,599	6,867
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		119,590	
Total expenditures	<u>261,432</u>	<u>1,380,509</u>	<u>264,505</u>
Excess (deficiency) of revenues over expenditures	<u>(15,916)</u>	<u>18,257</u>	<u>3,594</u>
Other financing sources (uses):			
Transfers out		(18,257)	(3,594)
Total other financing sources (uses):		<u>(18,257)</u>	<u>(3,594)</u>
Changes in fund balances	<u>(15,916)</u>		
Fund balances, beginning of year	470,440		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 454,524</u>	<u>\$</u>	<u>\$</u>

Limited English & Immigrant Students	Special Education Grants	Vocational Education	Homeless Education	E-Rate	Other Federal Projects
\$	\$	\$	\$	\$ 1,146	\$
25,699	1,074,305	104,028	9,568	125,446	589,565
25,699	1,074,305	104,028	9,568	126,592	589,565
21,841	572,973	12,832	1,680		589,541
2,052	437,066	34,322	6,573		24
1,394	20,552	4,475	46		
				138,539	
			1,200		
	28,296	52,399		124,862	
25,287	1,058,887	104,028	9,499	263,401	589,565
412	15,418		69	(136,809)	
(412)	(15,418)		(69)		
(412)	(15,418)		(69)		
				(136,809)	
				289,563	
\$	\$	\$	\$	\$ 152,754	\$

(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, 2012

	State Vocational Education	Other State Projects	Food Service
Revenues:			
Other local	\$	\$	\$ 492,578
State aid and grants	46,552	151,923	
Federal aid, grants and reimbursements			1,521,194
Total revenues	<u>46,552</u>	<u>151,923</u>	<u>2,013,772</u>
Expenditures:			
Current -			
Instruction	33,543	73,486	
Support services - students and staff	4,074	77,443	21,552
Support services - administration	307	994	139,114
Operation and maintenance of plant services			
Student transportation services	2,000		
Operation of non-instructional services			1,715,484
Capital outlay	6,628		330,583
Total expenditures	<u>46,552</u>	<u>151,923</u>	<u>2,206,733</u>
Excess (deficiency) of revenues over expenditures			<u>(192,961)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			<u>(192,961)</u>
Fund balances, beginning of year			814,999
Increase (decrease) in reserve for inventory			4,333
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 626,371</u>

Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint	Textbooks
\$ 15,288	\$ 483,547	\$ 499,197	\$ 114,801 92	\$ 3,030	\$ 7,520
<u>15,288</u>	<u>483,547</u>	<u>499,197</u>	<u>114,893</u>	<u>3,030</u>	<u>7,520</u>
	380,067	563,258	78,962		8,328
	9,518	105	13,002		
9,939			1,746	2,602	
4,909					
19,061			1,680		
	675	32,265	22,713		
<u>33,909</u>	<u>390,260</u>	<u>595,628</u>	<u>118,103</u>	<u>2,602</u>	<u>8,328</u>
<u>(18,621)</u>	<u>93,287</u>	<u>(96,431)</u>	<u>(3,210)</u>	<u>428</u>	<u>(808)</u>
<u>(18,621)</u>	<u>93,287</u>	<u>(96,431)</u>	<u>(3,210)</u>	<u>428</u>	<u>(808)</u>
78,640	413,855	865,325	164,973	15,287	23,015
<u>\$ 60,019</u>	<u>\$ 507,142</u>	<u>\$ 768,894</u>	<u>\$ 161,763</u>	<u>\$ 15,715</u>	<u>\$ 22,207</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, 2012

	Insurance Refund	Joint Technical Education	Totals
Revenues:			
Other local	\$ 320	\$ 482,343	\$ 2,107,392
State aid and grants			436,461
Federal aid, grants and reimbursements			5,116,670
Total revenues	<u>320</u>	<u>482,343</u>	<u>7,660,523</u>
Expenditures:			
Current -			
Instruction		196,766	3,411,758
Support services - students and staff		49,776	1,397,416
Support services - administration		4,656	352,291
Operation and maintenance of plant services			143,448
Student transportation services		22,781	25,981
Operation of non-instructional services			1,736,225
Capital outlay		92,807	810,818
Total expenditures		<u>366,786</u>	<u>7,877,937</u>
Excess (deficiency) of revenues over expenditures	<u>320</u>	<u>115,557</u>	<u>(217,414)</u>
Other financing sources (uses):			
Transfers out			(37,750)
Total other financing sources (uses):			<u>(37,750)</u>
Changes in fund balances	<u>320</u>	<u>115,557</u>	<u>(255,164)</u>
Fund balances, beginning of year	18,139	784,347	3,938,583
Increase (decrease) in reserve for inventory			4,333
Fund balances, end of year	<u>\$ 18,459</u>	<u>\$ 899,904</u>	<u>\$ 3,687,752</u>

(This page intentionally left blank)

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, 2012

	Instructional Improvement		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7,622	\$ 7,622
State aid and grants		237,894	237,894
Federal aid, grants and reimbursements			
Total revenues		<u>245,516</u>	<u>245,516</u>
Expenditures:			
Current -			
Instruction	700,000	261,432	438,568
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>261,432</u>	<u>438,568</u>
Excess (deficiency) of revenues over expenditures	<u>(700,000)</u>	<u>(15,916)</u>	<u>684,084</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(700,000)</u>	<u>(15,916)</u>	<u>684,084</u>
Fund balances, beginning of year		470,440	470,440
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (700,000)</u>	<u>\$ 454,524</u>	<u>\$ 1,154,524</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,652,836	1,398,766	(254,070)	443,114	268,099	(175,015)
<u>1,652,836</u>	<u>1,398,766</u>	<u>(254,070)</u>	<u>443,114</u>	<u>268,099</u>	<u>(175,015)</u>
1,652,836	617,049	1,035,787			
	484,271	(484,271)	443,114	257,638	185,476
	159,599	(159,599)		6,867	(6,867)
	119,590	(119,590)			
<u>1,652,836</u>	<u>1,380,509</u>	<u>272,327</u>	<u>443,114</u>	<u>264,505</u>	<u>178,609</u>
	18,257	18,257		3,594	3,594
	(18,257)	(18,257)		(3,594)	(3,594)
	<u>(18,257)</u>	<u>(18,257)</u>		<u>(3,594)</u>	<u>(3,594)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2012

