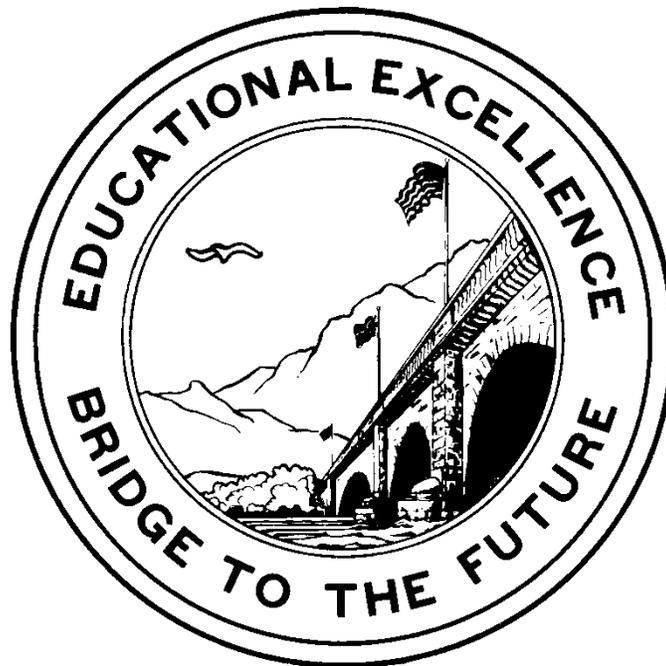

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LAKE HAVASU CITY, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Issued by:
Business and Finance Department

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

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INTRODUCTORY SECTION

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Lake Havasu Unified School District No. 1

DISTRICT OFFICE

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

December 27, 2017

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, 2017.

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, 2017, 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, 2017, 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 5,171 students. The projected enrollment for the 2017-18 is 5,126 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.

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

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

Currently the District has six elementary schools - Kindergarten through 6th grade, one middle school - 7th through 8th grade, and one high school - 9th through 12th grades, with a total enrollment of 5,171 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, 2016. This was the twenty-eighth 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, 2016. 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, 2017 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, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

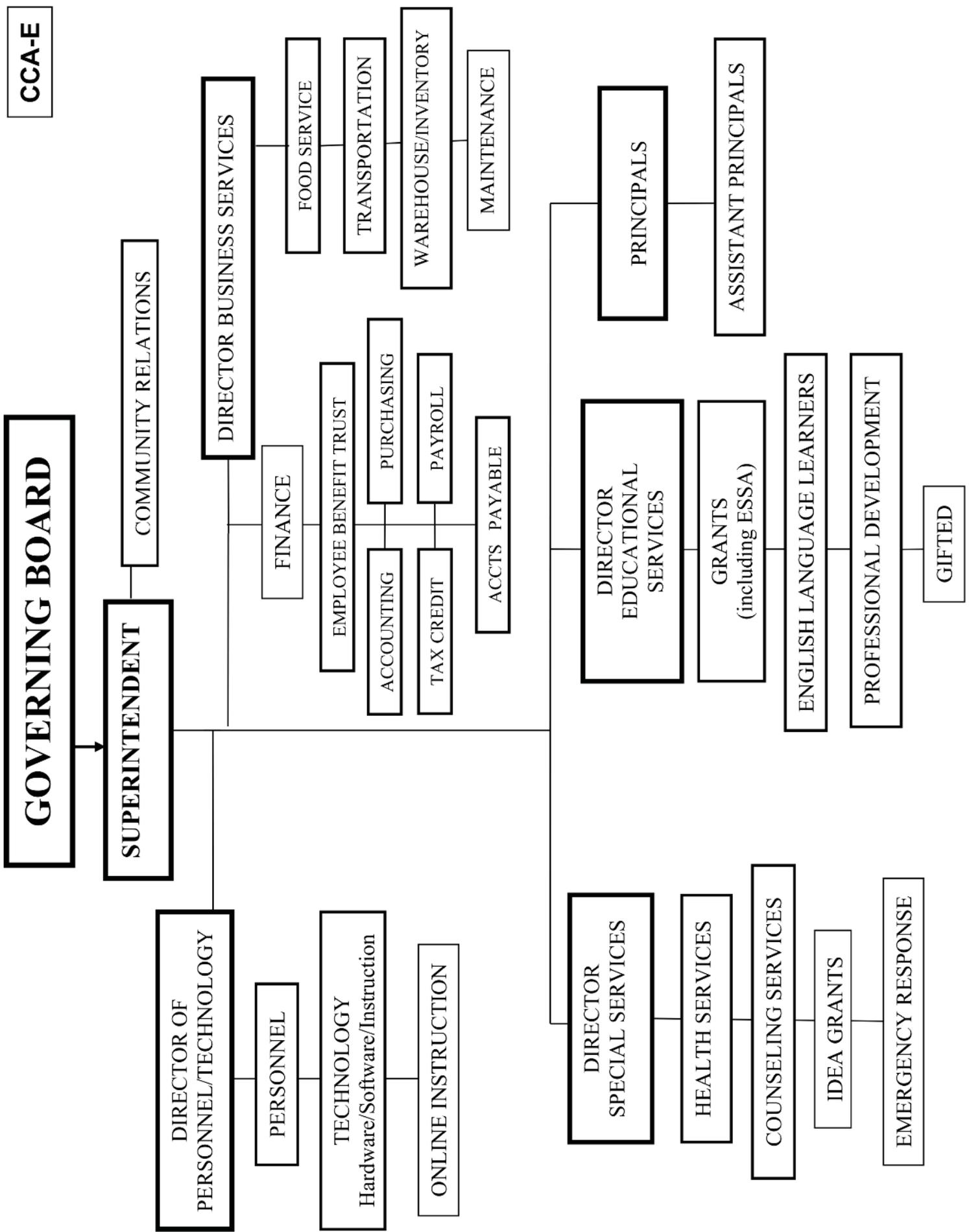
**Lake Havasu Unified School
District No. 1, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Nichole Cohen, President

John Masden, Vice President

Pat Rooney, Member

Alan Ward, Member

Kathy Cox, Member

ADMINISTRATIVE STAFF

Diana Asseier, Superintendent

Mike Murray, Director of Business Services

Denise Miner, Director of Personnel and Technology

Aggie Wolter, Director of Special Services

Brad Gardner, Director of Educational Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Lake Havasu Unified School District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Havasu Unified School District No. 1 (District), as of and for the year ended June 30, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, 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 27, 2017

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, 2017**

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, 2017. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$5.2 million which represents a 23 percent increase from the prior fiscal year primarily due to increased property tax revenues combined with a decrease in expenditures related to declining enrollment.
- General revenues and special items accounted for \$33.2 million in revenue, or 80 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.5 million, or 20 percent of total current fiscal year revenues.
- The District had approximately \$36.5 million in expenses related to governmental activities, a decrease of five percent from the prior fiscal year primarily due to declining student enrollment.
- Among major funds, the General Fund had \$29.6 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$28.8 million in expenditures. The General Fund's fund balance increase from \$5.2 million at the prior fiscal year end to \$7.8 million at the end of the current fiscal year was primarily due to increased property tax and state aid revenues.
- Net position for the Internal Service Fund increased \$1.9 million from the prior fiscal year primarily due to increased contribution rates in an effort to rebuild reserves. Operating revenues of \$7.4 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, 2017**

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, 2017**

OVERVIEW OF FINANCIAL STATEMENTS

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site, Bond Building and Building Renewal Grant Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process 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 and major Special Revenue Funds as required supplementary information. Schedules for the pension plan 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, 2017**

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 \$26.8 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, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Current and other assets	\$ 37,245,359	\$ 16,602,089
Capital assets, net	47,239,282	48,279,428
Total assets	<u>84,484,641</u>	<u>64,881,517</u>
Deferred outflows	<u>5,929,045</u>	<u>3,221,166</u>
Current and other liabilities	3,741,727	4,291,458
Long-term liabilities	54,767,453	38,134,241
Total liabilities	<u>58,509,180</u>	<u>42,425,699</u>
Deferred inflows	<u>5,088,978</u>	<u>3,906,730</u>
Net position:		
Net investment in capital assets	45,604,296	45,932,190
Restricted	6,457,647	5,589,417
Unrestricted	(25,246,415)	(29,751,353)
Total net position	<u>\$ 26,815,528</u>	<u>\$ 21,770,254</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 \$25.2 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, 2017**

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 addition of \$17.1 million in long term liabilities due to issuance of \$15.5 million in bonds and \$1.6 million in premium.
- The addition of \$1.6 million in capital assets through the construction of parking lot projects and HVAC items.

