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# LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

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## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**

**LAKE HAVASU CITY, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Issued by:  
Business and Finance Department

# LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

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## **INTRODUCTORY SECTION**



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# *Lake Havasu Unified School District No. 1*

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## **DISTRICT OFFICE**

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798  
928.505.6900 FAX 928.505.6999 [www.lhusd.org](http://www.lhusd.org)

December 19, 2018

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

State law mandates that school districts are 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, 2018.

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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 5,164 students. The projected enrollment for the 2018-19 is 5,161 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 is 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.

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 6<sup>th</sup> grade, one middle school - 7<sup>th</sup> through 8<sup>th</sup> grade, and one high school - 9<sup>th</sup> through 12<sup>th</sup> grades, with a total enrollment of 5,164 students.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund, and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue, therefore a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

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

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

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

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

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

**Long-term Financial Planning**. In April 2017, Moody's issued a rating update, affirming its Aa3 rating on Lake Havasu Unified School District No. 1. The rating reflects Moody's view of the District's:

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

Due to the reduction in district additional assistance funding for Arizona school districts, the Lake Havasu School District No. 1 Governing Board called for a capital bond election on November 8, 2016. The bond authorization requested was \$49,050,000 and was approved by the voters.

The District will continue to work with the Arizona School Facilities Board to cover capital needs.

The district's governing board also called for a 15% maintenance and operations override election on November 8, 2016, due to the need for improved salaries to retain and attract valuable school district staff and to cover the increased costs of insurance. This question was also approved by voters.

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

## **AWARDS AND ACKNOWLEDGMENTS**

**Awards.** The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 29th 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, 2017. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2018 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,



Diana Asseier  
Superintendent



Mike Murray  
Director of Business Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The 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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE  
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# GOVERNING BOARD

CCA-E

SUPERINTENDENT

COMMUNITY RELATIONS

DIRECTOR OF  
PERSONNEL/TECHNOLOGY

PERSONNEL

TECHNOLOGY  
Hardware/Software/Instruction

ONLINE INSTRUCTION

DIRECTOR BUSINESS SERVICES

FINANCE

EMPLOYEE BENEFIT TRUST

ACCOUNTING

TAX CREDIT

PURCHASING

PAYROLL

ACCTS PAYABLE

FOOD SERVICE

TRANSPORTATION

WAREHOUSE/INVENTORY

MAINTENANCE

DIRECTOR  
SPECIAL SERVICES

HEALTH SERVICES

COUNSELING SERVICES

IDEA GRANTS

EMERGENCY RESPONSE

DIRECTOR  
EDUCATIONAL  
SERVICES

GRANTS  
(including NCLB)

ENGLISH LANGUAGE LEARNERS

PROFESSIONAL DEVELOPMENT

GIFTED

PRINCIPALS

ASSISTANT PRINCIPALS

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

John Masden, President

Nichole Cohen, Vice President

Pat Rooney, Member

Kathy Cox, Member

**ADMINISTRATIVE STAFF**

Diana Asseier, Superintendent

Mike Murray, Director of Business Services

Jaime Festa-Daigle, Director of Personnel and Technology

Aggie Wolter, Director of Special Services

Brad Gardner, Director of Educational Services

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Lake Havasu Unified School District No. 1

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Havasu Unified School District No. 1 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Havasu Unified School District No. 1, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of Lake Havasu Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Havasu Unified School District No. 1's internal control over financial reporting and compliance.

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

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
December 19, 2018

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



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**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

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, 2018. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$9.2 million which represents an 48 percent increase from the prior fiscal year as a result of construction and purchase of various capital assets including buses, remodeling of athletic center and other items.
- General revenues accounted for \$41.0 million in revenue, or 83 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$8.2 million or 17 percent of total current fiscal year revenues.
- The District had approximately \$40.0 million in expenses related to governmental activities, an increase of 10 percent from the prior fiscal year primarily due to changes in net pension related items.
- Among major funds, the General Fund had \$33.9 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$29.9 million in expenditures. The General Fund's fund balance increase from \$7.8 million at the prior fiscal year end to \$11.8 million at the end of the current fiscal year was primarily due to increases in property tax revenues.
- Net position for the Internal Service Funds increased \$666,967 from the prior fiscal year. Operating revenues of \$6.1 million exceeded operating expenses of \$5.5 million at the end of the current fiscal year.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Bond Building Funds, both 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 and pension plan. 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 as required supplementary information. Schedules for the pension and other postemployment benefit plans have been provided as required supplementary information.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$28.4 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements; buildings and improvements; construction in progress; and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Current and other assets	\$ 36,520,687	\$ 37,245,359
Capital assets, net	55,506,937	47,239,282
Total assets	<u>92,027,624</u>	<u>84,484,641</u>
Deferred outflows	<u>4,036,239</u>	<u>5,929,045</u>
Current and other liabilities	5,558,220	3,741,727
Long-term liabilities	57,771,159	54,767,453
Total liabilities	<u>63,329,379</u>	<u>58,509,180</u>
Deferred inflows	<u>4,329,474</u>	<u>5,088,978</u>
Net position:		
Net investment in capital assets	46,531,650	45,604,296
Restricted	7,734,458	6,457,647
Unrestricted	(25,861,098)	(25,246,415)
Total net position	<u><u>\$ 28,405,010</u></u>	<u><u>\$ 26,815,528</u></u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$26.6 million as a result of the District's proportionate share of the state pension plan's unfunded liability. The same situation held true in the prior fiscal year.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

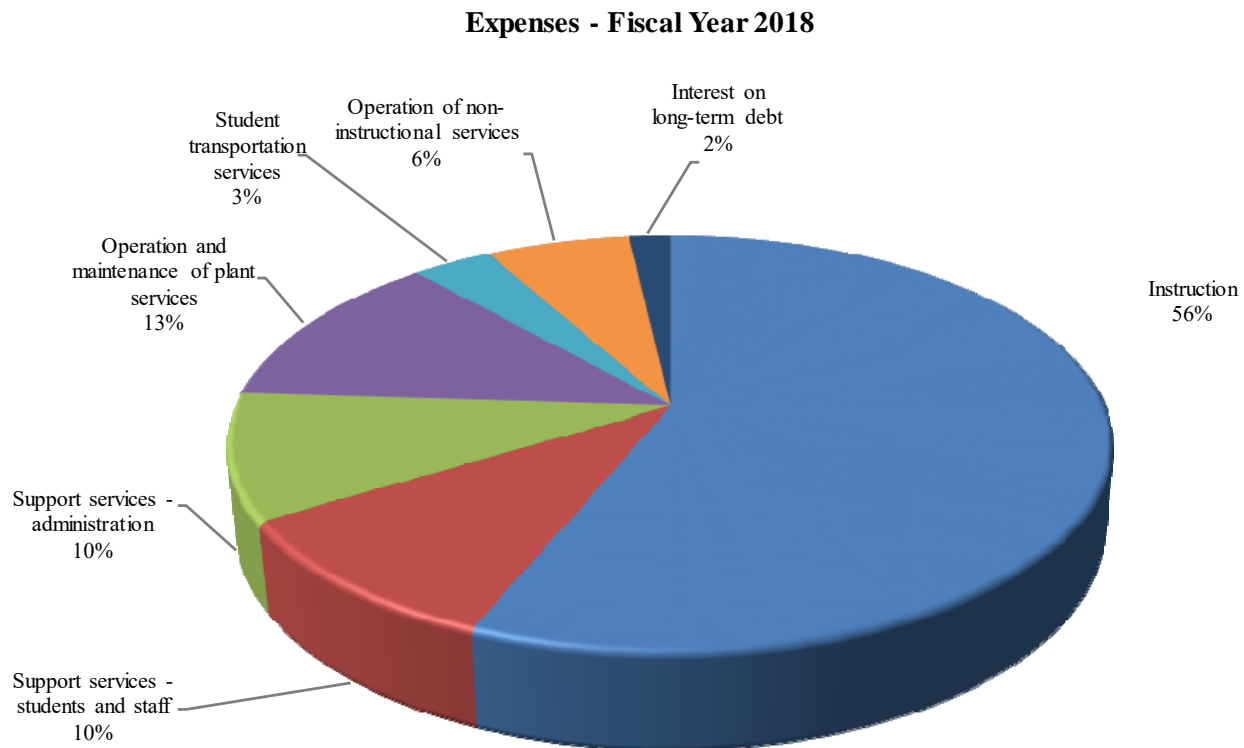
- The decrease of \$1.4 million in long term liabilities due to current year lease and bond payments.
- The addition of \$10.9 million in capital assets through the construction of remodeling of athletic center, and purchase of various assets including buses.

**Changes in net position.** The District's total revenues for the current fiscal year were \$49.2 million. The total cost of all programs and services was \$40.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,538,163	\$ 1,751,611
Operating grants and contributions	6,402,914	5,496,782
Capital grants and contributions	269,132	1,231,834
General revenues:		
Property taxes	26,814,057	21,512,375
Investment income	378,728	95,588
Unrestricted county aid	622,259	617,699
Unrestricted state aid	12,989,247	9,863,198
Unrestricted federal aid	229,495	176,684
<b>Total revenues</b>	<b>49,243,995</b>	<b>40,745,771</b>
<b>Expenses:</b>		
Instruction	22,496,438	20,665,508
Support services - students and staff	4,038,352	3,702,504
Support services - administration	3,879,809	4,435,711
Operation and maintenance of plant services	5,001,350	4,092,886
Student transportation services	1,392,140	1,273,442
Operation of non-instructional services	2,516,900	2,272,843
Interest on long-term debt	703,258	52,905
<b>Total expenses</b>	<b>40,028,247</b>	<b>36,495,799</b>
<b>Excess before special items:</b>	<b>9,215,748</b>	<b>4,249,972</b>
<b>Special item – gain on sale of capital assets</b>		914,650
<b>Changes in net position</b>	<b>9,215,748</b>	<b>5,164,622</b>
<b>Net position, beginning</b>	<b>26,815,528</b>	<b>21,650,906</b>
<b>Net effect of prior period adjustments</b>	<b>(7,626,266)</b>	
<b>Net position, beginning as restated</b>	<b>19,189,262</b>	
<b>Net position, ending</b>	<b>\$ 28,405,010</b>	<b>\$ 26,815,528</b>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- The increase of approximately \$5.3 million in property taxes revenues due to the passage of a property tax override.
- The increase of \$908,464 in operation and maintenance of plant services expenses due to increased costs related to various construction and other projects.
- The increase of \$1.8 million in instruction expenses due primarily to salary increases and increases in student population.
- The increase of \$3.1 million in unrestricted state aid due primarily to increased student population.

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.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 22,496,438	\$ (18,099,126)	\$ 20,665,508	\$ (15,964,481)
Support services - students and staff	4,038,352	(3,690,366)	3,702,504	(3,048,450)
Support services - administration	3,879,809	(3,796,787)	4,435,711	(4,125,808)
Operation and maintenance of plant services	5,001,350	(4,337,018)	4,092,886	(4,037,696)
Student transportation services	1,392,140	(1,223,674)	1,273,442	(1,164,663)
Operation of non-instructional services	2,516,900	32,191	2,272,843	319,167
Interest on long-term debt	703,258	(703,258)	52,905	6,359
Total	<u>\$ 40,028,247</u>	<u>\$ (31,818,038)</u>	<u>\$ 36,495,799</u>	<u>\$ (28,015,572)</u>

- The cost of all governmental activities this year was \$40.0 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 \$31.8 million was financed by general revenues, which are made up of primarily property taxes of \$26.8 million and state and county aid of \$13.6 million. Investment earnings accounted for \$378,728 of funding.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$27.0 million, a decrease of \$2.9 million due primarily to construction to remodel the athletic complex and purchase of various other assets including buses.



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund is the principal operating fund of the District. The increase in fund balance of \$4.0 million to \$11.8 million was due primarily to increases in property tax revenues due to the property tax override. General Fund revenues increased \$4.3 million primarily due to increases in property tax revenues due to the property tax override. General Fund expenditures increased \$1.1 million due primarily to salary increases due to proposition 123 and state budget increases.

The Bond Building Fund balance decreased \$8.8 million due primarily to construction of various projects including the remodel of the athletic complex.

**Proprietary funds.** Unrestricted net position of the Internal Service Fund at the end of the year amounted to \$3.2 million. The increase of \$666,967 from the prior fiscal year was primarily due to decreases in non-claims related management fees.

**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 \$764,444 increase, or two percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant expenditure variances are summarized as follows.

- The favorable variance of \$2,117,508 in instruction expenditures was a result of increases in the final revised May budget limits which were made after the bulk of expenditures had been completed.
- The favorable variance of \$572,400 in support services – administration expenditures was a result of increases in the final revised May budget limits which were made after the bulk of expenditures had been completed.
- The favorable variance of \$390,559 in student transportation services expenditures was a result of increases in the final revised May budget limits which were made after the bulk of expenditures had been completed.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$112.0 million in capital assets, including construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$10.9 million from the prior fiscal year primarily due to addition of various construction projects including remodeling of the athletic complex. Total depreciation expense for the current fiscal year was \$2.6 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable	\$ 11,180,788	\$ 3,612,575
Capital assets - depreciable, net	44,326,149	43,626,707
Total	<u>\$ 55,506,937</u>	<u>\$ 47,239,282</u>

The estimated cost to complete the current construction project is \$1.9 million.

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

**Debt Administration.** At year-end, the District had \$16.9 million in long-term debt outstanding, \$990,688 due within one year. Long-term debt decreased by \$1.5 million due primarily to current year bond and lease principal payments.

The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$258.2 million and the Class B debt limit is \$172.1 million which are more than the District's total outstanding general obligation and Class B debt, respectively.

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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 2018-19 budget. Among them:

- Fiscal year 2017-18 budget balance carry forward (estimated \$1.7 million).
- District student population (estimated 5,164 students).

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

Budgeted expenditures in the General Fund increased seven percent to \$34.8 million in fiscal year 2018-19 primarily due to estimated increases in salaries and wage costs. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2018-19 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Lake Havasu Unified School District No. 1, 2200 Havasupai Boulevard, Lake Havasu City, Arizona 86403-3798.