	Limited English & Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	39,352	25,699	(13,653)
Total revenues	<u>39,352</u>	<u>25,699</u>	<u>(13,653)</u>
Expenditures:			
Current -			
Instruction	39,352	21,841	17,511
Support services - students and staff		2,052	(2,052)
Support services - administration		1,394	(1,394)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>39,352</u>	<u>25,287</u>	<u>14,065</u>
Excess (deficiency) of revenues over expenditures		<u>412</u>	<u>412</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(412)	(412)
Total other financing sources (uses):		<u>(412)</u>	<u>(412)</u>
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Special Education Grants			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,955,629	1,074,305	(881,324)	111,256	104,028	(7,228)
<u>1,955,629</u>	<u>1,074,305</u>	<u>(881,324)</u>	<u>111,256</u>	<u>104,028</u>	<u>(7,228)</u>
1,955,629	572,973	1,382,656		12,832	(12,832)
	437,066	(437,066)		34,322	(34,322)
	20,552	(20,552)		4,475	(4,475)
	28,296	(28,296)	111,256	52,399	58,857
<u>1,955,629</u>	<u>1,058,887</u>	<u>896,742</u>	<u>111,256</u>	<u>104,028</u>	<u>7,228</u>
	15,418	15,418			
	(15,418)	(15,418)			
	<u>(15,418)</u>	<u>(15,418)</u>			
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2012

	Homeless Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	49,537	9,568	(39,969)
Total revenues	<u>49,537</u>	<u>9,568</u>	<u>(39,969)</u>
Expenditures:			
Current -			
Instruction		1,680	(1,680)
Support services - students and staff	49,537	6,573	42,964
Support services - administration		46	(46)
Operation and maintenance of plant services			
Student transportation services		1,200	(1,200)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>49,537</u>	<u>9,499</u>	<u>40,038</u>
Excess (deficiency) of revenues over expenditures		<u>69</u>	<u>69</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(69)	(69)
Total other financing sources (uses):		<u>(69)</u>	<u>(69)</u>
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 8,880	\$ 8,880	\$	\$ 1,146	\$ 1,146
200,000	104,243	(95,757)		125,446	125,446
200,000	113,123	(86,877)		126,592	126,592
	868	(868)			
200,000	39,379	160,621			
	10,633	(10,633)			
	510	(510)		138,539	(138,539)
	11,521	(11,521)		124,862	(124,862)
200,000	62,911	137,089		263,401	(263,401)
	50,212	50,212		(136,809)	(136,809)
	50,212	50,212		(136,809)	(136,809)
	503,849	503,849		289,563	289,563
\$	\$ 554,061	\$ 554,061	\$	\$ 152,754	\$ 152,754

(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, 2012

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	539,102	589,565	50,463
Total revenues	<u>539,102</u>	<u>589,565</u>	<u>50,463</u>
Expenditures:			
Current -			
Instruction	539,102	589,541	(50,439)
Support services - students and staff		24	(24)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>539,102</u>	<u>589,565</u>	<u>(50,463)</u>
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, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

State Vocational Education			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 68,693	\$ 46,552	\$ (22,141)	\$ 100,000	\$ 151,923	\$ 51,923
<u>68,693</u>	<u>46,552</u>	<u>(22,141)</u>	<u>100,000</u>	<u>151,923</u>	<u>51,923</u>
68,693	33,543	35,150		73,486	(73,486)
	4,074	(4,074)	100,000	77,443	22,557
	307	(307)		994	(994)
	2,000	(2,000)			
	6,628	(6,628)			
<u>68,693</u>	<u>46,552</u>	<u>22,141</u>	<u>100,000</u>	<u>151,923</u>	<u>(51,923)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2012

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 45,810	\$ 45,810
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		45,810	45,810
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	114,720		114,720
Capital outlay			
Total expenditures	114,720		114,720
Excess (deficiency) of revenues over expenditures	(114,720)	45,810	160,530
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(114,720)	45,810	160,530
Fund balances, beginning of year		97,941	97,941
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (114,720)	\$ 143,751	\$ 258,471

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 492,578	\$ 492,578	\$	\$ 15,288	\$ 15,288
	1,521,194	1,521,194			
	2,013,772	2,013,772		15,288	15,288
	21,552	(21,552)			
	139,114	(139,114)		9,939	(9,939)
				4,909	(4,909)
3,100,000	1,715,484	1,384,516	40,000	19,061	20,939
	330,583	(330,583)			
3,100,000	2,206,733	893,267	40,000	33,909	6,091
(3,100,000)	(192,961)	2,907,039	(40,000)	(18,621)	21,379
(3,100,000)	(192,961)	2,907,039	(40,000)	(18,621)	21,379
	814,999	814,999		78,640	78,640
	4,333	4,333			
\$ (3,100,000)	\$ 626,371	\$ 3,726,371	\$ (40,000)	\$ 60,019	\$ 100,019

(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, 2012

	Community School		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 483,547	\$ 483,547
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>483,547</u>	<u>483,547</u>
Expenditures:			
Current -			
Instruction	350,000	380,067	(30,067)
Support services - students and staff		9,518	(9,518)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		675	(675)
Total expenditures	<u>350,000</u>	<u>390,260</u>	<u>(40,260)</u>
Excess (deficiency) of revenues over expenditures	<u>(350,000)</u>	<u>93,287</u>	<u>443,287</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,000)</u>	<u>93,287</u>	<u>443,287</u>
Fund balances, beginning of year		413,855	413,855
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (350,000)</u>	<u>\$ 507,142</u>	<u>\$ 857,142</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 421,681	\$ 421,681	\$	\$ 499,197	\$ 499,197
	<u>421,681</u>	<u>421,681</u>		<u>499,197</u>	<u>499,197</u>
350,000	164,417	185,583	700,000	563,258	136,742
	1,158	(1,158)		105	(105)
	2,680	(2,680)			
	1,030	(1,030)			
	133,139	(133,139)			
	25,178	(25,178)		32,265	(32,265)
<u>350,000</u>	<u>327,602</u>	<u>22,398</u>	<u>700,000</u>	<u>595,628</u>	<u>104,372</u>
<u>(350,000)</u>	<u>94,079</u>	<u>444,079</u>	<u>(700,000)</u>	<u>(96,431)</u>	<u>603,569</u>
<u>(350,000)</u>	<u>94,079</u>	<u>444,079</u>	<u>(700,000)</u>	<u>(96,431)</u>	<u>603,569</u>
	627,284	627,284		865,325	865,325
	21,245	21,245			
<u>\$ (350,000)</u>	<u>\$ 742,608</u>	<u>\$ 1,092,608</u>	<u>\$ (700,000)</u>	<u>\$ 768,894</u>	<u>\$ 1,468,894</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, 2012