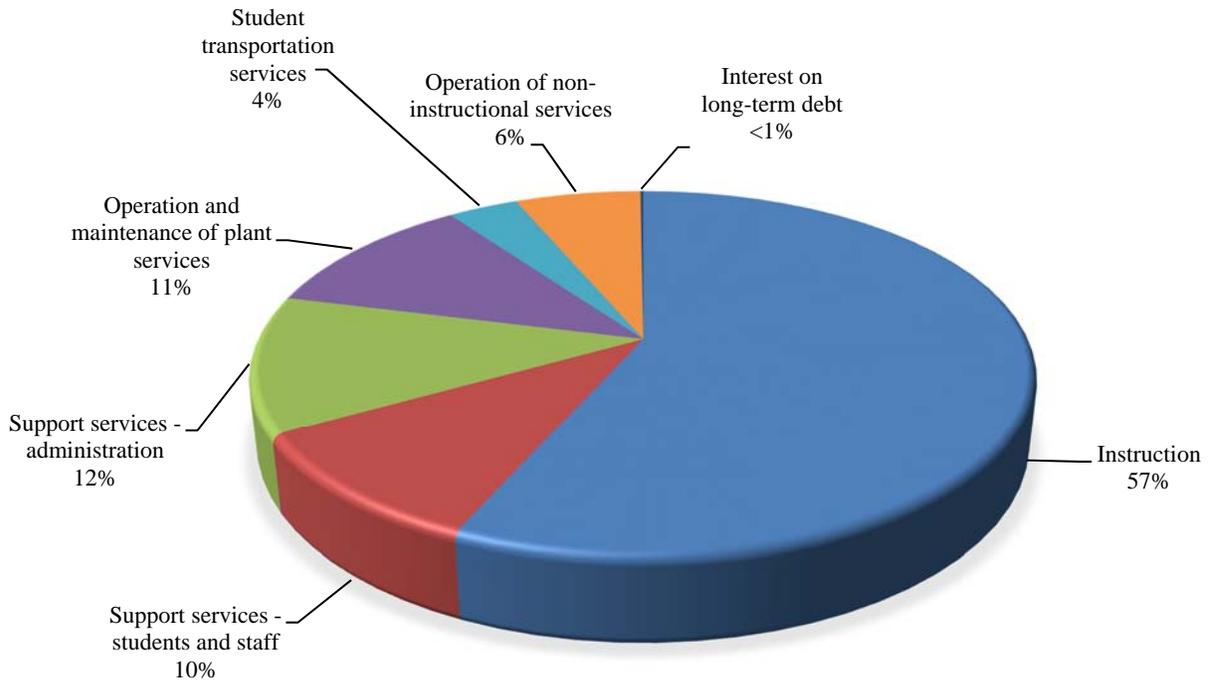
Changes in net position. The District's total revenues for the current fiscal year were \$41.7 million. The total cost of all programs and services was \$36.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
Revenues:		
Program revenues:		
Charges for services	\$ 1,751,611	\$ 1,938,617
Operating grants and contributions	5,496,782	5,794,605
Capital grants and contributions	1,231,834	1,636,855
General revenues:		
Property taxes	21,512,375	20,993,677
Investment income	95,588	64,890
Unrestricted county aid	617,699	684,413
Unrestricted state aid	9,863,198	9,659,487
Unrestricted federal aid	176,684	218,610
Special item – gain on sale of capital assets	914,650	
Total revenues	41,660,421	40,991,154
Expenses:		
Instruction	20,665,508	21,823,858
Support services – students and staff	3,702,504	4,070,894
Support services – administration	4,435,711	4,848,290
Operation and maintenance of plant services	4,092,886	4,192,143
Student transportation services	1,273,442	1,167,650
Operation of non-instructional services	2,272,843	2,223,239
Interest on long-term debt	52,905	52,802
Total expenses	36,495,799	38,378,876
Changes in net position	5,164,622	2,612,278
Net position, beginning	21,770,254	19,157,976
Net effect of prior period adjustments	(119,348)	
Net position, beginning as restated	21,650,906	
Net position, ending	\$ 26,815,528	\$ 21,770,254

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Expenses - Fiscal Year 2017



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

- The increase in special item - gain on sale of capital assets of \$914,650 due to the sale of land.
- Depreciation expense at \$2.6 million.
- Increase of \$1.9 million in the self insurance fund due primarily to increased contribution rates.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Year Ended June 30, 2017</u>		<u>Year Ended June 30, 2016</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 20,665,508	\$ (15,964,481)	\$ 21,823,858	\$ (16,625,657)
Support services – students and staff	3,702,504	(3,048,450)	4,070,894	(3,656,253)
Support services – administration	4,435,711	(4,125,808)	4,848,290	(4,353,501)
Operation and maintenance of plant services	4,092,886	(4,037,696)	4,192,143	(4,120,094)
Student transportation services	1,273,442	(1,164,663)	1,167,650	(666,450)
Operation of non-instructional services	2,272,843	319,167	2,223,239	413,218
Interest on long-term debt	52,905	6,359	52,802	(62)
Total	<u>\$ 36,495,799</u>	<u>\$ (28,015,572)</u>	<u>\$ 38,378,876</u>	<u>\$ (29,008,799)</u>

- The cost of all governmental activities this year was \$36.5 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.5 million.
- Net cost of governmental activities of \$28.0 million was financed by general revenues, which are made up of primarily property taxes of \$21.5 million and state and county aid of \$10.5 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$30.1 million, an increase of \$19.4 million due primarily to issuance of \$17.1 in school improvement bonds.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$2.6 million to \$7.8 million was due primarily to increased state aid and property tax revenues. General Fund revenues increased \$1.3 million primarily due to increased state aid and property taxes. General Fund expenditures increased \$2.9 million due primarily to paying of the capital lease obligations relating to the bus barn relocation and increases in wages due to Proposition 123.

The expenditures of the Classroom Site Fund decreased by \$262,525 as a result of a reduction in eligible recipients. The fund balance increased \$304,181.

The Bond Building Fund balance increased \$16.8 million due primarily to the issuance of \$17.1 million in general obligation bonds.

Building renewal grant revenues decreased \$115,387 due to timing of grant funding. Expenditures increased \$914,341 due to multiple HVAC and other projects.

Proprietary funds. Unrestricted net position of the Internal Service Fund at the end of the year amounted to \$2.7 million. The increase of \$1.9 million from the prior fiscal year was primarily due to increased contribution rates to build reserves.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget to capture the balance of the carry forward from the prior year. The difference between the original budget and the final amended budget was a \$952,622 increase, or three percent.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

BUDGETARY HIGHLIGHTS

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 \$467,940 in instruction expenditures was a result of unexpected savings due to unfilled positions and an increased budget carryforward limit.
- The favorable variance of \$535,802 in support services – administration expenditures was a result of unexpected savings due to unfilled positions and an increased budget carryforward limit.
- The favorable variance of \$419,197 in operation and maintenance of plant services was a result of unexpected savings due to unfilled positions and an increased budget carryforward limit.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$101.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$1.5 million from the prior fiscal year. 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, 2017 and June 30, 2016.

	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>
Capital assets – non-depreciable	\$ 3,612,575	\$ 3,725,779
Capital assets – depreciable, net	<u>43,626,707</u>	<u>44,553,649</u>
Total	<u>\$ 47,239,282</u>	<u>\$ 48,279,428</u>

The estimated cost to complete the current construction project is \$1.4 million.

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

Debt Administration. At year-end, the District had \$18.4 million in long-term debt outstanding, \$1.4 million due within one year. Long-term debt increased by \$16.1 million due primarily to the addition of \$17.1 million in general obligation bonds and the payment of \$1.0 million in capital lease obligations.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

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 \$238.4 million and the Class B debt limit is \$158.9 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.