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 31,293,606
Property taxes receivable	560,504
Accounts receivable	261,981
Due from governmental entities	3,602,871
Inventory	399,106
Total current assets	<u>36,118,068</u>
Noncurrent assets:	
Due from governmental entities	300,000
Net other postemployment benefit assets	102,619
Capital assets not being depreciated	11,180,788
Capital assets, net of accumulated depreciation	44,326,149
Total noncurrent assets	<u>55,909,556</u>
<b>Total assets</b>	<u><u>92,027,624</u></u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension and other postemployment benefit plan items	<u>4,036,239</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	637,612
Construction contracts payable	2,340,488
Deposits held for others	25,427
Claims payable	655,000
Accrued payroll and employee benefits	1,862,681
Compensated absences payable	750,000
Unearned revenues	37,012
Obligations under capital leases	115,688
Bonds payable	875,000
Total current liabilities	<u>7,298,908</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>56,030,471</u>
Total noncurrent liabilities	<u>56,030,471</u>
<b>Total liabilities</b>	<u><u>63,329,379</u></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension and other postemployment benefit plan items	<u>4,329,474</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	46,531,650
Restricted for:	
Voter approved initiatives	1,296,032
Federal and state projects	1,095,528
Food service	1,160,336
Community school activities	127,588
Extracurricular activities	618,336
Gifts and donations	348,948
Joint technical education	321,426
Other local initiatives	61,569
Debt service	132,478
Capital outlay	2,572,217
Unrestricted	<u>(25,861,098)</u>
<b>Total net position</b>	<u><u>\$ 28,405,010</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 22,496,438	\$ 591,684	\$ 3,702,550	\$ 103,078	\$ (18,099,126)
Support services - students and staff	4,038,352		347,986		(3,690,366)
Support services - administration	3,879,809		83,022		(3,796,787)
Operation and maintenance of plant services	5,001,350	56,651	607,681		(4,337,018)
Student transportation services	1,392,140		2,412	166,054	(1,223,674)
Operation of non-instructional services	2,516,900	889,828	1,659,263		32,191
Interest on long-term debt	703,258				(703,258)
<b>Total governmental activities</b>	<u>\$ 40,028,247</u>	<u>\$ 1,538,163</u>	<u>\$ 6,402,914</u>	<u>\$ 269,132</u>	<u>(31,818,038)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	24,522,034
Property taxes, levied for debt service	1,971,210
Property taxes, levied for capital outlay	320,813
Investment income	378,728
Unrestricted county aid	622,259
Unrestricted state aid	12,989,247
Unrestricted federal aid	229,495
<b>Total general revenues</b>	<u>41,033,786</u>

**Changes in net position** 9,215,748

**Net position, beginning of year, as restated** 19,189,262

**Net position, end of year** \$ 28,405,010

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



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## **FUND FINANCIAL STATEMENTS**

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u>General</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 10,754,207	\$ 10,323,721	\$ 6,640,096
Property taxes receivable	513,226		47,278
Due from governmental entities	2,338,134		1,214,737
Due from other funds			357,683
Inventory	385,759		13,347
<b>Total assets</b>	<u><u>\$ 13,991,326</u></u>	<u><u>\$ 10,323,721</u></u>	<u><u>\$ 8,273,141</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 291,075	\$ 16,952	\$ 329,585
Construction contracts payable		2,338,886	1,602
Deposits held for others			25,427
Due to other funds			357,683
Accrued payroll and employee benefits	1,680,356		182,325
Unearned revenues			37,012
<b>Total liabilities</b>	<u><u>1,971,431</u></u>	<u><u>2,355,838</u></u>	<u><u>933,634</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	248,329		5,078
Unavailable revenues - intergovernmental			39,451
<b>Total deferred inflows of resources</b>	<u><u>248,329</u></u>	<u><u></u></u>	<u><u>44,529</u></u>
Fund balances (deficits):			
Nonspendable	385,759		13,347
Restricted		7,967,883	7,724,275
Assigned	847,013		
Unassigned	10,538,794		(442,644)
<b>Total fund balances</b>	<u><u>11,771,566</u></u>	<u><u>7,967,883</u></u>	<u><u>7,294,978</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 13,991,326</u></u>	<u><u>\$ 10,323,721</u></u>	<u><u>\$ 8,273,141</u></u>

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

Total Governmental Funds	
\$	27,718,024
	560,504
	3,552,871
	357,683
	399,106
\$	<u>32,588,188</u>

\$	637,612
	2,340,488
	25,427
	357,683
	1,862,681
	37,012
	<u>5,260,903</u>

	253,407
	39,451
	<u>292,858</u>

	399,106
	15,692,158
	847,013
	10,096,150
	<u>27,034,427</u>

\$	<u>32,588,188</u>
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**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>27,034,427</b>
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 111,722,816	
Less accumulated depreciation	<u>(56,215,879)</u>	55,506,937

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

Property taxes	253,407	
Intergovernmental	<u>389,451</u>	642,858

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

Deferred outflows of resources related to pensions/OPEB	4,036,239	
Deferred inflows of resources related to pensions/OPEB	<u>(4,329,474)</u>	(293,235)

The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.	102,619
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The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.	3,182,563
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(1,797,850)	
Obligations under capital leases	(1,217,149)	
Net OPEB liability	(9,388,224)	
Net pension liability	(29,641,915)	
Bonds payable	<u>(15,726,021)</u>	<u>(57,771,159)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>28,405,010</u></b>
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**The notes to the basic financial statements are an integral part of this statement.**

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 1,428,632	\$ 209,214	\$ 2,019,240
Property taxes	24,554,642		2,286,945
State aid and grants	7,650,042		6,036,079
Federal aid, grants and reimbursements	229,495		4,899,452
<b>Total revenues</b>	<u>33,862,811</u>	<u>209,214</u>	<u>15,241,716</u>
<b>Expenditures:</b>			
Current -			
Instruction	16,422,460		5,184,312
Support services - students and staff	3,212,556		1,067,148
Support services - administration	3,713,976		315,568
Operation and maintenance of plant services	5,011,443		114,878
Student transportation services	1,127,365		9,203
Operation of non-instructional services	314,884		2,066,996
Capital outlay	126,114	8,837,523	2,533,615
Debt service -			
Principal retirement			1,411,889
Interest and fiscal charges			788,592
<b>Total expenditures</b>	<u>29,928,798</u>	<u>8,837,523</u>	<u>13,492,201</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,934,013</u>	<u>(8,628,309)</u>	<u>1,749,515</u>
<b>Other financing sources (uses):</b>			
Transfers in	57,431		209,215
Transfers out		(209,215)	(57,431)
Insurance recoveries	30,967		
<b>Total other financing sources (uses)</b>	<u>88,398</u>	<u>(209,215)</u>	<u>151,784</u>
<b>Changes in fund balances</b>	<u>4,022,411</u>	<u>(8,837,524)</u>	<u>1,901,299</u>
<b>Fund balances, beginning of year, as restated</b>	7,763,498	16,805,407	5,401,946
Increase (decrease) in reserve for inventory	(14,343)		(8,267)
<b>Fund balances, end of year</b>	<u>\$ 11,771,566</u>	<u>\$ 7,967,883</u>	<u>\$ 7,294,978</u>

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

Total  
Governmental  
Funds

---

\$	3,657,086
	26,841,587
	13,686,121
	<u>5,128,947</u>
	<u>49,313,741</u>

21,606,772
4,279,704
4,029,544
5,126,321
1,136,568
2,381,880
11,497,252

1,411,889
<u>788,592</u>
<u>52,258,522</u>

<u>(2,944,781)</u>
--------------------

266,646
(266,646)
<u>30,967</u>
<u>30,967</u>

<u>(2,913,814)</u>
--------------------

29,970,851
------------

(22,610)
----------

<u>\$</u>	<u>27,034,427</u>
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**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, 2018**

**Changes in fund balances - total governmental funds** **\$ (2,913,814)**

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	\$ 10,916,600	
Less current year depreciation	<u>(2,620,664)</u>	8,295,936

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

Property taxes	(27,530)	
Intergovernmental	<u>(86,566)</u>	(114,096)

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

Capital lease principal retirement	111,889	
Bond principal retirement	<u>1,300,000</u>	1,411,889

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

Current year pension/OPEB contributions	2,515,936	
Pension/OPEB expense	<u>(456,214)</u>	2,059,722

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.

Inventory	(22,610)	
Amortization of deferred bond items	85,334	
Compensated absences	<u>(253,580)</u>	(190,856)

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

666,967

**Changes in net position in governmental activities** **\$ 9,215,748**

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 3,575,582
Accounts receivable	261,981
Total current assets	<u>3,837,563</u>
<b>Total assets</b>	<u><u>3,837,563</u></u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Claims payable	<u>655,000</u>
Total current liabilities	<u>655,000</u>
<b>Total liabilities</b>	<u><u>655,000</u></u>
<b><u>NET POSITION</u></b>	
Unrestricted	3,182,563
<b>Total net position</b>	<u><u>\$ 3,182,563</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 NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities: Internal Service Funds
<b>Operating revenues:</b>	
Contributions	\$ 6,123,334
<b>Total operating revenues</b>	<u>6,123,334</u>
<b>Operating expenses:</b>	
Depreciation	28,281
Claims	3,518,818
Premiums	371,783
Professional fees - benefit management	815,002
Professional fees - legal	24,174
Professional fees - other	9,050
Miscellaneous	596,383
Insurance	28,562
Property taxes	4,553
Rent	39,300
Repairs and maintenance	15,546
Telephone and utilities	18,298
<b>Total operating expenses</b>	<u>5,469,750</u>
<b>Operating income (loss)</b>	<u>653,584</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	13,383
<b>Total nonoperating revenues (expenses)</b>	<u>13,383</u>
<b>Changes in net position</b>	<u>666,967</u>
<b>Total net position, beginning of year, as restated</b>	2,515,596
<b>Total net position, end of year</b>	<u>\$ 3,182,563</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, 2018**

	<b>Governmental Activities: Internal Service Funds</b>
<b><u>Increase in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received from contributions	\$ 5,861,353
Cash payments to suppliers for goods and services	(1,922,651)
Cash payments for claims	(3,179,829)
	<hr/>
<b>Net cash provided by for operating activities</b>	<b>758,873</b>
	<hr/>
<b>Cash flows from investing activities:</b>	
Purchase of investments	(4,630,202)
Investment income	13,383
Proceeds from sales and maturities of investments	3,967,898
	<hr/>
<b>Net cash used for investing activities</b>	<b>(648,921)</b>
	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>109,952</b>
	<hr/>
<b>Cash and cash equivalents, beginning of year, as restated</b>	<b>2,803,326</b>
	<hr/>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,913,278</b>
	<hr/> <hr/>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>	
Cash and investments	\$ 3,575,582
Less investments not maturing in less than three months	662,304
	<hr/>
<b>Total cash and cash equivalents</b>	<b>\$ 2,913,278</b>
	<hr/> <hr/>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
<b>Operating income</b>	<b>\$ 653,584</b>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Depreciation	28,281
Increase in reinsurance receivable	(261,981)
Increase in claims payable	338,989
	<hr/>
<b>Total adjustments</b>	<b>105,289</b>
	<hr/>
<b>Net cash provided by operating activities</b>	<b>\$ 758,873</b>
	<hr/> <hr/>

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 266,832
<b>Total assets</b>	<u>\$ 266,832</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	\$ 14,093
Due to student groups	252,739
<b>Total liabilities</b>	<u>\$ 266,832</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, 2018**

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

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

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

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

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component unit combined with the District for financial statement presentation purposes, and the District are not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic operations.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

The component unit is an internal service fund and does not issue separate financial statements.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District and its component unit. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

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

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

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

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



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Bond Building Fund – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund types:

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

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

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

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.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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, U.S. Treasuries, Certificates of Deposit and Money Market funds.

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

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

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

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

**E. Investment Income**

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

**F. Receivables and Payables**

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

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

**G. Property Tax Calendar**

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**H. Inventory**

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

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

**I. Prepaid Items**

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

**J. Capital Assets**

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

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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**K. Deferred Outflows/Inflows of Resources**

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

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

**L. Compensated Absences**

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

**M. Pensions and Other Postemployment Benefits**

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

**N. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

**O. Interfund Activity**

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

**P. Net Position Flow Assumption**

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

**Q. Estimates**

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

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

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

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

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	\$ 385,759	\$	\$ 13,347
Restricted:			
Debt service			132,420
Capital projects			2,567,197
Bond building projects		7,967,883	
Voter approved initiatives			1,296,032
Federal and state projects			1,090,423
Food service			1,160,336
Community school			127,588
Extracurricular activities			618,336
Gifts and donations			348,948
Joint technical education			321,426
Other purposes			61,569
Assigned:			
Auxiliary operations	847,013		
Unassigned	10,538,794		(442,644)
Total fund balances	<u>\$11,771,566</u>	<u>\$ 7,967,883</u>	<u>\$ 7,294,978</u>

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

**Individual Deficit Fund Balance** – At year end, the following individual non-major governmental funds reported a deficit in fund balance.

	<u>Deficit</u>
Non-Major Governmental Funds:	
Special Education Grants	\$ (27,320)
Vocation Education	(2,526)
Building Renewal Grant	(412,798)

The deficits arose because of operations during the year and the prior fiscal year and/or because of pending grant reimbursements. Additional revenues received in fiscal year 2018-19 are expected to eliminate the deficit.



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$2,233,610 and the bank balance was \$2,328,297. At year end, \$1,381,107 of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

*Fair Value Measurements.* The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

*Valuation Techniques.* Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the of the fair value hierarchy are valued using a matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real estate assets classified in in Level 3 are valued by external appraisals and are generally obtained at least annually. The appraisals are performed using generally accepted valuation approaches by an independent appraiser.

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
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**NOTE 4 – CASH AND INVESTMENTS**

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the District's investments consisted of the following:

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
U.S Treasuries	Level 1	\$ 2,055,924	\$ 1,848,532	\$ 207,392
Certificates of Deposit	Level 1	478,304	239,674	238,630
			<u>\$ 2,088,206</u>	<u>\$ 446,022</u>
Money Market		23,390		
County Treasurer's investment pool		26,769,210	271 days average maturities	
Total		<u>\$29,326,828</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. The District's investments in U.S. Agencies were rated AAA by Moody's Inventory Services.

*Custodial Credit Risk – Investments.* The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however the District's portion is not identified with specific investments and is not subject to custodial credit risk.