	Gifts and Donations		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 114,801	\$ 114,801
State aid and grants		92	92
Federal aid, grants and reimbursements			
Total revenues		<u>114,893</u>	<u>114,893</u>
Expenditures:			
Current -			
Instruction	300,000	78,962	221,038
Support services - students and staff		13,002	(13,002)
Support services - administration		1,746	(1,746)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services		1,680	(1,680)
Capital outlay		22,713	(22,713)
Total expenditures	<u>300,000</u>	<u>118,103</u>	<u>181,897</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(3,210)</u>	<u>296,790</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(300,000)</u>	<u>(3,210)</u>	<u>296,790</u>
Fund balances, beginning of year		164,973	164,973
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (300,000)</u>	<u>\$ 161,763</u>	<u>\$ 461,763</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,030	\$ 3,030	\$	\$ 7,520	\$ 7,520
	3,030	3,030		7,520	7,520
			45,000	8,328	36,672
3,000	2,602	398			
3,000	2,602	398	45,000	8,328	36,672
(3,000)	428	3,428	(45,000)	(808)	44,192
(3,000)	428	3,428	(45,000)	(808)	44,192
	15,287	15,287		23,015	23,015
\$ (3,000)	\$ 15,715	\$ 18,715	\$ (45,000)	\$ 22,207	\$ 67,207

(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, 2012

	Litigation Recovery		
	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Other local	\$	\$ 1,840	\$ 1,840
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,840</u>	<u>1,840</u>
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	<u>2,000</u>		<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>1,840</u>	<u>3,840</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,000)</u>	<u>1,840</u>	<u>3,840</u>
Fund balances, beginning of year		104,081	104,081
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (2,000)</u>	<u>\$ 105,921</u>	<u>\$ 107,921</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 320	\$ 320
				320	320
			10,000		10,000
52,000	15,160	36,840			
52,000	15,160	36,840	10,000		10,000
(52,000)	(15,160)	36,840	(10,000)	320	10,320
	37,750	37,750			
	37,750	37,750			
(52,000)	22,590	74,590	(10,000)	320	10,320
				18,139	18,139
\$ (52,000)	\$ 22,590	\$ 74,590	\$ (10,000)	\$ 18,459	\$ 28,459

(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, 2012

	Advertisement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 164	\$ 164
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		164	164
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)	164	15,164
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(15,000)	164	15,164
Fund balances, beginning of year		9,126	9,126
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (15,000)	\$ 9,290	\$ 24,290

Joint Technical Education			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 482,343	\$ 482,343	\$	\$ 2,585,767	\$ 2,585,767
			168,693	436,461	267,768
			4,990,826	5,220,913	230,087
	482,343	482,343	5,159,519	8,243,141	3,083,622
2,000,000	196,766	1,803,234	8,727,612	3,577,043	5,150,569
	49,776	(49,776)	792,651	1,437,953	(645,302)
	4,656	(4,656)	55,000	378,084	(323,084)
				146,128	(146,128)
	22,781	(22,781)		27,521	(27,521)
			3,254,720	1,869,364	1,385,356
	92,807	(92,807)	111,256	847,517	(736,261)
2,000,000	366,786	1,633,214	12,941,239	8,283,610	4,657,629
(2,000,000)	115,557	2,115,557	(7,781,720)	(40,469)	7,741,251
				37,750	37,750
				(37,750)	(37,750)
(2,000,000)	115,557	2,115,557	(7,781,720)	(40,469)	7,741,251
	784,347	784,347		5,280,864	5,280,864
				25,578	25,578
\$ (2,000,000)	\$ 899,904	\$ 2,899,904	\$ (7,781,720)	\$ 5,265,973	\$ 13,047,693

(This page intentionally left blank)

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, 2012

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Other local	\$	\$ 22,853	\$ 22,853
Property taxes		4,919,542	4,919,542
Total revenues		<u>4,942,395</u>	<u>4,942,395</u>
Expenditures:			
Debt service -			
Principal retirement	3,995,000	3,995,000	
Interest and fiscal charges	743,465	744,895	(1,430)
Total expenditures	<u>4,738,465</u>	<u>4,739,895</u>	<u>(1,430)</u>
Changes in fund balances	<u>(4,738,465)</u>	<u>202,500</u>	<u>4,940,965</u>
Fund balances, beginning of year		745,416	745,416
Fund balances (deficits), end of year	<u>\$ (4,738,465)</u>	<u>\$ 947,916</u>	<u>\$ 5,686,381</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.

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

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, 2012

	<u>Insurance Proceeds</u>	<u>Unrestricted Capital Outlay</u>	<u>Soft Capital Allocation</u>
<u>ASSETS</u>			
Cash and investments	\$ 78,037	\$ 1,456,808	\$ 790,472
Property taxes receivable		28,765	246
Due from governmental entities		<u>140,177</u>	<u>140,177</u>
Total assets	<u><u>\$ 78,037</u></u>	<u><u>\$ 1,625,750</u></u>	<u><u>\$ 930,895</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 28,622	\$ 16,649
Deferred revenues		<u>28,765</u>	<u>246</u>
Total liabilities		<u><u>57,387</u></u>	<u><u>16,895</u></u>
Fund balances:			
Restricted	78,037	1,568,363	
Assigned			914,000
Total fund balances	<u><u>78,037</u></u>	<u><u>1,568,363</u></u>	<u><u>914,000</u></u>
Total liabilities and fund balances	<u><u>\$ 78,037</u></u>	<u><u>\$ 1,625,750</u></u>	<u><u>\$ 930,895</u></u>

Building Renewal		Totals
\$	25	\$ 2,325,342
		29,011
		280,354
\$	25	\$ 2,634,707