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 2017-18 budget. Among them:

- Fiscal year 2016-17 budget balance carry forward (estimated \$1.2 million).
- District student population (estimated 5,126 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 11 percent to \$31.8 million in fiscal year 2017-18 primarily due to passage of a 15 percent override. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2017-18 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, 2017

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 33,074,827
Property taxes receivable	469,789
Accounts receivable	38,217
Due from governmental entities	2,890,810
Inventory	421,716
Total current assets	36,895,359
Noncurrent assets:	
Due from governmental entities	350,000
Capital assets not being depreciated	3,612,575
Capital assets, net of accumulated depreciation	43,626,707
Total noncurrent assets	47,589,282
Total assets	84,484,641
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	5,929,045
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	480,320
Construction contracts payable	200,422
Claims payable	316,011
Accrued payroll and employee benefits	2,696,452
Compensated absences payable	750,000
Unearned revenues	48,522
Obligations under capital leases	111,889
Bonds payable	1,300,000
Total current liabilities	5,903,616
Noncurrent liabilities:	
Non-current portion of long-term obligations	52,605,564
Total noncurrent liabilities	52,605,564
Total liabilities	58,509,180
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	5,088,978
 <u>NET POSITION</u>	
Net investment in capital assets	45,604,296
Restricted for:	
Voter approved initiatives	1,198,198
E-Rate	102,892
Food service	1,295,619
Community school activities	171,462
Extracurricular activities	443,393
Gifts and donations	352,905
Joint technical education	257,260
Other local initiatives	60,611
Capital outlay	2,575,307
Unrestricted	(25,246,415)
Total net position	\$ 26,815,528

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 20,665,508	\$ 767,400	\$ 2,807,944	\$ 1,125,683	\$ (15,964,481)
Support services - students and staff	3,702,504		654,054		(3,048,450)
Support services - administration	4,435,711		309,903		(4,125,808)
Operation and maintenance of plant services	4,092,886	55,190			(4,037,696)
Student transportation services	1,273,442		2,628	106,151	(1,164,663)
Operation of non-instructional services	2,272,843	929,021	1,662,989		319,167
Interest on long-term debt	52,905		59,264		6,359
Total governmental activities	<u>\$ 36,495,799</u>	<u>\$ 1,751,611</u>	<u>\$ 5,496,782</u>	<u>\$ 1,231,834</u>	<u>(28,015,572)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes 20,450,733

Property taxes, levied for capital outlay 1,061,642

Investment income 95,588

Unrestricted county aid 617,699

Unrestricted state aid 9,863,198

Unrestricted federal aid 176,684

Special item - Gain on sale of capital assets 914,650

Total general revenues and special items 33,180,194

Changes in net position 5,164,622

Net position, beginning of year, as restated 21,650,906

Net position, end of year \$ 26,815,528

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, 2017

	General	Classroom Site	Bond Building
<u>ASSETS</u>			
Cash and investments	\$ 5,567,423	\$ 1,660,398	\$ 16,840,605
Property taxes receivable	446,866		
Accounts receivable	10,070		
Due from governmental entities	2,520,241		
Due from other funds	763,821		
Inventory	400,102		
Total assets	\$ 9,708,523	\$ 1,660,398	\$ 16,840,605
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 218,736	\$	\$
Construction contracts payable			35,198
Due to other funds			
Accrued payroll and employee benefits	1,465,966	1,087,834	
Unearned revenues			
Total liabilities	1,684,702	1,087,834	35,198
Deferred inflows of resources:			
Unavailable revenues - property taxes	260,323		
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	260,323		
Fund balances (deficits):			
Nonspendable	400,102		
Restricted	7,199	572,564	16,805,407
Assigned	791,750		
Unassigned	6,564,447		
Total fund balances	7,763,498	572,564	16,805,407
 Total liabilities, deferred inflows of resources and fund balances	 \$ 9,708,523	 \$ 1,660,398	 \$ 16,840,605

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

<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 6,058,620	\$ 30,127,046
	22,923	469,789
	28,147	38,217
95,189	225,380	2,840,810
		763,821
	21,614	421,716
<u>\$ 95,189</u>	<u>\$ 6,356,684</u>	<u>\$ 34,661,399</u>

\$	\$ 261,584	\$ 480,320
165,224		200,422
759,393	4,428	763,821
	142,652	2,696,452
	48,522	48,522
<u>924,617</u>	<u>457,186</u>	<u>4,189,537</u>

	20,614	280,937
<u>76,017</u>		<u>76,017</u>
<u>76,017</u>	<u>20,614</u>	<u>356,954</u>

	21,614	421,716
	5,857,270	23,242,440
		791,750
(905,445)		5,659,002
<u>(905,445)</u>	<u>5,878,884</u>	<u>30,114,908</u>

<u>\$ 95,189</u>	<u>\$ 6,356,684</u>	<u>\$ 34,661,399</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, 2017

Total governmental fund balances **\$ 30,114,908**

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	\$ 100,806,216	
Less accumulated depreciation	<u>(53,595,215)</u>	47,211,001

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

Property taxes	280,937	
Intergovernmental	<u>476,017</u>	756,954

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

Deferred outflows of resources related to pensions	5,929,045	
Deferred inflows of resources related to pensions	<u>(5,088,978)</u>	840,067

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

2,660,051

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

Other postemployment benefits payable	(1,493,582)	
Compensated absences payable	(1,544,270)	
Obligations under capital leases	(1,329,038)	
Net pension liability	(33,289,208)	
Bonds payable	(15,490,000)	
Bonds premium	<u>(1,621,355)</u>	<u>(54,767,453)</u>

Net position of governmental activities **\$ 26,815,528**

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, 2017

	<u>General</u>	<u>Classroom Site</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 1,485,164	\$ 6,203	\$
Property taxes	20,419,095		
State aid and grants	7,476,366	2,165,218	
Federal aid, grants and reimbursements	176,684		
Total revenues	<u>29,557,309</u>	<u>2,171,421</u>	<u></u>
Expenditures:			
Current -			
Instruction	15,124,571	1,790,167	
Support services - students and staff	3,011,248	77,073	
Support services - administration	4,165,264		
Operation and maintenance of plant services	4,258,697		
Student transportation services	1,079,327		
Operation of non-instructional services	286,675		
Capital outlay	62,799		134,009
Debt service -			
Principal retirement	849,259		
Interest and fiscal charges	2,261		
Bond issuance costs			171,939
Total expenditures	<u>28,840,101</u>	<u>1,867,240</u>	<u>305,948</u>
Excess (deficiency) of revenues over expenditures	<u>717,208</u>	<u>304,181</u>	<u>(305,948)</u>
Other financing sources (uses):			
Transfers in	763,288		
Transfers out			
Issuance of school improvement bonds			17,111,355
Proceeds from sale of capital assets	998,000		
Insurance proceeds	14,079		
Total other financing sources (uses):	<u>1,775,367</u>	<u></u>	<u>17,111,355</u>
Changes in fund balances	<u>2,492,575</u>	<u>304,181</u>	<u>16,805,407</u>
Fund balances (deficits), beginning of year, as restated	5,198,708	268,383	
Increase (decrease) in reserve for inventory	72,215		
Fund balances (deficits), end of year	<u>\$ 7,763,498</u>	<u>\$ 572,564</u>	<u>\$ 16,805,407</u>

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

<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 2,124,035	\$ 3,615,402
	1,089,664	21,508,759
884,179	390,840	10,916,603
	4,477,325	4,654,009
<u>884,179</u>	<u>8,081,864</u>	<u>40,694,773</u>
	2,812,996	19,727,734
	856,206	3,944,527
	427,486	4,592,750
	2,558	4,261,255
	10,368	1,089,695
	1,921,733	2,208,408
1,758,548	458,964	2,414,320
	168,941	1,018,200
	50,644	52,905
		171,939
<u>1,758,548</u>	<u>6,709,896</u>	<u>39,481,733</u>
<u>(874,369)</u>	<u>1,371,968</u>	<u>1,213,040</u>
		763,288
	(763,288)	(763,288)
		17,111,355
		998,000
		14,079
	<u>(763,288)</u>	<u>18,123,434</u>
<u>(874,369)</u>	<u>608,680</u>	<u>19,336,474</u>
(31,076)	5,266,847	10,702,862
	3,357	75,572
<u>\$ (905,445)</u>	<u>\$ 5,878,884</u>	<u>\$ 30,114,908</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Changes in fund balances - total governmental funds **\$ 19,336,474**