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District investments were in U.S. Treasuries. These investments are seven percent of the District's total investments.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
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**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	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$ 10,761	\$ 647,132
Due from state government	2,327,373	329,907
Due from other districts		237,698
Net due from governmental entities	<u>\$ 2,338,134</u>	<u>\$ 1,214,737</u>

In a prior year, the District entered into an agreement with the City of Lake Havasu regarding the relocation of the District's bus barn. Under this agreement, the City agreed to pay the District \$50,000 per year for a total term of 10 years, commencing on January 1, 2016 and termination on January 1, 2026 or until the obligations were completed. The total receivable as of fiscal year end was \$350,000 of which \$300,000 is included as a non-current asset in the Statement of Net Position.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
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**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,555,575	\$	\$	\$ 3,555,575
Construction in progress	57,000	7,630,609	62,396	7,625,213
Total capital assets, not being depreciated	<u>3,612,575</u>	<u>7,630,609</u>	<u>62,396</u>	<u>11,180,788</u>
Capital assets, being depreciated:				
Land improvements	2,851,717	64,800		2,916,517
Buildings and improvements	88,161,844	2,362,777		90,524,621
Leasehold improvements	278,772			278,772
Vehicles, furniture and equipment	6,180,080	920,810		7,100,890
Total capital assets being depreciated	<u>97,472,413</u>	<u>3,348,387</u>		<u>100,820,800</u>
Less accumulated depreciation for:				
Land improvements	(1,138,966)	(121,667)		(1,260,633)
Buildings and improvements	(47,353,147)	(2,279,426)		(49,632,573)
Leasehold improvements	(250,491)	(28,281)		(278,772)
Vehicles, furniture and equipment	(5,103,102)	(219,571)		(5,322,673)
Total accumulated depreciation	<u>(53,845,706)</u>	<u>(2,648,945)</u>		<u>(56,494,651)</u>
Total capital assets, being depreciated, net	<u>43,626,707</u>	<u>699,442</u>		<u>44,326,149</u>
Governmental activities capital assets, net	<u>\$ 47,239,282</u>	<u>\$ 8,330,051</u>	<u>\$ 62,396</u>	<u>\$ 55,506,937</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,249,974
Support services – students and staff	13,894
Support services – administration	52,953
Operation and maintenance of plant services	23,235
Student transportation services	198,996
Operation of non-instructional services	109,893
Total depreciation expense – governmental activities	<u>\$ 2,648,945</u>

**Construction Commitments** – At year end, the District had contractual commitments related to various capital projects for the construction of various upgrades and asphalt work included in the bond projects plan. At year end the District had spent \$7,625,213 on the projects and had estimated remaining contractual commitments of \$1.9 million. These projects are being funded with Bond Building funds.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – OBLIGATIONS UNDER LEASES**

**Capital Leases** – The District had entered into a lease agreement for the purpose of obtaining energy retrofits including solar panels. Revenues from the E-Rate and Energy and Water Savings Funds, non-major governmental funds, will be used to pay the capital lease obligations. Additionally, the District entered into a lease agreement for the purpose obtaining a bus. Revenues from the Joint Technical Education Fund, a non-major governmental fund, will be used to pay the capital lease obligations. 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 inception date. Amortization of assets recorded under capital leases is included with depreciation expense.

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

	Governmental Activities
Asset:	
Buildings and improvements	\$ 1,459,565
Vehicles, furniture and equipment	187,274
Less: Accumulated depreciation	232,170
Total	<u>\$ 1,414,669</u>

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
2019	\$ 152,379
2020	153,002
2021	153,630
2022	116,813
2023	117,465
2024-28	597,345
2029-31	222,673
Total minimum lease payments	<u>1,513,307</u>
Less: amount representing interest	<u>296,158</u>
Present value of minimum lease payments	<u>\$ 1,217,149</u>
Due within one year	<u>\$ 115,688</u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable 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, 2018</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
SIB Project of 2016, Series A (2017)	\$ 15,490,000	2.25%-5.0%	7/1/2019-36	<u>\$ 14,190,000</u>	<u>\$ 875,000</u>

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

		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
Year ending June 30:	2019	\$ 875,000	\$ 617,962
	2020	1,050,000	582,962
	2021		540,962
	2022		540,962
	2023	660,000	540,962
	2024-28	3,705,000	2,293,912
	2029-33	4,620,000	1,380,950
	2034-36	3,280,000	322,550
Total		<u>\$ 14,190,000</u>	<u>\$ 6,821,222</u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 15,490,000	\$	\$1,300,000	\$14,190,000	\$ 875,000
Premium	1,621,355		85,334	1,536,021	
Total bonds payable	17,111,355		1,385,334	15,726,021	875,000
Obligations under capital leases	1,329,038		111,889	1,217,149	115,688
Net OPEB liability	42,055	26,192		68,247	
Total OPEB liability	8,836,253	483,724		9,319,977	
Net pension liability	33,289,208		3,647,293	29,641,915	
Compensated absences payable	1,544,270	790,630	537,050	1,797,850	750,000
Governmental activity long-term liabilities	<u>\$ 62,152,179</u>	<u>\$ 1,300,546</u>	<u>\$5,681,566</u>	<u>\$57,771,159</u>	<u>\$ 1,740,688</u>

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

At year end, interfund balances were as follows:

**Due to/from other funds** – At year end, the Building Renewal Fund, a non-major governmental fund, had a negative cash balance of \$357,683 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 between funds were used to move investment income of \$209,215 earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, a non-major governmental fund, and to move federal grant funds of \$57,431 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.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 – PRIOR PERIOD ADJUSTMENTS**

The July 1, 2017, government-wide net position and the fund balance of the Energy and Water Savings Fund, a non-major governmental fund, and the net position of the Internal Service Funds do not agree to the prior year financial statements due to a correction of two errors and the implementation of GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principal.

		Governmental Fund	Proprietary Fund
	Statement of Activities	Non-Major Governmental Funds	Internal Service Fund
Net position/fund balance, June 30, 2017, as previously reported	\$ 26,815,528	\$ 313,716	\$ 2,660,051
Cash incorrectly recorded	(288,512)	(144,057)	(144,455)
Net OPEB liability	(7,337,754)		
Net position/fund balance, July 1, 2017, as restated	<u>\$ 19,189,262</u>	<u>\$ 169,659</u>	<u>\$ 2,515,596</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 joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – RISK MANAGEMENT**

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 \$130,000 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.

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
2017-18	\$ 316,011	\$ 3,518,818	\$ 3,179,829	\$ 655,000
2016-17	376,044	3,605,478	3,665,511	316,011

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Arizona State Retirement System**

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Aggregate Amounts.** At June 30, 2018, the District reported the following aggregate amounts related to pensions and OPEB for all state sponsored plans to which it contributes:

	Pension	OPEB
Net assets	\$	\$ (102,619)
Net liability	29,641,915	68,247
Deferred outflows of resources	3,904,973	131,266
Deferred inflows of resources	3,988,563	125,888
Expense	(338,966)	96,433
Contributions	2,384,670	131,266

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

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

\*With actuarially reduced benefits

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.50 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The District's contributions for the year ended June 30, 2018 were as follows:

	<u>Contributions</u>
Pension	\$ 2,384,670
Health Insurance Premium	96,262
Long-Term Disability	35,004

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 for retirement, 0.10 percent for health insurance premium benefit, and 0.13 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension and OPEB contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension and OPEB Assets/Liability.** The net pension and OPEB assets/liability were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The District's proportion of the net assets/liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2017.

At June 30, 2018, the District reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2017, the District's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2016 was:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 29,641,915	0.190	(0.016)
Health Insurance Premium	(102,619)	0.189	
Long-Term Disability	68,247	0.188	

**Pension/OPEB Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2018, the District recognized pension and OPEB expense as follows:

	Expense
Pension	\$ (338,966)
Health Insurance Premium	60,022
Long-Term Disability	36,411

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

Deferred Outflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$	\$	\$
Changes of assumptions or other inputs	1,287,416		
Net difference between projected and actual earnings on pension investments	212,809		
Changes in proportion and differences between contributions and proportionate share of contributions	20,078		
Contributions subsequent to the measurement date	2,384,670	96,262	35,004
Total	<u>\$ 3,904,973</u>	<u>\$ 96,262</u>	<u>\$ 35,004</u>

Deferred Inflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$ 888,828	\$	\$
Changes of assumptions or other inputs	886,346		
Net difference between projected and actual earnings on pension investments		115,545	10,209
Changes in proportion and differences between contributions and proportionate share of contributions	2,213,389	124	10
Total	<u>\$ 3,988,563</u>	<u>\$ 115,669</u>	<u>\$ 10,219</u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	\$ (2,337,576)	\$ (28,912)	\$ (2,554)
2020	350,331	(28,912)	(2,554)
2021	200,836	(28,912)	(2,554)
2022	(681,852)	(28,912)	(2,554)
2023		(20)	(2)

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

	Pension	OPEB
Actuarial valuation date	June 30, 2016	June 30, 2016
Actuarial roll forward date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.0%	8.0%
Projected salary increases	3.0-6.75%	Not applicable
Inflation	3.0%	3.0%
Permanent base increases	Included	Not applicable
Mortality rates	1994 GAM Scale BB	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable	Not applicable

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	<u>100%</u>	

**Discount Rate.** The discount rate used to measure the ASRS total pension and OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	7.0%	8.0%	9.0%
Pension	\$ 38,045,913	\$ 29,641,915	\$ 22,619,655
Health Insurance Premium	170,421	(102,619)	(334,657)
Long-Term Disability	81,607	68,247	56,920

**Pension and OPEB Plan Fiduciary Net Position.** Detailed information about the pension and OPEB plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**B. Single-Employer OPEB Plan**

**Plan Description.** Under authority of the Governing Board, the District provides postretirement insurance benefits, for certain retirees and their dependents, in accordance with the Post Retirement Health Plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Generally, resources from the General Fund are used to pay for postemployment benefits.

**Benefits Provided.** The plan provides postretirement insurance (health, dental and life) benefits for eligible retirees up to age 65 or until they qualify for Medicare, whichever comes first. To be eligible for District-paid benefits, the employee must have been hired prior to July 1, 2005. In addition, a retiree must have attained eligibility for early retirement under ASRS completion of at least 15 years of full-time service credit with the District. Eligible retirees receive a District contribution towards coverage under one of the District’s medical plans, up to the retiree-only PPO premium. The retiree must designate the District as the recipient of the ASRS Retiree Premium Benefit (also called the ASRS “subsidy”).



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Contributions.** The District contributes 55 percent of these premiums for employees who retire with 15 years of service and who agree to pay the remaining 45 percent of the premium. For the current fiscal year, the District contributed \$390,702 for these benefits. 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.

**Employees covered by benefit terms.** The following employees were covered as of the effective date of the OPEB valuation:

Inactive employees or beneficiaries currently receiving benefit payments	43
Active employees	129
Total	<u>172</u>

**Total OPEB Liability.** The District's total OPEB liability of \$9,319,977 was measured as of June 30, 2018. The total liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of January 1, 2018, to the measurement date of June 30, 2018.

**Actuarial Assumptions and Other Inputs.** 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 total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2018
Actuarial valuation date	January 1, 2018
Interest rate	3.87%
Inflation rate	8.00%
Projected salary increases	N/A
Health care cost trend rate:	
Medical and Prescription Drug	8% graded down to an ultimate rate of 4% over 15 years
Retiree contribution increase	Consistent with medical/drug trends
ASRS subsidy increases	None
Cost of living adjustments	N/A

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The discount rate is based on the estimate of expected long-term plan experience.

Mortality rates were based on the RP-2014 mortality tables, projected on a fully generational basis by scale MP-2014.

**Changes in the Total OPEB Liability**

Total OPEB Liability – beginning of year	\$ 9,226,955
Changes for the year:	
Service cost	411,065
Interest	330,687
Changes in assumptions or other inputs	(258,028)
Benefit payments	(390,702)
Total OPEB Liability – end of year	<u>\$ 9,319,977</u>

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.870%)	1% Increase (4.870%)
Total OPEB liability	\$ 10,257,843	\$ 9,319,977	\$ 8,507,942

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.00% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 4.00%)	1% Increase (9.00% decreasing to 5.00%)
Total OPEB liability	\$ 8,458,527	\$ 9,319,977	\$ 10,292,780

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the year ended June 30, 2018, the District recognized OPEB expense of \$698,747. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 215,023
Total	\$ 215,023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2019	\$	(43,005)
2020		(43,005)
2021		(43,005)
2022		(43,005)
2023		(43,003)

**NOTE 15 – SUBSEQUENT EVENT**

On August 29, 2018, the District was informed by the Employee Benefit Trust that the wellness clinic would be permanently closed as of December 31, 2018.

## **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, 2018**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 651,795	\$ 651,795
Property taxes			24,554,642	24,554,642
State aid and grants			7,590,817	7,590,817
<b>Total revenues</b>			<u>32,797,254</u>	<u>32,797,254</u>
<b>Expenditures:</b>				
Current -				
Instruction	17,510,394	17,750,768	15,633,260	2,117,508
Support services - students and staff	3,440,511	3,163,459	3,091,365	72,094
Support services - administration	4,732,897	4,906,736	4,334,336	572,400
Operation and maintenance of plant services	4,793,741	5,157,925	5,002,296	155,629
Student transportation services	1,254,599	1,517,288	1,126,729	390,559
Operation of non-instructional services	107,409	107,819	105,991	1,828
<b>Total expenditures</b>	<u>31,839,551</u>	<u>32,603,995</u>	<u>29,293,977</u>	<u>3,310,018</u>
<b>Changes in fund balances</b>	<u>(31,839,551)</u>	<u>(32,603,995)</u>	<u>3,503,277</u>	<u>36,107,272</u>
<b>Fund balances, beginning of year</b>			5,062,402	5,062,402
Increase (decrease) in reserve for prepaid items			729,329	729,329
Increase (decrease) in reserve for inventory			(10,588)	(10,588)
<b>Fund balances (deficits), end of year</b>	<u>\$ (31,839,551)</u>	<u>\$ (32,603,995)</u>	<u>\$ 9,284,420</u>	<u>\$ 41,888,415</u>

See accompanying notes to this schedule.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	0.19%	0.21%	0.21%	0.21%
District's proportionate share of the net pension (assets) liability	\$ 29,641,915	\$ 33,289,208	\$ 33,202,281	\$ 31,250,858
District's covered payroll	\$ 18,542,106	\$ 19,302,212	\$ 19,610,110	\$ 19,958,327
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	159.86%	172.46%	169.31%	156.58%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

**SCHEDULE OF PENSION CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Actuarially determined contribution	\$ 2,384,670	\$ 1,998,839	\$ 2,094,290	\$ 2,135,541
Contributions in relation to the actuarially determined contribution	<u>2,384,670</u>	<u>1,998,839</u>	<u>2,094,290</u>	<u>2,135,541</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 21,877,706	\$ 18,542,106	\$ 19,302,212	\$ 19,610,110
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM**  
**JUNE 30, 2018**

**2018**

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.19%
District's proportionate share of the net OPEB (assets) liability	\$ (102,619)
District's covered payroll	\$ 18,542,106
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	-0.55%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

**SCHEDULE OF OPEB CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM**  
**JUNE 30, 2018**

**2018**

Actuarially determined contribution	\$ 96,262
Contributions in relation to the actuarially determined contribution	<u>96,262</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered payroll	\$ 21,877,706
Contributions as a percentage of covered payroll	0.44%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY**  
**JUNE 30, 2018**

**2018**

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.19%
District's proportionate share of the net OPEB (assets) liability	\$ 68,247
District's covered payroll	\$ 18,542,106
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

**SCHEDULE OF OPEB CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY**  
**JUNE 30, 2018**

**2018**

Actuarially determined contribution	\$ 35,004
Contributions in relation to the actuarially determined contribution	<u>35,004</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered payroll	\$ 21,877,706
Contributions as a percentage of covered payroll	0.16%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**JUNE 30, 2018**

**2018**

Measurement date	6/30/2018
<b>Total OPEB liability</b>	
Service cost	\$ 411,065
Interest	330,687
Changes of assumptions or other inputs	(258,028)
Benefit payments	<u>(390,702)</u>
<b>Net change in total OPEB liability</b>	93,022
<b>Total OPEB liability—beginning</b>	<u>9,226,955</u>
<b>Total OPEB liability—ending</b>	<u><u>\$ 9,319,977</u></u>
 <b>Covered-employee payroll</b>	 \$ 21,877,706
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 42.60%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 29,928,798	\$ 11,771,566
Activity budgeted as special revenue funds	(877,204)	(2,484,895)
Activity budgeted as capital projects funds	(36,946)	(2,251)
Current-year prepaid items	729,329	
Prior-year prepaid items	<u>(450,000)</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 29,293,977</u>	<u>\$ 9,284,420</u>

**NOTE 2 – PENSION AND OPEB PLAN SCHEDULES**

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

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph four, to pay the benefits for the single-employer defined benefit OPEB plan.