\$		\$ 45,271
		29,011
		74,282

	25	1,646,425
		914,000
	25	2,560,425
\$	25	\$ 2,634,707

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, 2012

	Insurance Proceeds	Unrestricted Capital Outlay	Soft Capital Allocation
Revenues:			
Other local	\$ 16,113	\$ 51,724	\$ 1,738
Property taxes		612,961	7,932
State aid and grants		374,804	243,247
Total revenues	<u>16,113</u>	<u>1,039,489</u>	<u>252,917</u>
Expenditures:			
Current -			
Instruction			22,138
Support services - students and staff		26,093	9,685
Support services - administration		357,374	8,550
Operation and maintenance of plant services	9,961		
Student transportation services	195		
Operation of non-instructional services			18,477
Capital outlay		336,008	49,055
Debt service -			
Principal retirement		452,647	
Interest and fiscal charges		59,864	
Total expenditures	<u>10,156</u>	<u>1,231,986</u>	<u>107,905</u>
Changes in fund balances	<u>5,957</u>	<u>(192,497)</u>	<u>145,012</u>
Fund balances, beginning of year	72,080	1,760,860	768,988
Fund balances, end of year	<u><u>\$ 78,037</u></u>	<u><u>\$ 1,568,363</u></u>	<u><u>\$ 914,000</u></u>

Building Renewal	Totals
\$ 25	\$ 69,600
	620,893
70,060	688,111
<u>70,085</u>	<u>1,378,604</u>
	22,138
	35,778
	365,924
	9,961
	195
	18,477
70,060	455,123
	452,647
	59,864
<u>70,060</u>	<u>1,420,107</u>
<u>25</u>	<u>(41,503)</u>
	2,601,928
<u>\$ 25</u>	<u>\$ 2,560,425</u>

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, 2012

	Insurance Proceeds		Variance - Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Other local	\$	\$ 16,113	\$ 16,113
Property taxes			
State aid and grants			
Total revenues		<u>16,113</u>	<u>16,113</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	30,000	9,961	20,039
Student transportation services		195	(195)
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>30,000</u>	<u>10,156</u>	<u>19,844</u>
Changes in fund balances	<u>(30,000)</u>	<u>5,957</u>	<u>35,957</u>
Fund balances, beginning of year		72,080	72,080
Fund balances (deficits), end of year	<u>\$ (30,000)</u>	<u>\$ 78,037</u>	<u>\$ 108,037</u>

Unrestricted Capital Outlay			Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 51,724	\$ 51,724	\$	\$ 1,738	\$ 1,738
	612,961	612,961		7,932	7,932
	374,804	374,804		243,247	243,247
	1,039,489	1,039,489		252,917	252,917
254,000		254,000	355,862	22,138	333,724
400,500	26,093	374,407	82,500	9,685	72,815
645,506	357,374	288,132	338,386	8,550	329,836
89,100		89,100			
7,224		7,224			
785,411	336,008	449,403		18,477	(18,477)
				49,055	(49,055)
452,647	452,647				
60,831	59,864	967			
2,695,219	1,231,986	1,463,233	776,748	107,905	668,843
(2,695,219)	(192,497)	2,502,722	(776,748)	145,012	921,760
	1,760,860	1,760,860		768,988	768,988
\$ (2,695,219)	\$ 1,568,363	\$ 4,263,582	\$ (776,748)	\$ 914,000	\$ 1,690,748

(Continued)

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, 2012

	Building Renewal		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 25	\$ 25
Property taxes			
State aid and grants		70,060	70,060
Total revenues		<u>70,085</u>	<u>70,085</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		70,060	(70,060)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures		<u>70,060</u>	<u>(70,060)</u>
Changes in fund balances		<u>25</u>	<u>25</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 25</u>	<u>\$ 25</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 69,600	\$ 69,600
	620,893	620,893
	688,111	688,111
	1,378,604	1,378,604
609,862	22,138	587,724
483,000	35,778	447,222
983,892	365,924	617,968
119,100	9,961	109,139
7,224	195	7,029
	18,477	(18,477)
785,411	455,123	330,288
452,647	452,647	
60,831	59,864	967
3,501,967	1,420,107	2,081,860
(3,501,967)	(41,503)	3,460,464
	2,601,928	2,601,928
\$ (3,501,967)	\$ 2,560,425	\$ 6,062,392

(This page intentionally left blank)

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 FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 226,090	\$ 17,279	\$ 243,369
Total assets	<u>\$ 226,090</u>	<u>\$ 17,279</u>	<u>\$ 243,369</u>
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 17,279	\$ 17,279
Due to student groups	226,090		226,090
Total liabilities	<u>\$ 226,090</u>	<u>\$ 17,279</u>	<u>\$ 243,369</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 208,005	\$ 370,314	\$ 352,229	\$ 226,090
Total assets	<u>\$ 208,005</u>	<u>\$ 370,314</u>	<u>\$ 352,229</u>	<u>\$ 226,090</u>
<u>Liabilities</u>				
Due to student groups	\$ 208,005	\$ 370,314	\$ 352,229	\$ 226,090
Total liabilities	<u>\$ 208,005</u>	<u>\$ 370,314</u>	<u>\$ 352,229</u>	<u>\$ 226,090</u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 326,667	\$ 9,302,846	\$ 9,612,234	\$ 17,279
Total assets	<u>\$ 326,667</u>	<u>\$ 9,302,846</u>	<u>\$ 9,612,234</u>	<u>\$ 17,279</u>
<u>Liabilities</u>				
Deposits held for others	\$ 326,667	\$ 9,302,846	\$ 9,612,234	\$ 17,279
Total liabilities	<u>\$ 326,667</u>	<u>\$ 9,302,846</u>	<u>\$ 9,612,234</u>	<u>\$ 17,279</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 534,672	\$ 9,673,160	\$ 9,964,463	\$ 243,369
Total assets	<u>\$ 534,672</u>	<u>\$ 9,673,160</u>	<u>\$ 9,964,463</u>	<u>\$ 243,369</u>
<u>Liabilities</u>				
Due to student groups	\$ 208,005	\$ 370,314	\$ 352,229	\$ 226,090
Deposits held for others	<u>326,667</u>	<u>9,302,846</u>	<u>9,612,234</u>	<u>17,279</u>
Total liabilities	<u>\$ 534,672</u>	<u>\$ 9,673,160</u>	<u>\$ 9,964,463</u>	<u>\$ 243,369</u>

(This page intentionally left blank)

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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