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	\$ 1,575,629	
Less current year depreciation	<u>(2,560,706)</u>	(985,077)

Issuance of school improvement bonds provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(17,111,355)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	3,616	
Intergovernmental	<u>26,017</u>	29,633

Repayments of capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,018,200
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Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	1,998,839	
Pension expense	<u>(560,135)</u>	1,438,704

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	75,572	
Other postemployment benefits payables	(319,404)	
Loss on disposal of assets	(83,350)	
Compensated absences	<u>(133,726)</u>	(460,908)

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.		<u>1,898,951</u>
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Changes in net position in governmental activities **\$ 5,164,622**

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, 2017

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 2,947,781
Total current assets	2,947,781
Noncurrent assets:	
Capital assets, net of accumulated depreciation	28,281
Total noncurrent assets	28,281
Total assets	2,976,062
<u>LIABILITIES</u>	
Current liabilities:	
Claims payable	316,011
Total current liabilities	316,011
Total liabilities	316,011
<u>NET POSITION</u>	
Net investment in capital assets	28,281
Unrestricted	2,631,770
Total net position	\$ 2,660,051

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 7,401,886
Total operating revenues	7,401,886
Operating expenses:	
Depreciation	48,482
Claims	3,605,478
Premiums	311,772
Professional fees - benefit management	590,874
Professional fees - legal	30,049
Professional fees - other	42,376
Wellness Center	
Professional fees	801,264
Insurance	994
Property taxes	4,181
Rent	39,300
Repairs and maintenance	1,987
Telephone and utilities	31,168
Cost of services	2,296
Total operating expenses	5,510,221
Operating income (loss)	1,891,665
Nonoperating revenues (expenses):	
Investment income	7,286
Total nonoperating revenues (expenses)	7,286
Changes in net position	1,898,951
Total net position, beginning of year, as restated	761,100
Total net position, end of year	\$ 2,660,051

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities: Internal Service Funds
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 7,443,147
Cash payments to suppliers for goods and services	(2,062,041)
Cash payments for claims	(3,665,511)
Net cash provided by operating activities	1,715,595
Cash flows from investing activities:	
Purchase of investments	(1,686,088)
Investment income	7,286
Proceeds from sales and maturities of investments	1,922,060
Net cash provided by investing activities	243,258
Net increase in cash and cash equivalents	1,958,853
Cash and cash equivalents, beginning of year	13,440
Cash and cash equivalents, end of year	\$ 1,972,293
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 2,947,781
Less investments not maturing in less than three months	975,488
Total cash and cash equivalents	\$ 1,972,293
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 1,891,665
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Depreciation	48,482
Decrease in accounts receivable	41,261
Decrease in accounts payable	(205,780)
Decrease in claims payable	(60,033)
Total adjustments	(176,070)
Net cash provided by operating activities	\$ 1,715,595

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, 2017

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 271,505
Total assets	\$ 271,505
 <u>LIABILITIES</u>	
Deposits held for others	\$ 14,967
Due to student groups	256,538
Total liabilities	\$ 271,505

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District reports the following major governmental funds:

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

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

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.

Building Renewal Grant Fund - The Building Renewal Grant Fund accounts 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.

Additionally, the District reports the following fund types:

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

D. Cash and Investments

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

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Inventory

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

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

I. Prepaid Items

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

J. Capital Assets

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. 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

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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Pensions

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

N. Long-term Obligations

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

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

O. Interfund Activity

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

P. Net Position Flow Assumption

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

	General Fund	Classroom Site Fund	Bond Building Fund	Building Renewal Grant Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 400,102	\$	\$	\$	21,614
Restricted:					
Capital projects	7,199				2,547,494
Bond building projects			16,805,407		
Voter approved initiatives		572,564			625,634
Federal projects					102,892
Food service					1,295,619
Community school					171,462
Extracurricular activities					443,393
Gifts and donations					352,905
Joint technical education					257,260
Other purposes					60,611
Assigned:					
Auxiliary operations	791,750				
Unassigned	6,564,447			(905,445)	
Total fund balances	<u>\$ 7,763,498</u>	<u>\$ 572,564</u>	<u>\$ 16,805,407</u>	<u>\$ (905,445)</u>	<u>\$ 5,878,884</u>

The July 1, 2016 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to a correction in the classification of funds under the fund type definitions specified in GASB Statement No. 54.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

	Deficit
Major Governmental Fund:	
Building Renewal Grant	\$ (905,445)

The deficits arose because of operations during the year and the prior fiscal year. Additional revenues received in fiscal year 2017-18 are expected to eliminate the deficit.

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

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$2,900,936 and the bank balance was \$3,101,926. At year end, \$2,154,871 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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CASH AND INVESTMENTS

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.

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
Certificates of Deposit	Level 1	\$ 975,488	\$ 490,977	\$ 484,511
			\$ 490,977	\$ 484,511
County Treasurer’s investment pool	Not Applicable	29,469,908	1.06 years average maturities	
Total		<u>\$30,445,396</u>		

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

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

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – RECEIVABLES

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

	<u>General Fund</u>	<u>Building Renewal Grant Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from federal government	\$ 18,601	\$	\$ 223,552
Due from state government	2,497,710	95,189	
Due from county government	3,930		
Due from other districts			1,828
Net due from governmental entities	<u>\$ 2,520,241</u>	<u>\$ 95,189</u>	<u>\$ 225,380</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 \$400,000 of which \$350,000 is included as a non-current asset in the Statement of Net Position.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,638,925	\$	\$ 83,350	\$ 3,555,575
Construction in progress	86,854	38,225	68,079	57,000
Total capital assets, not being depreciated	<u>3,725,779</u>	<u>38,225</u>	<u>151,429</u>	<u>3,612,575</u>
Capital assets, being depreciated:				
Land improvements	2,735,868	115,849		2,851,717
Buildings and improvements	86,710,212	1,451,632		88,161,844
Leasehold improvements	278,772			278,772
Vehicles, furniture and equipment	6,142,078	38,002		6,180,080
Total capital assets being depreciated	<u>95,866,930</u>	<u>1,605,483</u>		<u>97,472,413</u>
Less accumulated depreciation for:				
Land improvements	(1,022,394)	(116,572)		(1,138,966)
Buildings and improvements	(45,154,623)	(2,198,524)		(47,353,147)
Leasehold improvements	(202,009)	(48,482)		(250,491)
Vehicles, furniture and equipment	(4,857,492)	(245,610)		(5,103,102)
Total accumulated depreciation	<u>(51,236,518)</u>	<u>(2,609,188)</u>		<u>(53,845,706)</u>
Total capital assets, being depreciated, net	<u>44,630,412</u>	<u>(1,003,705)</u>		<u>43,626,707</u>
Governmental activities capital assets, net	<u>\$ 48,356,191</u>	<u>\$ (965,480)</u>	<u>\$ 151,429</u>	<u>\$ 47,239,282</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,164,105
Support services – students and staff	15,858
Support services – administration	73,263
Operation and maintenance of plant services	18,922
Student transportation services	231,401
Operation of non-instructional services	105,639
Total depreciation expense – governmental activities	<u>\$ 2,609,188</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 \$57,000 on the projects and had estimated remaining contractual commitments of \$1,446,342. These projects are being funded with Bond Building funds.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Fund, a non-major governmental fund, will be used to pay the capital lease obligations. In addition, the District had also entered into a lease agreement of the purpose of construction of a new bus barn. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, and proceeds from a land sale in the School Plant Fund, a non-major governmental fund, were used to pay off the remaining 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	\$ 4,870,792
Vehicles, furniture and equipment	187,274
Less: Accumulated depreciation	236,137
Total	\$ 4,821,929