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

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## **GOVERNMENTAL FUNDS**

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,336,508	\$ 92,012	\$ 2,211,576
Property taxes receivable		40,466	6,812
Due from governmental entities	1,193,516		21,221
Due from other funds			357,683
Inventory	13,347		
<b>Total assets</b>	<u><u>\$ 5,543,371</u></u>	<u><u>\$ 132,478</u></u>	<u><u>\$ 2,597,292</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 250,997	\$	\$ 78,588
Construction contracts payable			1,602
Deposits held for others	25,427		
Due to other funds			357,683
Accrued payroll and employee benefits	182,325		
Unearned revenues	37,012		
<b>Total liabilities</b>	<u><u>495,761</u></u>		<u><u>437,873</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		58	5,020
Unavailable revenues - intergovernmental	39,451		
<b>Total deferred inflows of resources</b>	<u><u>39,451</u></u>	<u><u>58</u></u>	<u><u>5,020</u></u>
Fund balances (deficits):			
Nonspendable	13,347		
Restricted	5,024,658	132,420	2,567,197
Unassigned	(29,846)		(412,798)
<b>Total fund balances</b>	<u><u>5,008,159</u></u>	<u><u>132,420</u></u>	<u><u>2,154,399</u></u>
<b>Total liabilities, deferred inflows of resources</b>			
<b>and fund balances</b>	<u><u>\$ 5,543,371</u></u>	<u><u>\$ 132,478</u></u>	<u><u>\$ 2,597,292</u></u>

Total Non-Major  
Governmental  
Funds

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\$	6,640,096
	47,278
	1,214,737
	357,683
	13,347
\$	<u>8,273,141</u>

\$	329,585
	1,602
	25,427
	357,683
	182,325
	<u>37,012</u>
	<u>933,634</u>

	5,078
	<u>39,451</u>
	<u>44,529</u>

	13,347
	7,724,275
	<u>(442,644)</u>
	<u>7,294,978</u>

\$	<u>8,273,141</u>
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**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, 2018**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Other local	\$ 1,957,036	\$ 760	\$ 61,444
Property taxes		1,971,152	315,793
State aid and grants	3,424,317		2,611,762
Federal aid, grants and reimbursements	4,899,452		
<b>Total revenues</b>	<u>10,280,805</u>	<u>1,971,912</u>	<u>2,988,999</u>
<b>Expenditures:</b>			
Current -			
Instruction	5,184,312		
Support services - students and staff	1,067,148		
Support services - administration	315,568		
Operation and maintenance of plant services	114,878		
Student transportation services	9,203		
Operation of non-instructional services	2,066,996		
Capital outlay	279,034		2,254,581
Debt service -			
Principal retirement	33,878	1,300,000	78,011
Interest and fiscal charges	39,885	748,707	
<b>Total expenditures</b>	<u>9,110,902</u>	<u>2,048,707</u>	<u>2,332,592</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,169,903</u>	<u>(76,795)</u>	<u>656,407</u>
<b>Other financing sources (uses):</b>			
Transfers in		209,215	
Transfers out	(57,431)		
<b>Total other financing sources (uses)</b>	<u>(57,431)</u>	<u>209,215</u>	
<b>Changes in fund balances</b>	<u>1,112,472</u>	<u>132,420</u>	<u>656,407</u>
<b>Fund balances, beginning of year, as restated</b>	3,903,954		1,497,992
Increase (decrease) in reserve for inventory	(8,267)		
<b>Fund balances, end of year</b>	<u>\$ 5,008,159</u>	<u>\$ 132,420</u>	<u>\$ 2,154,399</u>

Total Non-Major  
Governmental  
Funds

---

\$	2,019,240
	2,286,945
	6,036,079
	4,899,452
	<u>15,241,716</u>

5,184,312
1,067,148
315,568
114,878
9,203
2,066,996
2,533,615

1,411,889
788,592
<u>13,492,201</u>

<u>1,749,515</u>
------------------

209,215
<u>(57,431)</u>
<u>151,784</u>

<u>1,901,299</u>
------------------

5,401,946
-----------

(8,267)
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\$	<u>7,294,978</u>
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## **SPECIAL REVENUE FUNDS**

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

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

**Student Success** - to account for student success monies.

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

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

**Title IV Grants** - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

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

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

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

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

**National Forest Fees** - to account for monies allocated for the purposes of benefiting public schools and public roads in counties where national forests are situated.

**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.

**College Credit Exam Incentives** - to account for financial assistance received for college credit exams.

**Results-based Funding** - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

**Rural Assistance** - to account for state assistance distributed to school districts located in a county with a population of less than 500,000.

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

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

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

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

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

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

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

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

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

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

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

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

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

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

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

**Intergovernmental Agreements** - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Title I Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 261,625	\$ 731,865	\$ 77,701
Due from governmental entities	207,748	100,938	
Inventory			
<b>Total assets</b>	<u>\$ 469,373</u>	<u>\$ 832,803</u>	<u>\$ 77,701</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Deposits held for others			
Accrued payroll and employee benefits		6,144	77,701
Unearned revenues			
<b>Total liabilities</b>	<u></u>	<u>6,144</u>	<u>77,701</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u></u>	<u></u>	<u></u>
Fund balances (deficits):			
Nonspendable			
Restricted	469,373	826,659	
Unassigned			
<b>Total fund balances</b>	<u>469,373</u>	<u>826,659</u>	<u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 469,373</u>	<u>\$ 832,803</u>	<u>\$ 77,701</u>

Professional Development and Technology Grants	Special Education Grants	Vocational Education	E-Rate	Other Federal Projects	College Credit Exam Incentives
\$ 7,968	\$ 29,870 27,320	\$ 128 2,526	\$ 67,351 581,127	\$ 2,444	\$ 4,500
<u>\$ 7,968</u>	<u>\$ 57,190</u>	<u>\$ 2,654</u>	<u>\$ 648,478</u>	<u>\$ 2,444</u>	<u>\$ 4,500</u>
\$	\$	\$	\$	\$	\$
7,968	57,190	2,654		2,444	
<u>7,968</u>	<u>57,190</u>	<u>2,654</u>		<u>2,444</u>	
	27,320	2,526	9,605		
	(27,320)	(2,526)	638,873		4,500
	<u>(27,320)</u>	<u>(2,526)</u>	<u>638,873</u>		<u>4,500</u>
<u>\$ 7,968</u>	<u>\$ 57,190</u>	<u>\$ 2,654</u>	<u>\$ 648,478</u>	<u>\$ 2,444</u>	<u>\$ 4,500</u>

(Continued)

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	<u>Results-based funding</u>	<u>Other State Projects</u>	<u>Food Service</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 447,050	\$ 48,991	\$ 1,387,945
Due from governmental entities			36,159
Inventory			13,347
<b>Total assets</b>	<u>\$ 447,050</u>	<u>\$ 48,991</u>	<u>\$ 1,437,451</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 231,797
Deposits held for others			25,427
Accrued payroll and employee benefits		11,979	6,544
Unearned revenues		37,012	
<b>Total liabilities</b>		<u>48,991</u>	<u>263,768</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			13,347
Restricted	447,050		1,160,336
Unassigned			
<b>Total fund balances</b>	<u>447,050</u>		<u>1,173,683</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 447,050</u>	<u>\$ 48,991</u>	<u>\$ 1,437,451</u>

<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>
\$ 6,309	\$ 127,588	\$ 625,596	\$ 350,493	\$ 16,236	\$ 9,662
<u>\$ 6,309</u>	<u>\$ 127,588</u>	<u>\$ 625,596</u>	<u>\$ 350,493</u>	<u>\$ 16,236</u>	<u>\$ 9,662</u>
\$ 2,441	\$	\$ 7,260	\$ 1,545	\$	\$
<u>2,441</u>		<u>7,260</u>	<u>1,545</u>		
3,868	127,588	618,336	348,948	16,236	9,662
<u>3,868</u>	<u>127,588</u>	<u>618,336</u>	<u>348,948</u>	<u>16,236</u>	<u>9,662</u>
<u>\$ 6,309</u>	<u>\$ 127,588</u>	<u>\$ 625,596</u>	<u>\$ 350,493</u>	<u>\$ 16,236</u>	<u>\$ 9,662</u>

(Continued)



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 31,803	\$ 101,383	\$ 4,336,508
Due from governmental entities		237,698	1,193,516
Inventory			13,347
<b>Total assets</b>	<u>\$ 31,803</u>	<u>\$ 339,081</u>	<u>\$ 5,543,371</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 17,655	\$ 250,997
Deposits held for others			25,427
Accrued payroll and employee benefits			182,325
Unearned revenues			37,012
<b>Total liabilities</b>		<u>17,655</u>	<u>495,761</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			<u>39,451</u>
Fund balances (deficits):			
Nonspendable			13,347
Restricted	31,803	321,426	5,024,658
Unassigned			(29,846)
<b>Total fund balances</b>	<u>31,803</u>	<u>321,426</u>	<u>5,008,159</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 31,803</u>	<u>\$ 339,081</u>	<u>\$ 5,543,371</u>

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**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Classroom Site	Instructional Improvement	Title I Grants
<b>Revenues:</b>			
Other local	\$ 9,943	\$ 6,843	\$
State aid and grants	2,492,980	234,463	
Federal aid, grants and reimbursements			1,313,476
<b>Total revenues</b>	<u>2,502,923</u>	<u>241,306</u>	<u>1,313,476</u>
<b>Expenditures:</b>			
Current -			
Instruction	2,515,707	27,008	986,128
Support services - students and staff	90,407	4,468	123,467
Support services - administration		8,805	174,560
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>2,606,114</u>	<u>40,281</u>	<u>1,284,155</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(103,191)</u>	<u>201,025</u>	<u>29,321</u>
<b>Other financing sources (uses):</b>			
Transfers out			(29,321)
<b>Total other financing sources (uses)</b>			<u>(29,321)</u>
<b>Changes in fund balances</b>	<u>(103,191)</u>	<u>201,025</u>	
<b>Fund balances, beginning of year</b>	572,564	625,634	
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ 469,373</u>	<u>\$ 826,659</u>	<u>\$</u>

Professional Development and Technology Grants	Title IV Grants	Limited English and Immigrant Students	Special Education Grants	Vocational Education	E-Rate
\$	\$	\$	\$	\$	\$ 767
171,663	7,444	16,486	896,554	112,845	683,698
171,663	7,444	16,486	896,554	112,845	684,465
11,433	4,458	11,321	501,684	62,474	
156,130		4,499	393,531	44,465	
181		293	2,308	3,137	
			5,272		112,176
	2,818			2,724	
					36,308
167,744	7,276	16,113	902,795	112,800	148,484
3,919	168	373	(6,241)	45	535,981
(3,919)	(168)	(373)	(21,079)	(2,571)	
(3,919)	(168)	(373)	(21,079)	(2,571)	
			(27,320)	(2,526)	535,981
					102,892
\$	\$	\$	\$ (27,320)	\$ (2,526)	\$ 638,873

(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, 2018**

	Other Federal Projects	State Vocational Education	College Credit Exam Incentives
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		44,614	4,500
Federal aid, grants and reimbursements	38,023		
<b>Total revenues</b>	<u>38,023</u>	<u>44,614</u>	<u>4,500</u>
<b>Expenditures:</b>			
Current -			
Instruction		30,524	
Support services - students and staff	36,713	1,704	
Support services - administration	878	83	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	432	12,303	
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>38,023</u>	<u>44,614</u>	<u></u>
<b>Excess (deficiency) of revenues over expenditures</b>			<u>4,500</u>
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			<u></u>
<b>Changes in fund balances</b>			<u>4,500</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$</u>	<u>\$ 4,500</u>

Results-based funding	Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit
\$ 447,050	\$ 200,710	\$ 468,384	\$ 5,637	\$ 2,809	\$ 680,222
447,050	200,710	1,659,263 2,127,647	5,637	2,809	680,222
	98,637			26,559	482,103
	96,222	27,937		8,852	
	3,291	97,991		612	
			2,702		
		2,066,996			
	2,560	70,006		10,660	23,176
	200,710	2,262,930	2,702	46,683	505,279
447,050		(135,283)	2,935	(43,874)	174,943
447,050		(135,283)	2,935	(43,874)	174,943
		1,317,233	933	171,462	443,393
		(8,267)			
\$ 447,050	\$	\$ 1,173,683	\$ 3,868	\$ 127,588	\$ 618,336

(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, 2018**

	Gifts and Donations	Fingerprint	Textbooks
<b>Revenues:</b>			
Other local	\$ 190,808	\$ 898	\$ 6,538
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>190,808</u>	<u>898</u>	<u>6,538</u>
<b>Expenditures:</b>			
Current -			
Instruction	82,516		8,893
Support services - students and staff	15,700		
Support services - administration	8,047	855	
Operation and maintenance of plant services			
Student transportation services	254		
Operation of non-instructional services			
Capital outlay	88,248		
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>194,765</u>	<u>855</u>	<u>8,893</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,957)</u>	<u>43</u>	<u>(2,355)</u>
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(3,957)</u>	<u>43</u>	<u>(2,355)</u>
<b>Fund balances, beginning of year</b>	352,905	16,193	12,017
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	<u>\$ 348,948</u>	<u>\$ 16,236</u>	<u>\$ 9,662</u>