Fiscal Year Ended June 30					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 31,987,723	\$ 28,586,579	\$ 26,530,067	\$ 24,580,909	\$ 22,716,451
Restricted	6,893,775	7,078,842	4,226,941	5,520,014	3,944,876
Unrestricted	14,885,989	14,611,881	18,471,910	14,501,604	17,358,615
Total net assets	<u><u>\$ 53,767,487</u></u>	<u><u>\$ 50,277,302</u></u>	<u><u>\$ 49,228,918</u></u>	<u><u>\$ 44,602,527</u></u>	<u><u>\$ 44,019,942</u></u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 20,550,318	\$ 18,503,107	\$ 17,795,182	\$ 17,819,338	\$ 16,890,556
Restricted	3,302,999	3,903,576	5,478,558	4,777,299	3,496,485
Unrestricted	15,413,963	15,183,658	13,485,275	9,913,462	2,113,488
Total net assets	<u><u>\$ 39,267,280</u></u>	<u><u>\$ 37,590,341</u></u>	<u><u>\$ 36,759,015</u></u>	<u><u>\$ 32,510,099</u></u>	<u><u>\$ 22,500,529</u></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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Instruction	\$ 21,583,414	\$ 25,603,971	\$ 26,031,193	\$ 28,217,419	\$ 26,939,183
Support services - students and staff	4,588,754	4,886,741	5,152,696	4,499,693	3,921,807
Support services - administration	4,485,813	3,938,285	4,237,501	4,525,095	4,435,350
Operation and maintenance of plant services	4,315,006	5,311,753	4,830,336	5,317,863	4,987,634
Student transportation services	1,273,997	1,363,735	1,379,620	1,087,123	1,586,608
Operation of non-instructional services	2,262,003	2,053,411	2,147,309	2,780,015	3,141,198
Interest on long-term debt	853,223	1,024,997	1,268,181	1,475,496	1,683,371
Total expenses	<u>39,362,210</u>	<u>44,182,893</u>	<u>45,046,836</u>	<u>47,902,704</u>	<u>46,695,151</u>
Program Revenues					
Charges for services:					
Instruction	1,768,659	2,331,557	1,143,243	348,970	304,175
Operation of non-instructional services	913,873	531,963	73,368	1,218,567	1,449,462
Other activities	14,124	98,549	685,786	61,537	67,430
Operating grants and contributions	5,220,533	6,414,289	6,162,377	5,767,429	5,448,957
Capital grants and contributions	331,775	496,946	333,593	254,632	197,815
Total program revenues	<u>8,248,964</u>	<u>9,873,304</u>	<u>8,398,367</u>	<u>7,651,135</u>	<u>7,467,839</u>
Net (Expense)/Revenue	<u>\$ (31,113,246)</u>	<u>\$ (34,309,589)</u>	<u>\$ (36,648,469)</u>	<u>\$ (40,251,569)</u>	<u>\$ (39,227,312)</u>

(Continued)

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Instruction	\$ 27,390,945	\$ 28,346,865	\$ 22,770,004	\$ 21,128,544	\$ 18,876,076
Support services - students and staff	3,723,309	3,304,261	2,547,223	2,265,416	2,109,729
Support services - administration	4,020,040	3,237,193	3,556,377	3,324,611	3,170,335
Operation and maintenance of plant services	4,971,537	4,594,272	4,093,237	3,884,363	3,643,103
Student transportation services	1,609,909	1,115,662	1,052,036	852,541	785,998
Operation of non-instructional services	3,217,584	3,300,864	2,791,062	2,313,637	2,118,877
Interest on long-term debt	2,153,116	2,123,730	1,931,779	2,091,416	2,245,164
Total expenses	<u>47,086,440</u>	<u>46,022,847</u>	<u>38,741,718</u>	<u>35,860,528</u>	<u>32,949,282</u>
Program Revenues					
Charges for services:					
Instruction	942,488	824,222	608,123	548,980	365,451
Operation of non-instructional services	1,625,113	1,900,252	1,392,058	1,168,308	989,261
Other activities	68,179	23,313	199,735	82,468	97,870
Operating grants and contributions	4,849,105	4,586,605	4,322,316	4,152,861	3,702,967
Capital grants and contributions	269,509	268,538	286,039	316,210	380,260
Total program revenues	<u>7,754,394</u>	<u>7,602,930</u>	<u>6,808,271</u>	<u>6,268,827</u>	<u>5,535,809</u>
Net (Expense)/Revenue	<u>\$ (39,332,046)</u>	<u>\$ (38,419,917)</u>	<u>\$ (31,933,447)</u>	<u>\$ (29,591,701)</u>	<u>\$ (27,413,473)</u>

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (Expense)/Revenue	\$ (31,113,246)	\$ (34,309,589)	\$ (36,648,469)	\$ (40,251,569)	\$ (39,227,312)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	16,037,667	17,641,005	21,077,939	19,029,407	18,383,213
Property taxes, levied for debt service	4,929,231	4,505,176	4,739,383	4,649,963	4,645,358
Property taxes, levied for capital outlay	649,904	271,381	1,303,695	2,617,390	2,214,000
Investment income	151,893	230,242	193,650	382,480	787,701
Unrestricted county aid	1,316,981	1,224,934	1,141,322	31	1,782
Unrestricted state aid	11,516,546	11,355,535	11,335,828	14,153,306	17,947,836
Unrestricted federal aid	1,209	129,700	1,483,043	1,577	84
Total general revenues	<u>34,603,431</u>	<u>35,357,973</u>	<u>41,274,860</u>	<u>40,834,154</u>	<u>43,979,974</u>
Changes in Net Assets	<u>\$ 3,490,185</u>	<u>\$ 1,048,384</u>	<u>\$ 4,626,391</u>	<u>\$ 582,585</u>	<u>\$ 4,752,662</u>

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

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (Expense)/Revenue	\$ (39,332,046)	\$ (38,419,917)	\$ (31,933,447)	\$ (29,591,701)	\$ (27,413,473)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	17,370,386	15,946,504	14,276,533	15,112,722	11,232,734
Property taxes, levied for debt service	3,353,690	4,570,594	4,278,051	5,674,906	3,665,946
Property taxes, levied for capital outlay	2,024,966	1,443,001	1,074,821	1,161,035	979,872
Investment income	787,688	503,764	263,384	216,824	484,669
Unrestricted county aid	84,558	966,428	985,420	846,843	808,453
Unrestricted state aid	17,387,593	15,820,865	15,303,987	16,588,941	16,687,076
Unrestricted federal aid	104	87	167		109
Total general revenues	<u>41,008,985</u>	<u>39,251,243</u>	<u>36,182,363</u>	<u>39,601,271</u>	<u>33,858,859</u>
Changes in Net Assets	<u>\$ 1,676,939</u>	<u>\$ 831,326</u>	<u>\$ 4,248,916</u>	<u>\$ 10,009,570</u>	<u>\$ 6,445,386</u>