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

	Governmental Activities
Year Ending June 30:	
2018	\$ 151,769
2019	152,379
2020	153,002
2021	153,630
2022	116,813
2023-27	594,024
2028-31	343,459
Total minimum lease payments	1,665,076
Less: amount representing interest	336,038
Present value of minimum lease payments	1,329,038
Due within one year	\$ 111,889

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
SIB Project of 2016, Series A (2017)	\$ 15,490,000	3.0%-5.0%	7/1/2018-36	\$ 15,490,000	\$ 1,300,000
Total				<u>\$ 15,490,000</u>	<u>\$ 1,300,000</u>

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

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	1,300,000	748,207
2019	875,000	617,962
2020	1,050,000	582,962
2021		540,962
2022		540,962
2023-27	3,555,000	2,446,224
2028-32	4,430,000	1,571,050
2033-36	4,280,000	521,100
Total	<u>15,490,000</u>	<u>7,569,429</u>

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$	\$ 15,490,000	\$	\$ 15,490,000	\$ 1,300,000
Premium		1,621,355		1,621,355	
Total bonds payable		17,111,355		17,111,355	1,300,000
Obligations under capital leases	2,347,238		1,018,200	1,329,038	111,889
Other postemployment benefits	1,174,178	319,404		1,493,582	
Net pension liability	33,202,281	86,927		33,289,208	
Compensated absences payable	1,410,544	783,196	649,470	1,544,270	750,000
Governmental activity long-term liabilities	\$ 38,134,241	\$ 18,300,882	\$ 1,667,670	\$ 54,767,453	\$ 2,161,889

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	General Fund
Building Renewal Grant Fund	\$ 759,393
Non-Major Governmental Funds	4,428
Total Due from Other Funds	\$ 763,821

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

Interfund transfers:

Transfers between funds in the amount of \$763,288 were used to (1) move federal grant funds restricted for indirect costs to the General Fund and 2) to close out funds.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – CONTINGENT LIABILITIES

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

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2016, government-wide net position and the fund balance of the Internal Service Funds do not agree to the prior year financial statements due to a correction of an error. The District had not included leasehold improvements or all accounts payable in the prior year.

	Statement of Activities	Proprietary Fund Fund
Net position/fund balance, June 30, 2016, as previously reported	\$ 21,770,254	\$ 880,448
Capital asset items not included	76,763	76,763
Accounts payable not included	(196,111)	(196,111)
Net position/fund balance, July 1, 2016, as restated	\$ 21,650,906	\$ 761,100

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.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 – RISK MANAGEMENT

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

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

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
2016-17	\$ 376,044	\$ 3,605,478	\$ 3,665,511	\$ 316,011
2015-16	423,679	4,051,403	4,099,038	376,044

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

*With actuarially reduced benefits

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2017 were \$1,998,839.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District’s pension contributions are paid by the same fund as the employee’s salary, with the largest component coming from the General Fund. The District’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2017	\$	103,836	\$	25,959
2016		96,511		23,163
2015		115,700		23,532

Pension Liability. At June 30, 2017, the District reported a liability of \$33.3 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District’s proportion was 0.21 percent, which was equivalent to its proportion measured as of June 30, 2015.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the District recognized pension expense of \$560,135 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 202,296	\$ 2,290,054
Changes of assumptions or other inputs		1,761,265
Net difference between projected and actual earnings on pension plan investments	3,607,442	
Changes in proportion and differences between contributions and proportionate share of contributions	120,468	1,037,659
Contributions subsequent to the measurement date	1,998,839	
Total	<u>\$ 5,929,045</u>	<u>\$ 5,088,978</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2018	\$ (2,076,501)
2019	(1,492,471)
2020	1,398,684
2021	1,011,516

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$42,446,268	\$ 33,289,208	\$25,947,247

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

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

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

	Participants
Active employees	330
Retired employees	41
Total	371

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

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

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

Annual required contribution	\$ 763,325
Interest on net OPEB obligation	41,096
Adjustment to annual required contribution	<u>(64,606)</u>
Annual OPEB cost (expense)	739,815
Contributions made	(420,411)
Increase in net OPEB obligation	<u>319,404</u>
Net OPEB obligation – beginning of year	1,174,178
Net OPEB obligation – end of year	<u>\$ 1,493,582</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2017 and the two preceding years is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2017	\$ 739,815	\$ 420,411	56.83%	\$ 1,493,582
June 30, 2016	770,627	367,877	47.74%	1,174,178
June 30, 2015	240,670	570,000	236.84%	771,428

Funded Status and Funding Progress. As of June 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$8.5 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$8.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19.0 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 44.6 percent.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

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

Valuation date	June 30, 2015
Actuarial cost method	Projected unit credit
Amortization method for actuarial accrued liabilities	30 years, closed – level dollar amount
Remaining amortization period	23 years as of June 30, 2017
Interest rate	3.50%
Inflation rate	3.50%
Projected salary increases	N/A
Health care cost trend rate:	
Medical and Prescription Drug	7%, graded down to an ultimate rate of 5% over 8 years
Retiree contribution increase	Consistent with medical/drug trends
ASRS subsidy increases	None
Cost of living adjustments	N/A

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

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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, 2017

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 851,220	\$ 851,220
Property taxes			20,419,095	20,419,095
State aid and grants			7,476,366	7,476,366
Federal aid, grants and reimbursements			1,102	1,102
Total revenues			<u>28,747,783</u>	<u>28,747,783</u>
Expenditures:				
Current -				
Instruction	14,928,422	15,356,439	14,888,499	467,940
Support services - students and staff	3,135,481	3,214,125	2,926,727	287,398
Support services - administration	3,773,930	4,060,231	3,524,429	535,802
Operation and maintenance of plant services	4,528,999	4,649,062	4,229,865	419,197
Student transportation services	1,179,254	1,217,962	1,078,723	139,239
Operation of non-instructional services	101,285	102,174	102,171	3
Total expenditures	<u>27,647,371</u>	<u>28,599,993</u>	<u>26,750,414</u>	<u>1,849,579</u>
Excess (deficiency) of revenues over expenditures	<u>(27,647,371)</u>	<u>(28,599,993)</u>	<u>1,997,369</u>	<u>30,597,362</u>
Other financing sources (uses):				
Transfers in			747,660	747,660
Total other financing sources (uses):			<u>747,660</u>	<u>747,660</u>
Changes in fund balances	<u>(27,647,371)</u>	<u>(28,599,993)</u>	<u>2,745,029</u>	<u>31,345,022</u>
Fund balances, beginning of year			2,286,048	2,286,048
Increase (decrease) in reserve for prepaid items			450,000	450,000
Increase (decrease) in reserve for inventory			31,325	31,325
Fund balances (deficits), end of year	<u>\$ (27,647,371)</u>	<u>\$ (28,599,993)</u>	<u>\$ 5,512,402</u>	<u>\$ 34,112,395</u>

See accompanying notes to this schedule.

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 6,203	\$ 6,203
State aid and grants			2,165,218	2,165,218
Total revenues			<u>2,171,421</u>	<u>2,171,421</u>
Expenditures:				
Current -				
Instruction	3,703,645	3,606,936	1,790,167	1,816,769
Support services - students and staff		94,318	77,073	17,245
Total expenditures	<u>3,703,645</u>	<u>3,701,254</u>	<u>1,867,240</u>	<u>1,834,014</u>
Changes in fund balances	<u>(3,703,645)</u>	<u>(3,701,254)</u>	<u>304,181</u>	<u>4,005,435</u>
Fund balances, beginning of year			268,383	268,383
Fund balances (deficits), end of year	<u>\$ (3,703,645)</u>	<u>\$ (3,701,254)</u>	<u>\$ 572,564</u>	<u>\$ 4,273,818</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 THREE FISCAL YEARS

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

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

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

NOTE: The pension 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 FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST THREE ACTUARIAL VALUATIONS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	\$	\$ 8,456,233	\$ 8,456,233	%	\$ 19,989,266	42.30 %
2014	1,528,596	4,062,033	2,533,437	37.63	20,201,513	20.11
2012	1,294,626	5,881,044	4,586,418	22.01	21,844,840	26.92