<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 335	\$ 583,852	\$ 1,957,036
		3,424,317
		4,899,452
<u>335</u>	<u>583,852</u>	<u>10,280,805</u>
	334,867	5,184,312
	63,053	1,067,148
	14,527	315,568
		114,878
	3,677	9,203
		2,066,996
	66,107	279,034
	33,878	33,878
	3,577	39,885
<u></u>	<u>519,686</u>	<u>9,110,902</u>
<u>335</u>	<u>64,166</u>	<u>1,169,903</u>
		(57,431)
		(57,431)
<u>335</u>	<u>64,166</u>	<u>1,112,472</u>
31,468	257,260	3,903,954
		(8,267)
<u>\$ 31,803</u>	<u>\$ 321,426</u>	<u>\$ 5,008,159</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, 2018**

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9,943	\$ 9,943
State aid and grants		2,492,980	2,492,980
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>2,502,923</u>	<u>2,502,923</u>
<b>Expenditures:</b>			
Current -			
Instruction	3,922,983	2,515,707	1,407,276
Support services - students and staff	98,535	90,407	8,128
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>4,021,518</u>	<u>2,606,114</u>	<u>1,415,404</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,021,518)</u>	<u>(103,191)</u>	<u>3,918,327</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(4,021,518)</u>	<u>(103,191)</u>	<u>3,918,327</u>
<b>Fund balances, beginning of year</b>		572,564	572,564
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,021,518)</u>	<u>\$ 469,373</u>	<u>\$ 4,490,891</u>

Instructional Improvement			Student Success		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 6,843 234,463	\$ 6,843 234,463	\$	\$ 1,004	\$ 1,004
	241,306	241,306		1,004	1,004
300,000	27,008 4,468 8,805	272,992 (4,468) (8,805)			
300,000	40,281	259,719			
(300,000)	201,025	501,025		1,004	1,004
(300,000)	201,025	501,025		1,004	1,004
	625,634	625,634		94,543	94,543
\$ (300,000)	\$ 826,659	\$ 1,126,659	\$	\$ 95,547	\$ 95,547

(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, 2018**

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,313,476	1,313,476
<b>Total revenues</b>		<u>1,313,476</u>	<u>1,313,476</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,825,000	986,128	838,872
Support services - students and staff		123,467	(123,467)
Support services - administration		174,560	(174,560)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>1,825,000</u>	<u>1,284,155</u>	<u>540,845</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,825,000)</u>	<u>29,321</u>	<u>1,854,321</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(29,321)	(29,321)
<b>Total other financing sources (uses)</b>		<u>(29,321)</u>	<u>(29,321)</u>
<b>Changes in fund balances</b>	<u>(1,825,000)</u>		<u>1,825,000</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,825,000)</u>	<u>\$</u>	<u>\$ 1,825,000</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	171,663	171,663		7,444	7,444
	171,663	171,663		7,444	7,444
	11,433	(11,433)		4,458	(4,458)
286,160	156,130	130,030			
	181	(181)			
				2,818	(2,818)
286,160	167,744	118,416		7,276	(7,276)
(286,160)	3,919	290,079		168	168
	(3,919)	(3,919)		(168)	(168)
	(3,919)	(3,919)		(168)	(168)
(286,160)		286,160			
\$ (286,160)	\$	\$ 286,160	\$	\$	\$

(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, 2018**

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		16,486	16,486
<b>Total revenues</b>		<u>16,486</u>	<u>16,486</u>
<b>Expenditures:</b>			
Current -			
Instruction	25,761	11,321	14,440
Support services - students and staff		4,499	(4,499)
Support services - administration		293	(293)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>25,761</u>	<u>16,113</u>	<u>9,648</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(25,761)</u>	<u>373</u>	<u>26,134</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(373)	(373)
<b>Total other financing sources (uses)</b>		<u>(373)</u>	<u>(373)</u>
<b>Changes in fund balances</b>	<u>(25,761)</u>		<u>25,761</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (25,761)</u>	<u>\$</u>	<u>\$ 25,761</u>

Special Education Grants			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	896,554	896,554		112,845	112,845
	896,554	896,554		112,845	112,845
1,171,580	501,684	669,896	123,719	62,474	61,245
	393,531	(393,531)		44,465	(44,465)
	2,308	(2,308)		3,137	(3,137)
	5,272	(5,272)			
				2,724	(2,724)
1,171,580	902,795	268,785	123,719	112,800	10,919
(1,171,580)	(6,241)	1,165,339	(123,719)	45	123,764
	(21,079)	(21,079)		(2,571)	(2,571)
	(21,079)	(21,079)		(2,571)	(2,571)
(1,171,580)	(27,320)	1,144,260	(123,719)	(2,526)	121,193
\$ (1,171,580)	\$ (27,320)	\$ 1,144,260	\$ (123,719)	\$ (2,526)	\$ 121,193

(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, 2018**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 6,881	\$ 6,881
State aid and grants			
Federal aid, grants and reimbursements		228,510	228,510
<b>Total revenues</b>		<u>235,391</u>	<u>235,391</u>
<b>Expenditures:</b>			
Current -			
Instruction		81,515	(81,515)
Support services - students and staff	450,000	118,396	331,604
Support services - administration		8,969	(8,969)
Operation and maintenance of plant services			
Student transportation services		636	(636)
Operation of non-instructional services			
Capital outlay		17,982	(17,982)
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>450,000</u>	<u>227,498</u>	<u>222,502</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(450,000)</u>	<u>7,893</u>	<u>457,893</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(450,000)</u>	<u>7,893</u>	<u>457,893</u>
<b>Fund balances, beginning of year</b>		661,408	661,408
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (450,000)</u>	<u>\$ 669,301</u>	<u>\$ 1,119,301</u>

National Forest Fees			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 767	\$ 767
	985	985		683,698	683,698
	985	985		684,465	684,465
			125,000	112,176	12,824
				36,308	(36,308)
			125,000	148,484	(23,484)
	985	985	(125,000)	535,981	660,981
	985	985	(125,000)	535,981	660,981
				102,892	102,892
\$	\$ 985	\$ 985	\$ (125,000)	\$ 638,873	\$ 763,873

(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, 2018**

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		38,023	38,023
<b>Total revenues</b>		<u>38,023</u>	<u>38,023</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	70,000	36,713	33,287
Support services - administration		878	(878)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		432	(432)
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>70,000</u>	<u>38,023</u>	<u>31,977</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(70,000)</u>		<u>70,000</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(70,000)</u>		<u>70,000</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (70,000)</u>	<u>\$</u>	<u>\$ 70,000</u>

State Vocational Education			College Credit Exam Incentives		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	44,614	44,614		4,500	4,500
	44,614	44,614		4,500	4,500
35,000	30,524	4,476			
	1,704	(1,704)			
	83	(83)			
	12,303	(12,303)			
35,000	44,614	(9,614)			
(35,000)		35,000		4,500	4,500
(35,000)		35,000		4,500	4,500
\$ (35,000)	\$	\$ 35,000	\$	\$ 4,500	\$ 4,500

(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, 2018**

	Results-based funding		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		447,050	447,050
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>447,050</u>	<u>447,050</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>		<u>447,050</u>	<u>447,050</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>		<u>447,050</u>	<u>447,050</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 447,050</u>	<u>\$ 447,050</u>

Rural Assistance			Other State Projects		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	59,225	59,225		200,710	200,710
	59,225	59,225		200,710	200,710
21,116	17,189	3,927	246,576	98,637	147,939
				96,222	(96,222)
				3,291	(3,291)
				2,560	(2,560)
21,116	17,189	3,927	246,576	200,710	45,866
(21,116)	42,036	63,152	(246,576)		246,576
(21,116)	42,036	63,152	(246,576)		246,576
\$ (21,116)	\$ 42,036	\$ 63,152	\$ (246,576)	\$	\$ 246,576

(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, 2018**

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 36,014	\$ 36,014
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>36,014</u>	<u>36,014</u>
<b>Expenditures:</b>			
Current -			
Instruction		945	(945)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	37,000	52,569	(15,569)
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>37,000</u>	<u>53,514</u>	<u>(16,514)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(37,000)</u>	<u>(17,500)</u>	<u>19,500</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(37,000)</u>	<u>(17,500)</u>	<u>19,500</u>
<b>Fund balances, beginning of year</b>		347,098	347,098
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (37,000)</u>	<u>\$ 329,598</u>	<u>\$ 366,598</u>

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 468,384	\$ 468,384	\$	\$ 5,637	\$ 5,637
	1,659,263	1,659,263			
	<u>2,127,647</u>	<u>2,127,647</u>		<u>5,637</u>	<u>5,637</u>
	27,937	(27,937)			
	97,991	(97,991)			
			10,000	2,702	7,298
2,800,000	2,066,996	733,004			
	70,006	(70,006)			
<u>2,800,000</u>	<u>2,262,930</u>	<u>537,070</u>	<u>10,000</u>	<u>2,702</u>	<u>7,298</u>
<u>(2,800,000)</u>	<u>(135,283)</u>	<u>2,664,717</u>	<u>(10,000)</u>	<u>2,935</u>	<u>12,935</u>
<u>(2,800,000)</u>	<u>(135,283)</u>	<u>2,664,717</u>	<u>(10,000)</u>	<u>2,935</u>	<u>12,935</u>
	1,317,233	1,317,233		933	933
	(8,267)	(8,267)			
<u>\$ (2,800,000)</u>	<u>\$ 1,173,683</u>	<u>\$ 3,973,683</u>	<u>\$ (10,000)</u>	<u>\$ 3,868</u>	<u>\$ 13,868</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, 2018**

	Community School		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,809	\$ 2,809
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>2,809</u>	<u>2,809</u>
<b>Expenditures:</b>			
Current -			
Instruction	200,000	26,559	173,441
Support services - students and staff		8,852	(8,852)
Support services - administration		612	(612)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		10,660	(10,660)
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>200,000</u>	<u>46,683</u>	<u>153,317</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(200,000)</u>	<u>(43,874)</u>	<u>156,126</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(200,000)</u>	<u>(43,874)</u>	<u>156,126</u>
<b>Fund balances, beginning of year</b>		171,462	171,462
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (200,000)</u>	<u>\$ 127,588</u>	<u>\$ 327,588</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 421,442	\$ 421,442	\$	\$ 680,222	\$ 680,222
	421,442	421,442		680,222	680,222
	126,727	(126,727)	750,000	482,103	267,897
	2,795	(2,795)			
	9,147	(9,147)			
300,000	208,893	91,107			
	18,617	(18,617)		23,176	(23,176)
300,000	366,179	(66,179)	750,000	505,279	244,721
(300,000)	55,263	355,263	(750,000)	174,943	924,943
(300,000)	55,263	355,263	(750,000)	174,943	924,943
	904,653	904,653		443,393	443,393
	(3,755)	(3,755)			
\$ (300,000)	\$ 956,161	\$ 1,256,161	\$ (750,000)	\$ 618,336	\$ 1,368,336

(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, 2018**

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 190,808	\$ 190,808
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>190,808</u>	<u>190,808</u>
<b>Expenditures:</b>			
Current -			
Instruction		82,516	(82,516)
Support services - students and staff		15,700	(15,700)
Support services - administration		8,047	(8,047)
Operation and maintenance of plant services			
Student transportation services		254	(254)
Operation of non-instructional services			
Capital outlay	250,000	88,248	161,752
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>250,000</u>	<u>194,765</u>	<u>55,235</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>(3,957)</u>	<u>246,043</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>(3,957)</u>	<u>246,043</u>
<b>Fund balances, beginning of year</b>		352,905	352,905
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ 348,948</u>	<u>\$ 598,948</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 898	\$ 898	\$	\$ 6,538	\$ 6,538
	898	898		6,538	6,538
			8,000	8,893	(893)
7,500	855	6,645			
7,500	855	6,645	8,000	8,893	(893)
(7,500)	43	7,543	(8,000)	(2,355)	5,645
(7,500)	43	7,543	(8,000)	(2,355)	5,645
	16,193	16,193		12,017	12,017
\$ (7,500)	\$ 16,236	\$ 23,736	\$ (8,000)	\$ 9,662	\$ 17,662

(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, 2018**

	Litigation Recovery		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 16,307	\$ 16,307
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>16,307</u>	<u>16,307</u>
<b>Expenditures:</b>			
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			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>2,000</u>		<u>2,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,000)</u>	<u>16,307</u>	<u>18,307</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(2,000)</u>	<u>16,307</u>	<u>18,307</u>
<b>Fund balances, beginning of year</b>		115,846	115,846
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,000)</u>	<u>\$ 132,153</u>	<u>\$ 134,153</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 335	\$ 335
				335	335
80,000	57,431	22,569			
80,000	57,431	22,569			
(80,000)	(57,431)	22,569		335	335
	57,431	57,431			
	57,431	57,431			
(80,000)		80,000		335	335
				31,468	31,468
\$ (80,000)	\$	\$ 80,000	\$	\$ 31,803	\$ 31,803

(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, 2018**

	Advertisement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 94	\$ 94
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>94</u>	<u>94</u>
<b>Expenditures:</b>			
Current -			
Instruction	5,000		5,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>5,000</u>		<u>5,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(5,000)</u>	<u>94</u>	<u>5,094</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(5,000)</u>	<u>94</u>	<u>5,094</u>
<b>Fund balances, beginning of year</b>		8,899	8,899
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (5,000)</u>	<u>\$ 8,993</u>	<u>\$ 13,993</u>

Joint Technical Education			Intergovernmental agreements		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 583,852	\$ 583,852	\$	\$ 294,064	\$ 294,064
	<u>583,852</u>	<u>583,852</u>		<u>294,064</u>	<u>294,064</u>
500,000	334,867	165,133	50,000	155,393	(105,393)
	63,053	(63,053)			
	14,527	(14,527)			
	3,677	(3,677)			
	66,107	(66,107)			
	33,878	(33,878)			
	3,577	(3,577)			
<u>500,000</u>	<u>519,686</u>	<u>(19,686)</u>	<u>50,000</u>	<u>155,393</u>	<u>(105,393)</u>
<u>(500,000)</u>	<u>64,166</u>	<u>564,166</u>	<u>(50,000)</u>	<u>138,671</u>	<u>188,671</u>
<u>(500,000)</u>	<u>64,166</u>	<u>564,166</u>	<u>(50,000)</u>	<u>138,671</u>	<u>188,671</u>
	257,260	257,260		111,450	111,450
<u>\$ (500,000)</u>	<u>\$ 321,426</u>	<u>\$ 821,426</u>	<u>\$ (50,000)</u>	<u>\$ 250,121</u>	<u>\$ 300,121</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, 2018**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,732,842	\$ 2,732,842
State aid and grants		3,483,542	3,483,542
Federal aid, grants and reimbursements		5,128,947	5,128,947
<b>Total revenues</b>		<u>11,345,331</u>	<u>11,345,331</u>
<b>Expenditures:</b>			
Current -			
Instruction	9,266,735	5,623,512	3,643,223
Support services - students and staff	904,695	1,188,339	(283,644)
Support services - administration	7,500	324,537	(317,037)
Operation and maintenance of plant services	135,000	124,025	10,975
Student transportation services		9,839	(9,839)
Operation of non-instructional services	3,100,000	2,275,889	824,111
Capital outlay	287,000	368,202	(81,202)
Debt service -			
Principal retirement		33,878	(33,878)
Interest and fiscal charges		39,885	(39,885)
<b>Total expenditures</b>	<u>13,700,930</u>	<u>9,988,106</u>	<u>3,712,824</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(13,700,930)</u>	<u>1,357,225</u>	<u>15,058,155</u>
<b>Other financing sources (uses):</b>			
Transfers in		57,431	57,431
Transfers out		(57,431)	(57,431)
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(13,700,930)</u>	<u>1,357,225</u>	<u>15,058,155</u>
<b>Fund balances, beginning of year</b>		6,147,851	6,147,851
Increase (decrease) in reserve for inventory		(12,022)	(12,022)
<b>Fund balances (deficits), end of year</b>	<u>\$ (13,700,930)</u>	<u>\$ 7,493,054</u>	<u>\$ 21,193,984</u>