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

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

2) 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
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 299,260	\$ 269,960			
Assigned	742,608	627,284			
Unassigned	5,787,579	6,030,360			
Reserved			\$ 459,498	\$ 105,683	\$ 168,069
Unreserved			6,303,086	2,002,632	4,276,694
Total General Fund	<u>\$ 6,829,447</u>	<u>\$ 6,927,604</u>	<u>\$ 6,762,584</u>	<u>\$ 2,108,315</u>	<u>\$ 4,444,763</u>
All Other Governmental Funds:					
Nonspendable	\$ 26,614	\$ 22,281			
Restricted	6,771,678	7,020,731			
Assigned	914,000	768,988			
Reserved			\$ 103,573	\$ 301,597	\$ 79,511
Unreserved, reported in:					
Special revenue funds			5,618,928	5,319,799	5,937,754
Capital projects funds			3,248,272	4,472,440	3,158,142
Debt service fund			713,983	542,893	486,110
Total all other governmental funds	<u>\$ 7,712,292</u>	<u>\$ 7,812,000</u>	<u>\$ 9,684,756</u>	<u>\$ 10,636,729</u>	<u>\$ 9,661,517</u>

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:					
Reserved	\$ 460,288	\$ 183,880	\$ 174,258	\$ 788,326	\$ 207,298
Unreserved	5,612,944	6,151,889	6,384,200	3,612,931	(264,955)
Total General Fund	<u>\$ 6,073,232</u>	<u>\$ 6,335,769</u>	<u>\$ 6,558,458</u>	<u>\$ 4,401,257</u>	<u>\$ (57,657)</u>
All Other Governmental Funds:					
Reserved	\$ 154,262	\$ 54,506	\$ 43,377	\$ 40,381	\$ 21,347
Unreserved, reported in:					
Special revenue funds	3,903,096	3,632,813	2,972,113	3,338,998	1,792,195
Capital projects funds	2,584,099	2,135,420	2,746,590	1,883,410	2,642,972
Debt service fund	434,017	1,611,571	2,506,531	2,332,754	1,268,574
Total all other governmental funds	<u>\$ 7,075,474</u>	<u>\$ 7,434,310</u>	<u>\$ 8,268,611</u>	<u>\$ 7,595,543</u>	<u>\$ 5,725,088</u>

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

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

(Concluded)

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Federal sources:					
Federal grants	\$ 3,111,363	\$ 3,944,633	\$ 5,353,055	\$ 3,187,181	\$ 2,995,545
State Fiscal Stabilization (ARRA)		129,700			
Education Jobs	589,565	505,187			
National School Lunch Program	1,521,194	1,544,503	1,687,454	1,537,958	1,448,778
Total federal sources	<u>5,222,122</u>	<u>6,124,023</u>	<u>7,040,509</u>	<u>4,725,139</u>	<u>4,444,323</u>
State sources:					
State equalization assistance	9,647,892	9,848,828	9,642,048	11,773,417	14,343,249
State grants	198,567	194,333	314,113	385,607	485,942
School Facilities Board	70,060			30,436	265,527
Other revenues	1,798,594	1,704,045	1,496,442	2,587,329	3,339,060
Total state sources	<u>11,715,113</u>	<u>11,747,206</u>	<u>11,452,603</u>	<u>14,776,789</u>	<u>18,433,778</u>
Local sources:					
Property taxes	21,621,380	22,783,472	27,133,738	26,465,834	24,858,596
County aid	1,316,981	1,224,934	1,141,322	31	1,782
Food service sales	492,193	531,963	685,786	877,828	1,067,924
Investment income	151,893	203,223	122,883	276,253	639,970
Other revenues	2,316,338	3,171,144	1,841,002	1,396,643	1,670,236
Total local sources	<u>25,898,785</u>	<u>27,914,736</u>	<u>30,924,731</u>	<u>29,016,589</u>	<u>28,238,508</u>
Total revenues	<u>\$ 42,836,020</u>	<u>\$ 45,785,965</u>	<u>\$ 49,417,843</u>	<u>\$ 48,518,517</u>	<u>\$ 51,116,609</u>

(Continued)

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Federal sources:					
Federal grants	\$ 3,431,264	\$ 3,109,975	\$ 3,100,701	\$ 2,997,674	\$ 2,562,112
National School Lunch Program	1,343,860	1,244,194	1,197,855	1,194,256	1,138,582
Total federal sources	<u>4,775,124</u>	<u>4,354,169</u>	<u>4,298,556</u>	<u>4,191,930</u>	<u>3,700,694</u>
State sources:					
State equalization assistance	14,087,219	12,579,882	12,850,896	13,460,579	12,387,472
State grants	354,326	279,846	286,042	348,005	339,800
School Facilities Board	522,183	412,602	603,765	1,352,162	2,610,668
Other revenues	2,778,191	2,828,381	2,144,671	1,624,861	1,683,935
Total state sources	<u>17,741,919</u>	<u>16,100,711</u>	<u>15,885,374</u>	<u>16,785,607</u>	<u>17,021,875</u>
Local sources:					
Property taxes	22,576,236	22,091,187	19,836,287	21,719,202	16,248,657
County aid	84,558	966,428	985,420	846,843	808,453
Food service sales	1,259,417	1,090,847	1,038,582	974,320	881,932
Investment income	476,797	408,720	234,145	212,243	235,149
Other revenues	1,376,363	1,670,940	1,161,334	825,436	600,399
Total local sources	<u>25,773,371</u>	<u>26,228,122</u>	<u>23,255,768</u>	<u>24,578,044</u>	<u>18,774,590</u>
Total revenues	<u><u>\$ 48,290,414</u></u>	<u><u>\$ 46,683,002</u></u>	<u><u>\$ 43,439,698</u></u>	<u><u>\$ 45,555,581</u></u>	<u><u>\$ 39,497,159</u></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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
Instruction	\$ 19,862,470	\$ 21,759,966	\$ 22,625,946	\$ 25,206,882	\$ 24,047,256
Support services - students and staff	4,644,571	4,692,108	4,715,292	4,214,268	3,958,919
Support services - administration	4,570,081	3,875,414	3,960,307	4,118,298	4,047,117
Operation and maintenance of plant services	4,338,151	5,366,191	4,644,294	5,233,070	4,957,574
Student transportation services	1,102,894	1,039,537	852,839	935,378	1,078,647
Operation of non-instructional services	1,994,305	1,900,104	2,061,423	2,678,289	3,034,155
Capital outlay	1,302,640	1,930,387	1,575,467	2,207,849	3,680,406
Debt service -					
Principal retirement	4,447,647	4,180,550	4,234,413	4,036,747	3,944,580
Interest, premium and fiscal charges	804,759	967,358	1,201,357	1,408,672	1,616,547
Payment to refunded bond escrow agent					
Bond issuance costs					
Total expenditures	<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>	<u><u>\$ 50,365,201</u></u>
Expenditures for capitalized assets	\$ 575,220	\$ 610,351	\$ 321,516	\$ 470,672	\$ 1,683,912
Debt service as a percentage of noncapital expenditures	12%	11%	12%	11%	11%