See accompanying notes to this schedule.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 28,840,101	\$ 7,763,498
Activity budgeted as special revenue funds	(1,497,479)	(2,243,897)
Activity budgeted as capital projects funds	(33,198)	(7,199)
Current-year prepaid items	450,000	
Prior-year prepaid items	(1,009,010)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 26,750,414	\$ 5,512,402

NOTE 2 – PENSION PLAN SCHEDULES

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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GOVERNMENTAL FUNDS

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,489,160	\$ 2,569,460	\$ 6,058,620
Property taxes receivable		22,923	22,923
Accounts receivable	13,388	14,759	28,147
Due from governmental entities	225,380		225,380
Inventory	21,614		21,614
Total assets	<u><u>\$ 3,749,542</u></u>	<u><u>\$ 2,607,142</u></u>	<u><u>\$ 6,356,684</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 222,550	\$ 39,034	\$ 261,584
Due to other funds	4,428		4,428
Accrued payroll and employee benefits	142,652		142,652
Unearned revenues	48,522		48,522
Total liabilities	<u>418,152</u>	<u>39,034</u>	<u>457,186</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		20,614	20,614
Fund balances:			
Nonspendable	21,614		21,614
Restricted	3,309,776	2,547,494	5,857,270
Total fund balances	<u>3,331,390</u>	<u>2,547,494</u>	<u>5,878,884</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 3,749,542</u></u>	 <u><u>\$ 2,607,142</u></u>	 <u><u>\$ 6,356,684</u></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, 2017

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Other local	\$ 2,074,118	\$	\$ 49,917
Property taxes			1,089,664
State aid and grants	390,840		
Federal aid, grants and reimbursements	<u>4,477,325</u>	<u> </u>	<u> </u>
Total revenues	<u>6,942,283</u>	<u> </u>	<u>1,139,581</u>
Expenditures:			
Current -			
Instruction	2,812,996		
Support services - students and staff	856,206		
Support services - administration	427,486		
Operation and maintenance of plant services	2,558		
Student transportation services	10,368		
Operation of non-instructional services	1,921,733		
Capital outlay	317,006		141,958
Debt service -			
Principal retirement	112,166		56,775
Interest and fiscal charges	<u>38,756</u>	<u> </u>	<u>11,888</u>
Total expenditures	<u>6,499,275</u>	<u> </u>	<u>210,621</u>
Excess (deficiency) of revenues over expenditures	<u>443,008</u>	<u> </u>	<u>928,960</u>
Other financing sources (uses):			
Transfers out	<u>(15,628)</u>	<u>(747,660)</u>	<u> </u>
Total other financing sources (uses):	<u>(15,628)</u>	<u>(747,660)</u>	<u> </u>
Changes in fund balances	<u>427,380</u>	<u>(747,660)</u>	<u>928,960</u>
Fund balances, beginning of year	2,900,653	747,660	1,618,534
Increase (decrease) in reserve for inventory	3,357		
Fund balances, end of year	<u>\$ 3,331,390</u>	<u>\$</u>	<u>\$ 2,547,494</u>

Total Non-
Major
Governmental
Funds

\$ 2,124,035
1,089,664
390,840
4,477,325
8,081,864

2,812,996
856,206
427,486
2,558
10,368
1,921,733
458,964

168,941
50,644
6,709,896

1,371,968

(763,288)
(763,288)

608,680

5,266,847

3,357

\$ 5,878,884

SPECIAL REVENUE FUNDS

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

Student Success - to account for student success monies.

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

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

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

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

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

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

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

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

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

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

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

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, 2017

	<u>Instructional Improvement</u>	<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 616,847	\$ 37,776	\$ 10,150
Accounts receivable	8,787		
Due from governmental entities		4,477	580
Inventory			
Total assets	<u>\$ 625,634</u>	<u>\$ 42,253</u>	<u>\$ 10,730</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 1,189	\$ 1,907
Due to other funds			
Accrued payroll and employee benefits		41,064	8,823
Unearned revenues			
Total liabilities		<u>42,253</u>	<u>10,730</u>
Fund balances:			
Nonspendable			
Restricted	<u>625,634</u>		
Total fund balances	<u>625,634</u>		
Total liabilities and fund balances	<u>\$ 625,634</u>	<u>\$ 42,253</u>	<u>\$ 10,730</u>

<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>	<u>E-Rate</u>	<u>State Vocational Education</u>	<u>Other State Projects</u>
\$	\$ 48,674	\$	\$ 82,174	\$ 255	\$ 58,791
102	5,742	10,790	20,718		
<u>\$ 102</u>	<u>\$ 54,416</u>	<u>\$ 10,790</u>	<u>\$ 102,892</u>	<u>\$ 255</u>	<u>\$ 58,791</u>
\$	\$ 1,714	\$ 4,015	\$	\$	\$
102	52,702	4,326			10,524
		2,449		255	48,267
<u>102</u>	<u>54,416</u>	<u>10,790</u>		<u>255</u>	<u>58,791</u>
			102,892		
			102,892		
<u>\$ 102</u>	<u>\$ 54,416</u>	<u>\$ 10,790</u>	<u>\$ 102,892</u>	<u>\$ 255</u>	<u>\$ 58,791</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,314,127	\$ 813	\$ 171,462
Accounts receivable		1,430	
Due from governmental entities	181,143		
Inventory	21,614		
Total assets	<u><u>\$ 1,516,884</u></u>	<u><u>\$ 2,243</u></u>	<u><u>\$ 171,462</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 193,603	\$ 49	\$
Due to other funds			
Accrued payroll and employee benefits	6,048	1,261	
Unearned revenues			
Total liabilities	<u>199,651</u>	<u>1,310</u>	
Fund balances:			
Nonspendable	21,614		
Restricted	1,295,619	933	171,462
Total fund balances	<u>1,317,233</u>	<u>933</u>	<u>171,462</u>
Total liabilities and fund balances	<u><u>\$ 1,516,884</u></u>	<u><u>\$ 2,243</u></u>	<u><u>\$ 171,462</u></u>

<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
\$ 459,574	\$ 354,228	\$ 16,193	\$ 8,846 3,171	\$ 31,468	\$ 277,782 1,828
<u>\$ 459,574</u>	<u>\$ 354,228</u>	<u>\$ 16,193</u>	<u>\$ 12,017</u>	<u>\$ 31,468</u>	<u>\$ 279,610</u>
\$ 6,247 9,934	\$ 1,323	\$	\$	\$	\$ 12,503 9,847
<u>16,181</u>	<u>1,323</u>				<u>22,350</u>
<u>443,393</u> <u>443,393</u>	<u>352,905</u> <u>352,905</u>	<u>16,193</u> <u>16,193</u>	<u>12,017</u> <u>12,017</u>	<u>31,468</u> <u>31,468</u>	<u>257,260</u> <u>257,260</u>
<u>\$ 459,574</u>	<u>\$ 354,228</u>	<u>\$ 16,193</u>	<u>\$ 12,017</u>	<u>\$ 31,468</u>	<u>\$ 279,610</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 3,489,160
Accounts receivable	13,388
Due from governmental entities	225,380
Inventory	21,614
Total assets	\$ 3,749,542
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 222,550
Due to other funds	4,428
Accrued payroll and employee benefits	142,652
Unearned revenues	48,522
Total liabilities	418,152
Fund balances:	
Nonspendable	21,614
Restricted	3,309,776
Total fund balances	3,331,390
 Total liabilities and fund balances	 \$ 3,749,542

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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, 2017

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 15,946	\$	\$
State aid and grants	221,614		
Federal aid, grants and reimbursements		1,328,626	181,170
Total revenues	237,560	1,328,626	181,170
Expenditures:			
Current -			
Instruction	86,183	1,021,612	15,570
Support services - students and staff	1,797	97,159	129,004
Support services - administration	11,405	138,387	35,476
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	42,098	63,654	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	141,483	1,320,812	180,050
Excess (deficiency) of revenues over expenditures	96,077	7,814	1,120
Other financing sources (uses):			
Transfers out		(7,814)	(1,120)
Total other financing sources (uses):		(7,814)	(1,120)
Changes in fund balances	96,077		
Fund balances, beginning of year	529,557		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 625,634	\$	\$