## **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**  
**NON-MAJOR DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2018**

	Debt Service		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 760	\$ 760
Property taxes		1,971,152	1,971,152
<b>Total revenues</b>		<u>1,971,912</u>	<u>1,971,912</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	1,300,000	1,300,000	
Interest and fiscal charges	750,000	748,707	1,293
<b>Total expenditures</b>	<u>2,050,000</u>	<u>2,048,707</u>	<u>1,293</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,050,000)</u>	<u>(76,795)</u>	<u>1,973,205</u>
<b>Other financing sources (uses):</b>			
Transfers in		209,215	209,215
<b>Total other financing sources (uses)</b>		<u>209,215</u>	<u>209,215</u>
<b>Changes in fund balances</b>	<u>(2,050,000)</u>	<u>132,420</u>	<u>2,182,420</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,050,000)</u>	<u>\$ 132,420</u>	<u>\$ 2,182,420</u>

## **CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Energy and Water Savings</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,770,136	\$ 295,958	\$ 145,482
Property taxes receivable	6,812		
Due from governmental entities	9,934		
Due from other funds		357,683	
<b>Total assets</b>	<u><u>\$ 1,786,882</u></u>	<u><u>\$ 653,641</u></u>	<u><u>\$ 145,482</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 13,788	\$	\$
Construction contracts payable			
Due to other funds			
<b>Total liabilities</b>	<u>13,788</u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>5,020</u>		
Fund balances (deficits):			
Restricted	1,768,074	653,641	145,482
Unassigned			
<b>Total fund balances</b>	<u>1,768,074</u>	<u>653,641</u>	<u>145,482</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 1,786,882</u></u>	<u><u>\$ 653,641</u></u>	<u><u>\$ 145,482</u></u>

<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$ 2,211,576
	6,812
11,287	21,221
	357,683
<u>\$ 11,287</u>	<u>\$ 2,597,292</u>

\$ 64,800	\$ 78,588
1,602	1,602
<u>357,683</u>	<u>357,683</u>
<u>424,085</u>	<u>437,873</u>

<u>                    </u>	<u>5,020</u>
-----------------------------	--------------

	2,567,197
<u>(412,798)</u>	<u>(412,798)</u>
<u>(412,798)</u>	<u>2,154,399</u>

<u>\$ 11,287</u>	<u>\$ 2,597,292</u>
------------------	---------------------

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
<b>Revenues:</b>			
Other local	\$ 7,610	\$	\$ 53,834
Property taxes	315,793		
State aid and grants	31,404		
<b>Total revenues</b>	<u>354,807</u>	<u></u>	<u>53,834</u>
<b>Expenditures:</b>			
Capital outlay	166,870		
Debt service -			
Principal retirement			78,011
<b>Total expenditures</b>	<u>166,870</u>	<u></u>	<u>78,011</u>
<b>Changes in fund balances</b>	<u>187,937</u>	<u></u>	<u>(24,177)</u>
<b>Fund balances (deficits), beginning of year, as restated</b>	1,580,137	653,641	169,659
<b>Fund balances (deficits), end of year</b>	<u>\$ 1,768,074</u>	<u>\$ 653,641</u>	<u>\$ 145,482</u>

Building Renewal Grant	Totals
\$	\$ 61,444
	315,793
<u>2,580,358</u>	<u>2,611,762</u>
<u>2,580,358</u>	<u>2,988,999</u>
2,087,711	2,254,581
	78,011
<u>2,087,711</u>	<u>2,332,592</u>
<u>492,647</u>	<u>656,407</u>
(905,445)	1,497,992
<u>\$ (412,798)</u>	<u>\$ 2,154,399</u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,031	\$ 1,031
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>1,031</u>	<u>1,031</u>
<b>Expenditures:</b>			
Capital outlay	30,000	36,946	(6,946)
Debt service -			
Principal retirement			
<b>Total expenditures</b>	<u>30,000</u>	<u>36,946</u>	<u>(6,946)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(30,000)</u>	<u>(35,915)</u>	<u>(5,915)</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Insurance recoveries		30,967	30,967
<b>Total other financing sources (uses)</b>		<u>30,967</u>	<u>30,967</u>
<b>Changes in fund balances</b>	<u>(30,000)</u>	<u>(4,948)</u>	<u>25,052</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		7,199	7,199
<b>Fund balances (deficits), end of year</b>	<u>\$ (30,000)</u>	<u>\$ 2,251</u>	<u>\$ 32,251</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 7,610	\$ 7,610	\$	\$	\$
	315,793	315,793			
	31,404	31,404			
	354,807	354,807			
1,476,480	166,870	1,309,610	600,000		600,000
1,476,480	166,870	1,309,610	600,000		600,000
(1,476,480)	187,937	1,664,417	(600,000)		600,000
(1,476,480)	187,937	1,664,417	(600,000)		600,000
	1,580,137	1,580,137		653,641	653,641
\$ (1,476,480)	\$ 1,768,074	\$ 3,244,554	\$ (600,000)	\$ 653,641	\$ 1,253,641

(Continued)



**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 209,214	\$ 209,214
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>209,214</u>	<u>209,214</u>
<b>Expenditures:</b>			
Capital outlay		8,837,523	(8,837,523)
Debt service -			
Principal retirement			
<b>Total expenditures</b>		<u>8,837,523</u>	<u>(8,837,523)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(8,628,309)</u>	<u>(8,628,309)</u>
<b>Other financing sources (uses):</b>			
Transfers out		(209,215)	(209,215)
Insurance recoveries			
<b>Total other financing sources (uses)</b>		<u>(209,215)</u>	<u>(209,215)</u>
<b>Changes in fund balances</b>		<u>(8,837,524)</u>	<u>(8,837,524)</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		16,805,407	16,805,407
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 7,967,883</u>	<u>\$ 7,967,883</u>

Energy and Water Savings			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 53,834	\$ 53,834	\$	\$	\$
				2,580,358	2,580,358
	53,834	53,834		2,580,358	2,580,358
			1,000,000	2,087,711	(1,087,711)
40,000	78,011	(38,011)			
40,000	78,011	(38,011)	1,000,000	2,087,711	(1,087,711)
(40,000)	(24,177)	15,823	(1,000,000)	492,647	1,492,647
(40,000)	(24,177)	15,823	(1,000,000)	492,647	1,492,647
	169,659	169,659		(905,445)	(905,445)
\$ (40,000)	\$ 145,482	\$ 185,482	\$ (1,000,000)	\$ (412,798)	\$ 587,202

(Continued)

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 271,689	\$ 271,689
Property taxes		315,793	315,793
State aid and grants		2,611,762	2,611,762
<b>Total revenues</b>		<u>3,199,244</u>	<u>3,199,244</u>
<b>Expenditures:</b>			
Capital outlay	3,106,480	11,129,050	(8,022,570)
Debt service -			
Principal retirement	40,000	78,011	(38,011)
<b>Total expenditures</b>	<u>3,146,480</u>	<u>11,207,061</u>	<u>(8,060,581)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,146,480)</u>	<u>(8,007,817)</u>	<u>(4,861,337)</u>
<b>Other financing sources (uses):</b>			
Transfers out		(209,215)	(209,215)
Insurance recoveries		30,967	30,967
<b>Total other financing sources (uses)</b>		<u>(178,248)</u>	<u>(178,248)</u>
<b>Changes in fund balances</b>	<u>(3,146,480)</u>	<u>(8,186,065)</u>	<u>(5,039,585)</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		18,310,598	18,310,598
<b>Fund balances (deficits), end of year</b>	<u>\$ (3,146,480)</u>	<u>\$ 10,124,533</u>	<u>\$ 13,271,013</u>

## **AGENCY FUNDS**

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2018**

	<u>Student Activities</u>	<u>Employee Insurance</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 252,739	\$ 14,093	\$ 266,832
<b>Total assets</b>	<u><u>\$ 252,739</u></u>	<u><u>\$ 14,093</u></u>	<u><u>\$ 266,832</u></u>
<b><u>LIABILITIES</u></b>			
Deposits held for others	\$	\$ 14,093	\$ 14,093
Due to student groups	252,739		252,739
<b>Total liabilities</b>	<u><u>\$ 252,739</u></u>	<u><u>\$ 14,093</u></u>	<u><u>\$ 266,832</u></u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 256,538	\$ 322,267	\$ 326,066	\$ 252,739
<b>Total assets</b>	<u>\$ 256,538</u>	<u>\$ 322,267</u>	<u>\$ 326,066</u>	<u>\$ 252,739</u>
<b><u>Liabilities</u></b>				
Due to student groups	\$ 256,538	\$ 322,267	\$ 326,066	\$ 252,739
<b>Total liabilities</b>	<u>\$ 256,538</u>	<u>\$ 322,267</u>	<u>\$ 326,066</u>	<u>\$ 252,739</u>
<b><u>EMPLOYEE INSURANCE FUND</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 14,967	\$ 14,614	\$ 15,488	\$ 14,093
<b>Total assets</b>	<u>\$ 14,967</u>	<u>\$ 14,614</u>	<u>\$ 15,488</u>	<u>\$ 14,093</u>
<b><u>Liabilities</u></b>				
Deposits held for others	\$ 14,967	\$ 14,614	\$ 15,488	\$ 14,093
<b>Total liabilities</b>	<u>\$ 14,967</u>	<u>\$ 14,614</u>	<u>\$ 15,488</u>	<u>\$ 14,093</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 271,505	\$ 336,881	\$ 341,554	\$ 266,832
<b>Total assets</b>	<u>\$ 271,505</u>	<u>\$ 336,881</u>	<u>\$ 341,554</u>	<u>\$ 266,832</u>
<b><u>Liabilities</u></b>				
Deposits held for others	\$ 14,967	\$ 14,614	\$ 15,488	\$ 14,093
Due to student groups	<u>256,538</u>	<u>333,788</u>	<u>326,066</u>	<u>252,739</u>
<b>Total liabilities</b>	<u>\$ 271,505</u>	<u>\$ 348,402</u>	<u>\$ 341,554</u>	<u>\$ 266,832</u>

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## STATISTICAL SECTION

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

**Note:** For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.



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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 46,531,650	\$ 45,604,296	\$ 45,932,190	\$ 46,213,378	\$ 40,796,122
Restricted	7,734,458	6,457,647	5,589,417	4,966,839	6,569,902
Unrestricted	(25,861,098)	(25,246,415)	(29,751,353)	(32,022,241)	2,411,731
Total net position	<u>\$ 28,405,010</u>	<u>\$ 26,815,528</u>	<u>\$ 21,770,254</u>	<u>\$ 19,157,976</u>	<u>\$ 49,777,755</u>
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 32,036,647	\$ 31,987,723	\$ 28,586,579	\$ 26,530,067	\$ 24,580,909
Restricted	7,590,728	6,893,775	7,078,842	4,226,941	5,520,014
Unrestricted	11,226,078	14,885,989	14,611,881	18,471,910	14,501,604
Total net position	<u>\$ 50,853,453</u>	<u>\$ 53,767,487</u>	<u>\$ 50,277,302</u>	<u>\$ 49,228,918</u>	<u>\$ 44,602,527</u>

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Expenses</b>					
Instruction	\$ 22,496,438	\$ 20,665,508	\$ 21,823,858	\$ 21,768,789	\$ 21,685,061
Support services - students and staff	4,038,352	3,702,504	4,070,894	4,089,490	4,530,494
Support services - administration	3,879,809	4,435,711	4,848,290	4,330,613	4,302,656
Operation and maintenance of plant services	5,001,350	4,092,886	4,192,143	4,309,558	4,199,556
Student transportation services	1,392,140	1,273,442	1,167,650	1,255,699	1,292,389
Operation of non-instructional services	2,516,900	2,272,843	2,223,239	2,360,567	2,301,439
Interest on long-term debt	703,258	52,905	52,802	288,532	546,855
Total expenses	<u>40,028,247</u>	<u>36,495,799</u>	<u>38,378,876</u>	<u>38,403,248</u>	<u>38,858,450</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	591,684	767,400	961,529	1,588,348	1,276,878
Operation of non-instructional services	889,828	929,021	903,839	903,797	948,507
Other activities	56,651	55,190	73,249	71,014	117,109
Operating grants and contributions	6,402,914	5,496,782	5,794,605	5,030,979	5,503,608
Capital grants and contributions	269,132	1,231,834	1,636,855	711,227	109,377
Total program revenues	<u>8,210,209</u>	<u>8,480,227</u>	<u>9,370,077</u>	<u>8,305,365</u>	<u>7,955,479</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (31,818,038)</u>	<u>\$ (28,015,572)</u>	<u>\$ (29,008,799)</u>	<u>\$ (30,097,883)</u>	<u>\$ (30,902,971)</u>

(Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenses</b>					
Instruction	\$ 23,799,629	\$ 21,583,414	\$ 25,603,971	\$ 26,031,193	\$ 28,217,419
Support services - students and staff	5,057,901	4,588,754	4,886,741	5,152,696	4,499,693
Support services - administration	3,815,743	4,485,813	3,938,285	4,237,501	4,525,095
Operation and maintenance of plant services	4,662,443	4,315,006	5,311,753	4,830,336	5,317,863
Student transportation services	1,698,660	1,273,997	1,363,735	1,379,620	1,087,123
Operation of non-instructional services	2,098,588	2,262,003	2,053,411	2,147,309	2,780,015
Interest on long-term debt	675,824	853,223	1,024,997	1,268,181	1,475,496
Total expenses	<u>41,808,788</u>	<u>39,362,210</u>	<u>44,182,893</u>	<u>45,046,836</u>	<u>47,902,704</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,683,251	1,768,659	2,331,557	1,143,243	348,970
Operation of non-instructional services	1,030,544	913,873	531,963	73,368	1,218,567
Other activities	50,658	14,124	98,549	685,786	61,537
Operating grants and contributions	5,098,688	5,220,533	6,414,289	6,162,377	5,767,429
Capital grants and contributions	189,191	331,775	496,946	333,593	254,632
Total program revenues	<u>8,052,332</u>	<u>8,248,964</u>	<u>9,873,304</u>	<u>8,398,367</u>	<u>7,651,135</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (33,756,456)</u>	<u>\$ (31,113,246)</u>	<u>\$ (34,309,589)</u>	<u>\$ (36,648,469)</u>	<u>\$ (40,251,569)</u>