(Continued)

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenditures:					
Current -					
Instruction	\$ 23,983,398	\$ 22,601,211	\$ 19,536,214	\$ 18,202,054	\$ 17,358,726
Support services - students and staff	3,610,972	3,287,592	2,539,812	2,314,473	2,083,598
Support services - administration	3,971,518	3,212,624	3,345,905	3,321,646	3,048,659
Operation and maintenance of plant services	4,857,217	4,439,789	4,090,293	3,904,159	3,606,186
Student transportation services	1,013,828	964,440	843,947	711,904	628,606
Operation of non-instructional services	3,127,021	3,142,548	2,687,159	2,271,240	2,068,622
Capital outlay	3,718,328	7,299,729	2,148,394	4,432,519	5,664,649
Debt service -					
Principal retirement	3,281,675	4,553,665	2,941,678	2,923,718	2,566,365
Interest, premium and fiscal charges	2,086,292	2,056,906	1,864,955	2,073,056	2,245,164
Payment to refunded bond escrow agent					137,695
Bond issuance costs				114,750	167,056
Total expenditures	<u>\$ 49,650,249</u>	<u>\$ 51,558,504</u>	<u>\$ 39,998,357</u>	<u>\$ 40,269,519</u>	<u>\$ 39,575,326</u>
Expenditures for capitalized assets	\$ 1,532,372	\$ 2,128,823	\$ 842,672	\$ 1,913,290	\$ 5,497,831
Debt service as a percentage of noncapital expenditures	11%	13%	12%	13%	14%

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

(Concluded)

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (231,498)	\$ 74,350	\$ 3,546,505	\$ (1,520,936)	\$ 751,408
Other financing sources (uses):					
Capital lease agreements					573,136
Transfers in	37,750	48,802	1,031,087	23,957	13,830
Transfers out	(37,750)	(48,802)	(1,031,087)	(23,957)	(13,830)
Payment to refunded bond escrow agent					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,136</u>
Changes in fund balances	<u>\$ (231,498)</u>	<u>\$ 74,350</u>	<u>\$ 3,546,505</u>	<u>\$ (1,520,936)</u>	<u>\$ 1,324,544</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Excess (deficiency) of revenues over expenditures	\$ (1,359,835)	\$ (4,875,502)	\$ 3,441,341	\$ 5,286,062	\$ (78,167)
Other financing sources (uses):					
Refunding bonds issued				6,532,335	10,880,000
Premium on sale of bonds				138,774	492,427
Capital lease agreements	362,298	3,797,761		328,495	45,630
Transfers in	46,704	216,982	1,706,816	321,849	384,248
Transfers out	(46,704)	(216,982)	(1,706,816)	(321,849)	(384,248)
Payment to refunded bond escrow agent				(6,556,359)	(11,205,371)
Total other financing sources (uses)	<u>362,298</u>	<u>3,797,761</u>	<u>-</u>	<u>443,245</u>	<u>212,686</u>
Changes in fund balances	<u>\$ (997,537)</u>	<u>\$ (1,077,741)</u>	<u>\$ 3,441,341</u>	<u>\$ 5,729,307</u>	<u>\$ 134,519</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							
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	3.64	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	3.56	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	
2003					362,425,320	5.39	3,161,944,080	11.46	

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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State		Community	Lake Havasu	Desert Hills		Lake Havasu			
	Equalization	County	College District	Sanitary District	Fire District	City of Lake Havasu	Irrigation District	Primary	Secondary	Total
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	3.64
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	3.56
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
2003		4.19	0.94	0.00	2.40	0.84	101.11/acre	4.34	1.05	5.39

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

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

Taxpayer	2012			2003	
	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation		Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation
Unisource Energy Corporation	\$ 11,627,313	2.05 %	\$		%
PHC Lake Havasu Inc.	5,312,480	0.94			
Shops at Lake Havasu City LLC	3,651,759	0.64			
Citizens Rural Division	3,593,361	0.63		23,521,403	6.49
Walmart Stores Inc	1,862,200	0.33		942,306	0.26
Sterilite Corporation	1,713,597	0.30		2,645,705	0.73
London Bridge Resort	1,519,478	0.27			
Havasu Regional Medical Center LLC	1,490,046	0.26			
Lowes	1,403,308	0.25			
Island Development Group LLC	1,400,000	0.25			
Anderson Family LLC	1,076,530			1,196,004	0.33
McCulloch Corporation				3,515,526	0.97
Queen's Bay Joint Venture				1,957,097	0.54
Smith's Food & Drug	930,081			1,413,459	0.39
Havasu Plaza	767,178			1,268,489	0.35
River Land Development				1,051,033	0.29
DBSI/TRI XX Limited Partnership				833,578	0.23
Total	<u>\$ 36,347,331</u>	<u>5.92 %</u>		<u>\$ 38,344,600</u>	<u>10.58 %</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
2012	\$ 21,496,943	\$ 20,826,554	96.88 %	\$	\$ 20,826,554	96.88 %
2011	22,621,563	21,846,489	96.57	670,391	22,516,880	99.54
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	1,060,824	25,675,312	99.92
2008	24,764,374	23,491,096	94.86	1,252,676	24,743,772	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
2003	16,341,695	15,397,974	94.23	943,721	16,341,695	100.00

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

Notes: 1) Amounts collected are on a cash basis.