Limited English and Immigrant Students	Special Education Grants	Vocational Education	E-Rate	State Vocational Education	Other State Projects
\$	\$	\$	\$ 1,078	\$	\$
18,678	969,121	101,828	164,199	33,310	135,916
<u>18,678</u>	<u>969,121</u>	<u>101,828</u>	<u>165,277</u>	<u>33,310</u>	<u>135,916</u>
14,194	522,761	46,277		18,074	113,732
4,219	435,087	51,001		12,315	21,949
150	2,809	3,311	112,176	2,426	56
	2,500				
		624		495	179
			75,180		
			38,546		
<u>18,563</u>	<u>963,157</u>	<u>101,213</u>	<u>225,902</u>	<u>33,310</u>	<u>135,916</u>
<u>115</u>	<u>5,964</u>	<u>615</u>	<u>(60,625)</u>		
<u>(115)</u>	<u>(5,964)</u>	<u>(615)</u>			
<u>(115)</u>	<u>(5,964)</u>	<u>(615)</u>			
			(60,625)		
			163,517		
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 102,892</u>	<u>\$</u>	<u>\$</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
Revenues:			
Other local	\$ 498,420	\$ 12,598	\$ 6,140
State aid and grants			
Federal aid, grants and reimbursements	1,713,703		
Total revenues	<u>2,212,123</u>	<u>12,598</u>	<u>6,140</u>
Expenditures:			
Current -			
Instruction			29,074
Support services - students and staff	28,735		9,657
Support services - administration	95,977	10,087	490
Operation and maintenance of plant services		2,558	
Student transportation services			
Operation of non-instructional services	1,902,554	19,179	
Capital outlay	50,714		
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>2,077,980</u>	<u>31,824</u>	<u>39,221</u>
Excess (deficiency) of revenues over expenditures	<u>134,143</u>	<u>(19,226)</u>	<u>(33,081)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>134,143</u>	<u>(19,226)</u>	<u>(33,081)</u>
Fund balances, beginning of year	1,179,733	20,159	204,543
Increase (decrease) in reserve for inventory	3,357		
Fund balances, end of year	<u>\$ 1,317,233</u>	<u>\$ 933</u>	<u>\$ 171,462</u>

Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education
\$ 689,702	\$ 280,274	\$ 1,413	\$ 3,798	\$ 203	\$ 564,546
<u>689,702</u>	<u>280,274</u>	<u>1,413</u>	<u>3,798</u>	<u>203</u>	<u>564,546</u>
535,528	100,175		4,313		305,503
	3,927				61,356
	5,656	977			8,103
	782				7,086
25,013	39,741				94,488
					36,986
					210
<u>560,541</u>	<u>150,281</u>	<u>977</u>	<u>4,313</u>		<u>513,732</u>
<u>129,161</u>	<u>129,993</u>	<u>436</u>	<u>(515)</u>	<u>203</u>	<u>50,814</u>
<u>129,161</u>	<u>129,993</u>	<u>436</u>	<u>(515)</u>	<u>203</u>	<u>50,814</u>
314,232	222,912	15,757	12,532	31,265	206,446
<u>\$ 443,393</u>	<u>\$ 352,905</u>	<u>\$ 16,193</u>	<u>\$ 12,017</u>	<u>\$ 31,468</u>	<u>\$ 257,260</u>

(Continued)

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Totals
Revenues:	
Other local	\$ 2,074,118
State aid and grants	390,840
Federal aid, grants and reimbursements	4,477,325
Total revenues	6,942,283
Expenditures:	
Current -	
Instruction	2,812,996
Support services - students and staff	856,206
Support services - administration	427,486
Operation and maintenance of plant services	2,558
Student transportation services	10,368
Operation of non-instructional services	1,921,733
Capital outlay	317,006
Debt service -	
Principal retirement	112,166
Interest and fiscal charges	38,756
Total expenditures	6,499,275
Excess (deficiency) of revenues over expenditures	443,008
Other financing sources (uses):	
Transfers out	(15,628)
Total other financing sources (uses):	(15,628)
Changes in fund balances	427,380
Fund balances, beginning of year	2,900,653
Increase (decrease) in reserve for inventory	3,357
Fund balances, end of year	\$ 3,331,390

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LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 15,946	\$ 15,946
State aid and grants		221,614	221,614
Federal aid, grants and reimbursements			
Total revenues		<u>237,560</u>	<u>237,560</u>
Expenditures:			
Current -			
Instruction	300,000	86,183	213,817
Support services - students and staff		1,797	(1,797)
Support services - administration		11,405	(11,405)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		42,098	(42,098)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>300,000</u>	<u>141,483</u>	<u>158,517</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>96,077</u>	<u>396,077</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(300,000)</u>	<u>96,077</u>	<u>396,077</u>
Fund balances, beginning of year		529,557	529,557
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (300,000)</u>	<u>\$ 625,634</u>	<u>\$ 925,634</u>

Student Success			Title I Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 611	\$ 611	\$	\$	\$
				1,328,626	1,328,626
	611	611		1,328,626	1,328,626
93,493		93,493	1,539,830	1,021,612	518,218
				97,159	(97,159)
				138,387	(138,387)
				63,654	(63,654)
93,493		93,493	1,539,830	1,320,812	219,018
(93,493)	611	94,104	(1,539,830)	7,814	1,547,644
				(7,814)	(7,814)
				(7,814)	(7,814)
(93,493)	611	94,104	(1,539,830)		1,539,830
	93,932	93,932			
\$ (93,493)	\$ 94,543	\$ 188,036	\$ (1,539,830)	\$	\$ 1,539,830

(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, 2017

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		181,170	181,170
Total revenues		181,170	181,170
Expenditures:			
Current -			
Instruction		15,570	(15,570)
Support services - students and staff	286,160	129,004	157,156
Support services - administration		35,476	(35,476)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	286,160	180,050	106,110
Excess (deficiency) of revenues over expenditures	(286,160)	1,120	287,280
Other financing sources (uses):			
Transfers in			
Transfers out		(1,120)	(1,120)
Proceeds from sale of capital assets			
Total other financing sources (uses):		(1,120)	(1,120)
Changes in fund balances	(286,160)		286,160
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (286,160)	\$	\$ 286,160

Limited English and Immigrant Students

<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$
	18,678	18,678
	18,678	18,678
30,100	14,194	15,906
	4,219	(4,219)
	150	(150)
<u>30,100</u>	<u>18,563</u>	<u>11,537</u>
<u>(30,100)</u>	<u>115</u>	<u>30,215</u>
	(115)	(115)
<u>(30,100)</u>	<u>(115)</u>	<u>(115)</u>
		30,100
<u>\$ (30,100)</u>	<u>\$</u>	<u>\$ 30,100</u>

Special Education Grants

<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$
	969,121	969,121
	969,121	969,121
1,061,500	522,761	538,739
	435,087	(435,087)
	2,809	(2,809)
	2,500	(2,500)
<u>1,061,500</u>	<u>963,157</u>	<u>98,343</u>
<u>(1,061,500)</u>	<u>5,964</u>	<u>1,067,464</u>
	(5,964)	(5,964)
<u>(1,061,500)</u>	<u>(5,964)</u>	<u>(5,964)</u>
		1,061,500
<u>\$ (1,061,500)</u>	<u>\$</u>	<u>\$ 1,061,500</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, 2017

	Vocational Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		101,828	101,828
Total revenues		101,828	101,828
Expenditures:			
Current -			
Instruction		46,277	(46,277)
Support services - students and staff	106,394	51,001	55,393
Support services - administration		3,311	(3,311)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		624	(624)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	106,394	101,213	5,181
Excess (deficiency) of revenues over expenditures	(106,394)	615	107,009
Other financing sources (uses):			
Transfers in			
Transfers out		(615)	(615)
Proceeds from sale of capital assets			
Total other financing sources (uses):		(615)	(615)
Changes in fund balances	(106,394)		106,394
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (106,394)	\$	\$ 106,394