**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 POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net (Expense)/Revenue</b>	\$ (31,818,038)	\$ (28,015,572)	\$ (29,008,799)	\$ (30,097,883)	\$ (30,902,971)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	24,522,034	20,450,733	19,643,666	19,367,505	13,717,407
Property taxes, levied for debt service	1,971,210			4,489,063	4,723,683
Property taxes, levied for capital outlay	320,813	1,061,642	1,350,011	2,244,911	1,050,059
Investment income	378,728	95,588	64,890	88,297	310,893
Unrestricted county aid	622,259	617,699	684,413	714,643	813,289
Unrestricted state aid	12,989,247	9,863,198	9,659,487	8,245,844	9,034,924
Unrestricted federal aid	229,495	176,684	218,610	198,481	177,018
<b>Special Item</b> - Gain on sale of capital assets		914,650			
<b>Total general revenues</b>	<u>41,033,786</u>	<u>33,180,194</u>	<u>31,621,077</u>	<u>35,348,744</u>	<u>29,827,273</u>
<b>Changes in Net Position</b>	<u>\$ 9,215,748</u>	<u>\$ 5,164,622</u>	<u>\$ 2,612,278</u>	<u>\$ 5,250,861</u>	<u>\$ (1,075,698)</u>

(Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Net (Expense)/Revenue</b>	\$ (33,756,456)	\$ (31,113,246)	\$ (34,309,589)	\$ (36,648,469)	\$ (40,251,569)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	14,333,384	16,037,667	17,641,005	21,077,939	19,029,407
Property taxes, levied for debt service	4,737,572	4,929,231	4,505,176	4,739,383	4,649,963
Property taxes, levied for capital outlay	574,980	649,904	271,381	1,303,695	2,617,390
Investment income	97,295	151,893	230,242	193,650	382,480
Unrestricted county aid	1,003,626	1,316,981	1,224,934	1,141,322	31
Unrestricted state aid	9,911,291	11,516,546	11,355,535	11,335,828	14,153,306
Unrestricted federal aid	184,274	1,209	129,700	1,483,043	1,577
<b>Total general revenues</b>	<u>30,842,422</u>	<u>34,603,431</u>	<u>35,357,973</u>	<u>41,274,860</u>	<u>40,834,154</u>
<b>Changes in Net Position</b>	<u>\$ (2,914,034)</u>	<u>\$ 3,490,185</u>	<u>\$ 1,048,384</u>	<u>\$ 4,626,391</u>	<u>\$ 582,585</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 2007-08 through 2008-09.

(Concluded)

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
General Fund:					
Nonspendable	\$ 385,759	\$ 400,102	\$ 359,489	\$ 355,144	\$ 284,525
Restricted		7,199			
Assigned	847,013	791,750	685,782	654,644	566,293
Unassigned	10,538,794	6,564,447	4,127,272	1,791,293	1,451,998
Reserved					
Unreserved					
Total General Fund	<u>\$ 11,771,566</u>	<u>\$ 7,763,498</u>	<u>\$ 5,172,543</u>	<u>\$ 2,801,081</u>	<u>\$ 2,302,816</u>
All Other Governmental Funds:					
Nonspendable	\$ 13,347	\$ 21,614	\$ 18,257	\$ 25,632	\$ 24,952
Restricted	15,692,158	23,235,241	5,543,138	4,809,374	6,300,321
Committed					
Assigned					
Unassigned	(442,644)	(905,445)	(31,076)	(352,061)	(194,913)
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 15,262,861</u>	<u>\$ 22,351,410</u>	<u>\$ 5,530,319</u>	<u>\$ 4,482,945</u>	<u>\$ 6,130,360</u>

(Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$	\$ 299,260	\$ 269,960	\$	\$
Restricted					
Assigned	578,165	742,608	627,284		
Unassigned	4,156,530	5,787,579	6,030,360		
Reserved				459,498	105,683
Unreserved				6,303,086	2,002,632
Total General Fund	<u>\$ 4,734,695</u>	<u>\$ 6,829,447</u>	<u>\$ 6,927,604</u>	<u>\$ 6,762,584</u>	<u>\$ 2,108,315</u>
All Other Governmental Funds:					
Nonspendable	\$	\$ 26,614	\$ 22,281	\$	\$
Restricted	7,483,176	6,771,678	7,020,731		
Assigned	626,789	914,000	768,988		
Unassigned					
Reserved				103,573	301,597
Unreserved, reported in:					
Special revenue funds				5,618,928	5,319,799
Capital projects funds				3,248,272	4,472,440
Debt service fund				713,983	542,893
Total all other governmental funds	<u>\$ 8,109,965</u>	<u>\$ 7,712,292</u>	<u>\$ 7,812,000</u>	<u>\$ 9,684,756</u>	<u>\$ 10,636,729</u>

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 3,469,684	\$ 2,940,306	\$ 3,124,838	\$ 2,685,424	\$ 2,769,514
State Fiscal Stabilization (ARRA)					
Education Jobs					
National School Lunch Program	1,659,263	1,713,703	1,732,618	1,731,927	1,814,606
Total federal sources	<u>5,128,947</u>	<u>4,654,009</u>	<u>4,857,456</u>	<u>4,417,351</u>	<u>4,584,120</u>
<b>State sources:</b>					
State equalization assistance	7,622,221	7,476,366	6,987,318	6,070,671	6,614,287
State grants	756,099	169,226	433,997	244,998	318,645
School Facilities Board	2,580,358	884,179	999,566		
Other revenues	2,727,443	2,386,832	2,420,806	2,794,648	2,420,637
Total state sources	<u>13,686,121</u>	<u>10,916,603</u>	<u>10,841,687</u>	<u>9,110,317</u>	<u>9,353,569</u>
<b>Local sources:</b>					
Property taxes	26,841,587	21,508,759	21,186,333	26,043,794	19,470,717
County aid	622,259	617,699	684,413	714,643	813,289
Food service sales	468,384	499,381	503,564	517,109	537,401
Investment income	365,345	88,302	35,365	61,279	85,351
Other revenues	2,201,098	2,410,020	2,619,693	2,808,986	2,564,032
Total local sources	<u>30,498,673</u>	<u>25,124,161</u>	<u>25,029,368</u>	<u>30,145,811</u>	<u>23,470,790</u>
<b>Total revenues</b>	<u><u>\$ 49,313,741</u></u>	<u><u>\$ 40,694,773</u></u>	<u><u>\$ 40,728,511</u></u>	<u><u>\$ 43,673,479</u></u>	<u><u>\$ 37,408,479</u></u>

(Continued)

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

	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 3,478,371	\$ 3,111,363	\$ 3,944,633	\$ 5,353,055	\$ 3,187,181
State Fiscal Stabilization (ARRA)			129,700		
Education Jobs		589,565	505,187		
National School Lunch Program	1,666,699	1,521,194	1,544,503	1,687,454	1,537,958
Total federal sources	<u>5,145,070</u>	<u>5,222,122</u>	<u>6,124,023</u>	<u>7,040,509</u>	<u>4,725,139</u>
<b>State sources:</b>					
State equalization assistance	8,014,550	9,647,892	9,848,828	9,642,048	11,773,417
State grants	377,339	198,567	194,333	314,113	385,607
School Facilities Board		70,060			30,436
Other revenues	1,896,741	1,798,594	1,704,045	1,496,442	2,587,329
Total state sources	<u>10,288,630</u>	<u>11,715,113</u>	<u>11,747,206</u>	<u>11,452,603</u>	<u>14,776,789</u>
<b>Local sources:</b>					
Property taxes	19,675,856	21,621,380	22,783,472	27,133,738	26,465,834
County aid	1,003,626	1,316,981	1,224,934	1,141,322	31
Food service sales	545,006	492,193	531,963	685,786	877,828
Investment income	97,295	151,893	203,223	122,883	276,253
Other revenues	2,219,447	2,316,338	3,171,144	1,841,002	1,396,643
Total local sources	<u>23,541,230</u>	<u>25,898,785</u>	<u>27,914,736</u>	<u>30,924,731</u>	<u>29,016,589</u>
<b>Total revenues</b>	<u><u>\$ 38,974,930</u></u>	<u><u>\$ 42,836,020</u></u>	<u><u>\$ 45,785,965</u></u>	<u><u>\$ 49,417,843</u></u>	<u><u>\$ 48,518,517</u></u>

**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 2007-08 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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 21,606,772	\$ 19,727,734	\$ 19,013,571	\$ 19,853,599	\$ 18,053,755
Support services - students and staff	4,279,704	3,944,527	3,981,038	4,157,036	4,226,366
Support services - administration	4,029,544	4,592,750	4,386,779	4,464,062	3,785,520
Operation and maintenance of plant services	5,126,321	4,261,255	4,226,703	4,222,513	4,210,348
Student transportation services	1,136,568	1,089,695	926,464	1,066,164	949,517
Operation of non-instructional services	2,381,880	2,208,408	2,104,060	2,237,395	2,258,387
Capital outlay	11,497,252	2,414,320	3,564,782	3,606,520	3,516,026
Debt service -					
Principal retirement	1,411,889	1,018,200	134,242	4,964,470	4,703,825
Interest and fiscal charges	788,592	52,905	52,802	288,532	425,696
Bond issuance costs		171,939			
<b>Total expenditures</b>	<b><u>\$ 52,258,522</u></b>	<b><u>\$ 39,481,733</u></b>	<b><u>\$ 38,390,441</u></b>	<b><u>\$ 44,860,291</u></b>	<b><u>\$ 42,129,440</u></b>
Expenditures for capitalized assets	\$ 10,978,996	\$ 1,575,629	\$ 3,141,151	\$ 3,254,304	\$ 1,943,846
Debt service as a percentage of noncapital expenditures	5%	3%	1%	13%	13%

(Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 19,444,931	\$ 19,862,470	\$ 21,759,966	\$ 22,625,946	\$ 25,206,882
Support services - students and staff	4,647,786	4,644,571	4,692,108	4,715,292	4,214,268
Support services - administration	3,552,897	4,570,081	3,875,414	3,960,307	4,118,298
Operation and maintenance of plant services	4,416,808	4,338,151	5,366,191	4,644,294	5,233,070
Student transportation services	1,302,794	1,102,894	1,039,537	852,839	935,378
Operation of non-instructional services	1,884,516	1,994,305	1,900,104	2,061,423	2,678,289
Capital outlay	1,442,701	1,302,640	1,930,387	1,575,467	2,207,849
Debt service -					
Principal retirement	4,485,907	4,447,647	4,180,550	4,234,413	4,036,747
Interest and fiscal charges	627,360	804,759	967,358	1,201,357	1,408,672
Bond issuance costs					
<b>Total expenditures</b>	<u>\$ 41,805,700</u>	<u>\$ 43,067,518</u>	<u>\$ 45,711,615</u>	<u>\$ 45,871,338</u>	<u>\$ 50,039,453</u>
Expenditures for capitalized assets	\$ 500,903	\$ 575,220	\$ 610,351	\$ 321,516	\$ 470,672
Debt service as a percentage of noncapital expenditures	12%	12%	11%	12%	11%

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (2,944,781)	\$ 1,213,040	\$ 2,338,070	\$ (1,186,812)	\$ (4,720,961)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds		17,111,355			
Capital lease agreements			1,083,796		
Transfers in	266,646	763,288	23,379	22,138	659,021
Transfers out	(266,646)	(763,288)	(23,379)	(22,138)	(659,021)
Insurance recoveries	30,967	14,079			
Proceeds from sale of capital assets		998,000			
Total other financing sources (uses)	<u>30,967</u>	<u>18,123,434</u>	<u>1,083,796</u>		
<b>Changes in fund balances</b>	<u>\$ (2,913,814)</u>	<u>\$ 19,336,474</u>	<u>\$ 3,421,866</u>	<u>\$ (1,186,812)</u>	<u>\$ (4,720,961)</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (2,830,770)	\$ (231,498)	\$ 74,350	\$ 3,546,505	\$ (1,520,936)
<b>Other financing sources (uses):</b>					
Capital lease agreements	1,459,565				
Transfers in	36,052	37,750	48,802	1,031,087	23,957
Transfers out	(36,052)	(37,750)	(48,802)	(1,031,087)	(23,957)
Total other financing sources (uses)	<u>1,459,565</u>				
<b>Changes in fund balances</b>	<u>\$ (1,371,205)</u>	<u>\$ (231,498)</u>	<u>\$ 74,350</u>	<u>\$ 3,546,505</u>	<u>\$ (1,520,936)</u>

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 128,587,738	\$ 123,593,429	\$ 120,567,669	\$ 125,205,109	\$ 132,055,131
Agricultural and Vacant	43,453,784	43,431,324	45,995,740	41,613,698	46,586,199
Residential (Owner Occupied)	285,317,381	266,898,955	248,894,925	361,887,527	359,297,842
Residential (Rental)	239,271,785	224,659,105	213,750,830	79,584,482	65,703,308
Railroad, Private Cars and Airlines	348,158	299,542	290,300	302,597	268,198
Certain Government Property Improvements	16,693	15,898	15,141	14,420	10,828
Total	<u>\$ 696,995,539</u>	<u>\$ 658,898,253</u>	<u>\$ 629,514,605</u>	<u>\$ 608,607,833</u>	<u>\$ 603,921,506</u>
Gross Full Cash Value	\$ 8,228,447,225	\$ 7,565,238,974	\$ 6,541,796,359	\$ 5,857,651,899	\$ 5,761,459,919
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	10%	10%	10%
Total Direct Rate	4.54	3.99	4.01	4.90	3.98

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 130,395,600	\$ 134,138,442	\$ 163,594,892	\$ 184,921,657	\$ 171,349,001
Agricultural and Vacant	50,747,524	55,699,273	87,230,852	105,871,889	99,328,369
Residential (Owner Occupied)	364,963,987	355,318,402	432,787,485	534,114,623	491,456,528
Residential (Rental)	55,724,454	57,904,919	66,488,835	72,300,514	65,442,520
Railroad, Private Cars and Airlines	251,120	206,703	190,954	194,018	231,044
Certain Government Property Improvements					
Total	<u>\$ 602,082,685</u>	<u>\$ 603,267,739</u>	<u>\$ 750,293,018</u>	<u>\$ 897,402,701</u>	<u>\$ 827,807,462</u>
Gross Full Cash Value	\$ 5,724,797,198	\$ 5,648,474,083	\$ 7,048,614,650	\$ 9,379,508,714	\$ #####
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	10%	8%
Total Direct Rate	4.05	4.37	3.65	3.58	3.55