- 2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

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

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less:	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
		Amounts Restricted for Principal									
2012	\$ 17,035,000	\$ 947,916	\$ 16,087,084	0.30 %	\$ 271	\$ 1,052,321	\$ 18,087,321	0.34 %	\$ 304	3.48 %	
2011	20,900,000	745,416	20,154,584	0.29	384	1,504,968	\$ 22,404,968	0.32	427	4.39	
2010	24,460,000	3,560,000	20,900,000	0.22	377	1,820,518	\$ 26,280,518	0.28	474	5.13	
2009	27,842,000	3,382,000	24,460,000	0.23	441	2,494,931	\$ 30,336,931	0.29	547	6.48	
2008	31,029,000	3,187,000	27,842,000	0.30	504	3,149,678	\$ 34,178,678	0.37	618	7.57	
2007	33,726,000	2,697,000	31,029,000	0.44	568	3,334,122	\$ 37,060,122	0.52	679	9.00	
2006	36,350,000	2,624,000	33,726,000	0.61	615	3,556,499	\$ 39,906,499	0.72	728	10.66	
2005	39,142,335	2,792,335	36,350,000	0.85	683	408,403	\$ 39,550,738	0.92	743	11.48	
2004	41,747,335	2,605,000	39,142,335	1.10	743	557,746	\$ 42,305,081	1.19	803	13.07	
2003	43,620,000	2,430,000	41,190,000	1.30	817	547,969	\$ 44,167,969	1.40	876	14.30	

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
City of Lake Havasu	\$ 2,335,000	100.00 %	\$ 2,335,000
Subtotal, Overlapping Debt			<u>2,335,000</u>
Direct:			
Lake Havasu Unified School District No. 1			<u>18,087,321</u>
Total Direct and Overlapping Debt			<u><u>\$ 20,422,321</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: 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.

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

Total Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 567,742,118
Debt limit (30% of assessed value)	170,322,635
Debt applicable to limit	17,035,000
Legal debt margin	<u><u>\$ 153,287,635</u></u>

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Debt limit	\$ 170,322,635	\$ 228,802,917	\$ 297,711,470	\$ 332,486,339	\$ 297,526,329
Total net debt applicable to limit	<u>17,035,000</u>	<u>20,900,000</u>	<u>24,460,000</u>	<u>27,842,000</u>	<u>31,029,000</u>
Legal debt margin	<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>	<u><u>\$ 266,497,329</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10%	9%	8%	8%	10%
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limit	\$ 240,800,692	\$ 187,779,700	\$ 144,936,352	\$ 121,623,050	\$ 108,727,596
Total net debt applicable to limit	<u>33,726,000</u>	<u>36,350,000</u>	<u>39,142,335</u>	<u>41,747,335</u>	<u>43,620,000</u>
Legal debt margin	<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>	<u><u>\$ 65,107,596</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14%	19%	27%	34%	40%

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

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

Year	Population		Personal Income (thousands)	Per Capita Income	Unemployment Rate		Estimated District Population
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
2002	46,400		3,088,727	19,322	3.9		50,400

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2002 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For the year 2011 the source of the information is the Arizona Office of Employment and Population Statistics.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR SIX YEARS AGO**

Employer	2012			2006		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Lake Havasu Unified School District No. 1	670	2.74	%	530	2.17	%
Havasu Regional Medical Center	615	2.51		695	2.85	
Lake Havasu City	615	2.51		671	2.75	
Sterilite Corporation	425	1.74		425	1.74	
Wal-Mart	300	1.23		259	1.06	
Shugrue's Restaurant	200	0.82		250	1.03	
Bashas'	186	0.76				
London Bridge Resort	180	0.74		315	1.29	
Mohave Community College	169	0.69		183	0.75	
River Medical	150	0.61		160	0.66	
Mission of Nevada, Inc.				200	0.82	
Total	3,510	14.35	%	3,688	15.12	%
Total employment	24,471			24,375		

Source: The source of the Principal Employers is the Arizona Workforce Informer - Lake Havasu City.

Note: Data is not available from nine years prior, therefore data is presented from six 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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Certified employees	306	329	337	359	367
Administration	17	17	18	20	19
Support Staff	<u>254</u>	<u>250</u>	<u>269</u>	<u>272</u>	<u>285</u>
Total	<u>577</u>	<u>596</u>	<u>624</u>	<u>651</u>	<u>671</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Certified employees	367	361	293	321	318
Administration	18	18	18	19	20
Support Staff	<u>284</u>	<u>279</u>	<u>261</u>	<u>238</u>	<u>236</u>
Total	<u>669</u>	<u>658</u>	<u>572</u>	<u>578</u>	<u>574</u>

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

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

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
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	336	18.2	51.4
2008	6,150	41,123,668	6,687	4.26	46,695,151	7,593	1.99	346	17.8	47.0
2007	6,325	40,563,954	6,413	6.23	47,086,440	7,444	0.87	364	17.4	44.6
2006	6,236	37,648,204	6,037	14.32	46,022,847	7,380	19.19	372	16.8	47.0
2005	6,257	33,043,330	5,281	7.15	38,741,718	6,192	7.64	315	19.9	44.0
2004	6,234	30,725,476	4,929	3.52	35,860,528	5,752	5.59	323	19.3	45.0
2003	6,048	28,794,397	4,761	4.25	32,949,282	5,448	N/A	330	18.3	42.0

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

Notes: 1) Operating expenditures are total expenditures less debt service and capital outlay.

2) N/A indicates that the information is not available.

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

	Fiscal Year Ended June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Schools</u>										
Elementary										
Buildings	18	18	18	18	18	18	18	18	18	18
Square feet	302,442	302,442	302,442	302,442	302,442	302,442	308,875	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	2,912	3,105	2,854	2,779	2,904	3,110	3,117	3,078	3,168	3,036
Middle										
Buildings	1	1	14	14	14	14	14	14	14	14
Square feet	183,694	183,694	249,872	249,872	249,872	249,872	248,000	248,000	248,000	248,000
Capacity	1,653	1,653	2,385	2,385	2,385	2,385	2,385	2,385	2,385	2,385
Enrollment	942	950	1,486	1,492	1,528	1,580	1,589	1,625	1,603	1,572
High										
Buildings	13	13	13	13	13	13	12	12	12	12
Square feet	286,861	286,861	286,861	286,861	286,861	268,861	267,035	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	1,822	1,767	1,813	1,901	1,784	1,771	1,783	1,721	1,792	1,736
<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	30	29	29	25	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.

(This page intentionally left blank)