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 151,649,955	\$ 141,169,959	\$ 124,981,520	\$ 127,418,912	\$ 133,759,057
Agricultural and Vacant	65,387,444	62,192,251	57,559,006	43,172,209	50,028,020
Residential (Owner Occupied)	349,797,307	319,758,546	270,077,953	364,570,427	362,854,362
Residential (Rental)	293,324,470	271,070,033	234,443,798	80,234,987	66,325,596
Railroad, Private Cars and Airlines	390,027	314,432	294,330	304,903	270,257
Certain Government Property Improvements	17,122	18,003	15,444	14,511	10,926
Total	<u>\$ 860,566,325</u>	<u>\$ 794,523,224</u>	<u>\$ 687,372,051</u>	<u>\$ 615,715,949</u>	<u>\$ 613,248,218</u>
Gross Full Cash Value	\$ 8,228,447,225	\$ 7,565,238,974	\$ 6,541,796,359	\$ 5,857,651,899	\$ 5,761,459,919
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	11%	11%	11%	11%
Estimated Net Full Cash Value	7,567,463,605	6,984,098,798	5,903,781,028	5,240,712,793	5,148,042,763
Total Direct Rate	4.54	3.99	4.01	4.90	3.98

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 131,614,284	\$ 134,614,280	\$ 165,977,880	\$ 195,850,707	\$ 191,775,438
Agricultural and Vacant	55,227,353	58,280,393	94,320,933	137,728,691	166,867,306
Residential (Owner Occupied)	369,138,329	356,163,805	434,509,340	578,727,429	661,681,184
Residential (Rental)	56,407,776	58,194,296	67,647,840	79,844,826	87,710,337
Railroad, Private Cars and Airlines	254,998	225,089	220,398	219,912	253,530
Certain Government Property Improvements					
Total	<u>\$ 612,642,740</u>	<u>\$ 607,477,863</u>	<u>\$ 762,676,391</u>	<u>\$ 992,371,565</u>	<u>\$ 1,108,287,795</u>
Gross Full Cash Value	\$ 5,724,797,198	\$ 5,648,474,083	\$ 7,048,614,650	\$ 9,379,508,714	\$ 10,428,177,892
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	5,118,321,683	5,041,764,813	6,215,288,889	8,035,988,862	9,045,760,812
Total Direct Rate	4.05	4.37	3.65	3.58	3.55

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	17	18	20

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

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



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

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State	County	Communit	Havasu	Desert Hills	City of	Lake Havasu	Primary	Secondary	Total
	Equalization		y College District	Sanitary District		Lake Havasus	Irrigation District			
2018	0.49	1.97	1.34	0.00	3.25	0.67	268.85/acre	3.67	0.87	4.54
2017	0.50	1.97	1.33	0.00	3.25	1.57	268.85/acre	3.99		3.99
2016	0.51	4.61	1.29	0.00	3.25	1.54	268.85/acre	4.01		4.01
2015	0.51	4.54	1.22	0.00	3.25	1.28	268.85/acre	4.17	0.73	4.90
2014	0.51	4.49	1.15	0.00	3.25	1.05	268.85/acre	3.20	0.78	3.98
2013	0.47	4.40	1.10	0.00	3.25	0.73	268.85/acre	3.26	0.78	4.05
2012	0.43	4.23	0.80	0.00	2.50	0.76	268.85/acre	3.38	0.99	4.37
2011	0.36	3.62	0.79	0.00	2.15	0.58	212.75/acre	2.75	0.90	3.65
2010	0.33	3.28	0.68	0.00	2.88	0.58	156.78/acre	2.74	0.84	3.58
2009		3.06	0.72	0.00	2.15	0.60	100.74/acre	2.80	0.75	3.55

**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	2018		2009	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Unisource Enegery Corporation	\$ 10,704,818	1.54 %		- %
PHC Lake Havasu Inc.	4,512,495	0.65		-
Citizens Utilities Company	2,419,649	0.35	\$ 71,927,878	6.49
SFT Havasu LLC etal	2,292,097	0.33		-
Walmart Stores, Inc.	2,043,471	0.29	2,881,548	-
Island Develpement Group, LLC	1,487,780	0.21		-
Lowes HIW, Inc.	1,471,145	0.21		-
Grace Investment Co.	1,098,186	0.16		-
SDI-Havasus, LLC	1,086,752	0.16		-
Home Depot USA, Inc.	977,756	0.14		-
McCulloch Corporation		-	10,750,392	0.97
Sterilite Corporation		-	8,090,501	0.73
Queen's Bay Joint Venture		-	5,984,754	0.54
Smith's Food & Drug		-	4,322,322	-
Havasus Plaza		-	3,879,007	-
Anderson, Wilford & Kathleen		-	3,657,350	-
River Land Development		-	3,214,035	-
DBSI/TRI XX Limited Partnership		-	2,549,062	-
Total	<u>\$ 28,094,149</u>	<u>4.04 %</u>	<u>\$ 117,256,849</u>	<u>8.73 %</u>

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

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

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2018	\$ 26,809,641	\$ 26,269,433	97.99 %	\$	\$ 26,269,433	97.99 %
2017	21,542,599	21,074,091	97.83	464,808	21,538,899	99.98
2016	21,106,208	20,605,513	97.63	498,614	21,104,127	99.99
2015	26,100,398	25,371,503	97.21	726,529	26,098,032	99.99
2014	19,497,164	19,305,030	99.01	189,062	19,494,092	99.98
2013	19,683,126	19,072,123	96.90	607,846	19,679,969	99.98
2012	21,496,943	20,826,554	96.88	665,579	21,492,133	99.98
2011	22,621,563	21,846,489	96.57	771,298	22,617,787	99.98
2010	26,591,794	25,451,932	95.71	1,139,282	26,591,214	100.00
2009	25,695,299	24,614,488	95.79	1,080,612	25,695,100	100.00

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

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

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

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

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less:	Total	Percentage of	Per Capita	Capital Leases	Total	Percentage of	Per Capita	Percentage of Personal Income	
		Amounts		Estimated				Estimated			
		Restricted for Principal		Actual Value (Full Cash Value)				Actual Value (Full Cash Value)			
2018	\$ 15,726,021	\$ 132,478	\$ 15,593,543	0.19 %	\$ 285	\$ 1,217,149	\$ 16,943,170	0.21 %	\$ 309	0.26 %	
2017	17,111,355		17,111,355	0.23	301	1,329,038	18,440,393	0.24	325	0.37	
2016						2,347,238	2,347,238	0.04	44	0.05	
2015						1,397,684	1,397,684	0.02	26	0.02	
2014	4,535,000	893,623	3,641,377	0.06	69	1,827,154	6,362,154	0.11	120	0.12	
2013	13,040,000	884,200	12,155,800	0.21	231	2,180,979	15,220,979	0.27	289	0.29	
2012	17,035,000	947,916	16,087,084	0.28	271	1,052,321	18,087,321	0.32	304	0.35	
2011	20,900,000	745,416	20,154,584	0.29	384	1,504,968	22,404,968	0.32	427	0.44	
2010	24,460,000	713,983	23,746,017	0.25	428	1,820,518	26,280,518	0.28	474	0.51	
2009	27,842,000	542,893	27,299,107	0.26	493	2,494,931	30,336,931	0.29	547	0.65	

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
City of Lake Havasu	\$ 244,529,678	100.00 %	\$ 244,529,678
Subtotal, Overlapping Debt			<u>244,529,678</u>
Direct:			
Lake Havasu Unified School District No. 1			<u>16,943,170</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 261,472,848</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		2.24 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 4,747	
As a Percentage of Net Limited Assessed Valuation		37.32 %
As a Percentage of Gross Full Cash Value		3.16 %

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
  - 2) Outstanding debt as of June 30, 2017 is presented for the overlapping governments as this is the most recent available information.

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

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2018:**

Net full cash assessed valuation	\$ 860,566,325
Debt limit (20% of assessed value)	172,113,265
Debt applicable to limit	<u>15,782,144</u>
Legal debt margin	<u><u>\$ 156,331,121</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2018:**

Net full cash assessed valuation	\$ 860,566,325
Debt limit (30% of assessed value)	258,169,898
Debt applicable to limit	<u>15,782,144</u>
Legal debt margin	<u><u>\$ 242,387,754</u></u>

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Debt Limit	\$ 258,169,898	\$ 238,356,967	\$ 206,211,615	\$ 184,714,785	\$ 183,974,465
Total net debt applicable to limit	<u>15,782,144</u>	<u>17,111,355</u>	<u>-</u>	<u>-</u>	<u>4,535,000</u>
Legal debt margin	<u><u>\$ 242,387,754</u></u>	<u><u>\$ 221,245,612</u></u>	<u><u>\$ 206,211,615</u></u>	<u><u>\$ 184,714,785</u></u>	<u><u>\$ 179,439,465</u></u>
Total net debt applicable to the limit as a percentage of debt limit	6%	7%	0%	0%	2%
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Debt Limit	\$ 183,792,822	\$ 170,322,635	\$ 228,802,917	\$ 297,711,470	\$ 332,486,339
Total net debt applicable to limit	<u>13,040,000</u>	<u>17,035,000</u>	<u>20,900,000</u>	<u>24,460,000</u>	<u>27,842,000</u>
Legal debt margin	<u><u>\$ 170,752,822</u></u>	<u><u>\$ 153,287,635</u></u>	<u><u>\$ 207,902,917</u></u>	<u><u>\$ 273,251,470</u></u>	<u><u>\$ 304,644,339</u></u>
Total net debt applicable to the limit as a percentage of debt limit	7%	10%	9%	8%	8%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

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

<b>Year</b>	<b>Population</b>		<b>Personal Income (thousands)</b>		<b>Per Capita Income</b>	<b>Unemployment Rate</b>	<b>Estimated District Population</b>
2017	209,792	\$	6,395,143	\$	30,865	5.9 %	54,801
2016	205,764		4,966,320		24,136	6.8	56,793
2015	204,737		4,294,154		20,974	8.2	53,232
2014	203,361		5,633,946		27,704	8.8	53,193
2013	203,030		5,451,762		26,852	9.4	52,908
2012	214,400		5,290,530		24,676	9.9	52,720
2011	201,563		5,200,533		25,801	10.8	59,466
2010	200,186		5,101,443		26,539	8.3	52,527
2009	195,599		5,124,115		26,197	8.1	55,502
2008	195,873		4,682,940		23,908	8.0	55,429

**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 2008 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, 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 NINE YEARS PRIOR**

Employer	2018			2009		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Havasu Regional Medical Center	715	2.93	%	600	2.40	%
Lake Havasu City	619	2.54		672	2.69	
Lake Havasu Unified School District No. 1	559	2.29		660	2.64	
Sterilite Corporation	388	1.59		425	1.70	
Shugrue's Restaurant	325	1.33		231	0.92	
Walmart	289	1.19		360	1.44	
London Bridge Resort	250	1.03		315	1.26	
Anderson's Auto Group	250	1.03			-	
Bashas'	225	0.92		235	0.94	
Mission of Nevada, Inc.		-		165	0.66	
Kmart		-		145	0.58	
Total	3,620	14.85	%	3,808	15.23	%
Total employment	24,363			25,024		

**Source:** The source of this information is the Business Journal Book of Lists.



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

<b>Full-time Equivalent Employees as of June 30</b>					
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Supervisory</b>					
Certified employees	261	248	268	274	273
Administration	17	17	14	15	17
Support Staff	260	260	247	263	250
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<u><u>538</u></u>	<u><u>525</u></u>	<u><u>529</u></u>	<u><u>552</u></u>	<u><u>540</u></u>
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Supervisory</b>					
Certified employees	260	306	329	337	359
Administration	18	17	17	18	20
Support Staff	230	254	250	269	272
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<u><u>508</u></u>	<u><u>577</u></u>	<u><u>596</u></u>	<u><u>624</u></u>	<u><u>651</u></u>

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

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

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2018	5,164	\$ 38,560,789	\$ 7,468	7.80 %	\$ 40,028,247	\$ 7,752	9.85 %	261	19.8	51.5 %
2017	5,171	35,824,369	6,927	5.13	36,495,799	7,057	(3.34)	248	20.9	48.5
2016	5,257	34,638,615	6,589	(0.83)	38,378,876	7,301	3.00	268	19.6	58.1
2015	5,418	36,000,769	6,645	5.33	38,403,248	7,088	(3.18)	274	19.8	59.9
2014	5,308	33,483,893	6,308	(3.35)	38,858,450	7,321	(5.43)	273	19.4	57.3
2013	5,401	35,249,732	6,527	(2.65)	41,808,788	7,741	7.10	260	20.8	58.0
2012	5,446	36,512,472	6,704	(2.16)	39,362,210	7,228	(7.77)	306	17.8	57.0
2011	5,638	38,633,320	6,852	4.55	44,182,893	7,837	3.14	329	17.1	56.6
2010	5,929	38,860,101	6,554	(5.49)	45,046,836	7,598	(3.06)	337	17.6	45.4
2009	6,112	42,386,185	6,935	3.71	47,902,704	7,837	3.22	359	17.0	51.4

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

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

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

	<b>Fiscal Year Ended June 30</b>									
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	18	18	18	18	18	18	18	18	18	18
Square feet	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442
Capacity	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389
Enrollment	2,556	2,107	2,985	2,658	2,621	2,624	2,912	3,105	2,854	2,779
<b>Middle</b>										
Buildings	1	1	1	1	1	1	1	1	14	14
Square feet	183,694	183,694	183,694	183,694	183,694	183,694	183,694	183,694	249,872	249,872
Capacity	165	1,653	1,653	1,653	1,653	1,653	1,653	1,653	2,385	2,385
Enrollment	887	1,328	461	859	909	909	942	950	1,486	1,492
<b>High</b>										
Buildings	13	13	13	13	13	13	13	13	13	13
Square feet	286,861	286,861	286,861	286,861	286,861	286,861	286,861	286,861	286,861	286,861
Capacity	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377
Enrollment	1,706	1,736	1,811	1,836	1,868	1,868	1,822	1,767	1,813	1,901
<b><u>Administrative</u></b>										
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
<b><u>Transportation</u></b>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	35	32	32	32	32	32	32	32	32	32
<b><u>Athletics</u></b>										
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
Swimming pools										
Playgrounds	12	12	12	12	12	12	12	12	12	12

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