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 4,036	\$ 4,036	\$	\$ 1,078	\$ 1,078
	175,582	175,582		164,199	164,199
	179,618	179,618		165,277	165,277
433,760	17,611	(17,611)			
	83,296	350,464	75,000	112,176	(37,176)
	4,892	(4,892)			
	604	(604)			
	19,337	(19,337)			
				75,180	(75,180)
				38,546	(38,546)
433,760	125,740	308,020	75,000	225,902	(150,902)
(433,760)	53,878	487,638	(75,000)	(60,625)	14,375
(433,760)	53,878	487,638	(75,000)	(60,625)	14,375
	607,530	607,530		163,517	163,517
\$ (433,760)	\$ 661,408	\$ 1,095,168	\$ (75,000)	\$ 102,892	\$ 177,892

(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, 2017

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	10,000		10,000
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			
Total expenditures	10,000		10,000
Excess (deficiency) of revenues over expenditures	(10,000)		10,000
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	(10,000)		10,000
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (10,000)		\$ 10,000

State Vocational Education			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 33,310	\$ 33,310	\$	\$ 135,916	\$ 135,916
	<u>33,310</u>	<u>33,310</u>		<u>135,916</u>	<u>135,916</u>
46,000	18,074	27,926	169,470	113,732	55,738
	12,315	(12,315)		21,949	(21,949)
	2,426	(2,426)		56	(56)
	495	(495)		179	(179)
<u>46,000</u>	<u>33,310</u>	<u>12,690</u>	<u>169,470</u>	<u>135,916</u>	<u>33,554</u>
<u>(46,000)</u>		<u>46,000</u>	<u>(169,470)</u>		<u>169,470</u>
<u>(46,000)</u>		<u>46,000</u>	<u>(169,470)</u>		<u>169,470</u>
<u>\$ (46,000)</u>	<u>\$</u>	<u>\$ 46,000</u>	<u>\$ (169,470)</u>	<u>\$</u>	<u>\$ 169,470</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, 2017

	School Plant		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 36,188	\$ 36,188
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>36,188</u>	<u>36,188</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		76,933	(76,933)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		9,284	(9,284)
Debt service -			
Principal retirement	37,000	849,259	(812,259)
Interest and fiscal charges		2,261	(2,261)
Total expenditures	<u>37,000</u>	<u>937,737</u>	<u>(900,737)</u>
Excess (deficiency) of revenues over expenditures	<u>(37,000)</u>	<u>(901,549)</u>	<u>(864,549)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets		998,000	998,000
Total other financing sources (uses):		<u>998,000</u>	<u>998,000</u>
Changes in fund balances	<u>(37,000)</u>	<u>96,451</u>	<u>133,451</u>
Fund balances, beginning of year		250,647	250,647
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (37,000)</u>	<u>\$ 347,098</u>	<u>\$ 384,098</u>

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 498,420	\$ 498,420	\$	\$ 12,598	\$ 12,598
	1,713,703	1,713,703			
	2,212,123	2,212,123		12,598	12,598
	28,735	(28,735)			
	95,977	(95,977)		10,087	(10,087)
				2,558	(2,558)
2,800,000	1,902,554	897,446	40,000	19,179	20,821
	50,714	(50,714)			
2,800,000	2,077,980	722,020	40,000	31,824	8,176
(2,800,000)	134,143	2,934,143	(40,000)	(19,226)	20,774
(2,800,000)	134,143	2,934,143	(40,000)	(19,226)	20,774
	1,179,733	1,179,733		20,159	20,159
	3,357	3,357			
\$ (2,800,000)	\$ 1,317,233	\$ 4,117,233	\$ (40,000)	\$ 933	\$ 40,933

(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, 2017

	Community School		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,140	\$ 6,140
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>6,140</u>	<u>6,140</u>
Expenditures:			
Current -			
Instruction	300,000	29,074	270,926
Support services - students and staff		9,657	(9,657)
Support services - administration		490	(490)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>300,000</u>	<u>39,221</u>	<u>260,779</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(33,081)</u>	<u>266,919</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(300,000)</u>	<u>(33,081)</u>	<u>266,919</u>
Fund balances, beginning of year		204,543	204,543
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (300,000)</u>	<u>\$ 171,462</u>	<u>\$ 471,462</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 429,641	\$ 429,641	\$	\$ 689,702	\$ 689,702
	<u>429,641</u>	<u>429,641</u>		<u>689,702</u>	<u>689,702</u>
	123,760	(123,760)	750,000	535,528	214,472
	1,225	(1,225)			
	4,577	(4,577)			
500,000	184,504	315,496		25,013	(25,013)
	9,607	(9,607)			
<u>500,000</u>	<u>323,673</u>	<u>176,327</u>	<u>750,000</u>	<u>560,541</u>	<u>189,459</u>
<u>(500,000)</u>	<u>105,968</u>	<u>605,968</u>	<u>(750,000)</u>	<u>129,161</u>	<u>879,161</u>
<u>(500,000)</u>	<u>105,968</u>	<u>605,968</u>	<u>(750,000)</u>	<u>129,161</u>	<u>879,161</u>
	757,795	757,795		314,232	314,232
	40,890	40,890			
<u>\$ (500,000)</u>	<u>\$ 904,653</u>	<u>\$ 1,404,653</u>	<u>\$ (750,000)</u>	<u>\$ 443,393</u>	<u>\$ 1,193,393</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, 2017

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 280,274	\$ 280,274
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>280,274</u>	<u>280,274</u>
Expenditures:			
Current -			
Instruction	300,000	100,175	199,825
Support services - students and staff		3,927	(3,927)
Support services - administration		5,656	(5,656)
Operation and maintenance of plant services			
Student transportation services		782	(782)
Operation of non-instructional services			
Capital outlay		39,741	(39,741)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>300,000</u>	<u>150,281</u>	<u>149,719</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>129,993</u>	<u>429,993</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(300,000)</u>	<u>129,993</u>	<u>429,993</u>
Fund balances, beginning of year		222,912	222,912
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (300,000)</u>	<u>\$ 352,905</u>	<u>\$ 652,905</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,413	\$ 1,413	\$	\$ 3,798	\$ 3,798
	<u>1,413</u>	<u>1,413</u>		<u>3,798</u>	<u>3,798</u>
			14,000	4,313	9,687
7,500	977	6,523			
<u>7,500</u>	<u>977</u>	<u>6,523</u>	<u>14,000</u>	<u>4,313</u>	<u>9,687</u>
<u>(7,500)</u>	<u>436</u>	<u>7,936</u>	<u>(14,000)</u>	<u>(515)</u>	<u>13,485</u>
<u>(7,500)</u>	<u>436</u>	<u>7,936</u>	<u>(14,000)</u>	<u>(515)</u>	<u>13,485</u>
	15,757	15,757		12,532	12,532
<u>\$ (7,500)</u>	<u>\$ 16,193</u>	<u>\$ 23,693</u>	<u>\$ (14,000)</u>	<u>\$ 12,017</u>	<u>\$ 26,017</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, 2017

	Litigation Recovery		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7,106	\$ 7,106
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>7,106</u>	<u>7,106</u>
Expenditures:			
Current -			
Instruction	2,000		2,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>2,000</u>		<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>7,106</u>	<u>9,106</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,000)</u>	<u>7,106</u>	<u>9,106</u>
Fund balances, beginning of year		108,740	108,740
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (2,000)</u>	<u>\$ 115,846</u>	<u>\$ 117,846</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 203	\$ 203
				203	203
80,000	15,628	64,372			
80,000	15,628	64,372			
(80,000)	(15,628)	64,372		203	203
	15,628	15,628			
	15,628	15,628			
(80,000)		80,000		203	203
				31,265	31,265
\$ (80,000)	\$	\$ 80,000	\$	\$ 31,468	\$ 31,468

(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, 2017

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 58	\$ 58
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		58	58
Expenditures:			
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			
Total expenditures	5,000		5,000
Excess (deficiency) of revenues over expenditures	(5,000)	58	5,058
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	(5,000)	58	5,058
Fund balances, beginning of year		8,841	8,841
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (5,000)	\$ 8,899	\$ 13,899

Joint Technical Education			Intergovernmental agreements		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 564,546	\$ 564,546	\$	\$ 156,151	\$ 156,151
	<u>564,546</u>	<u>564,546</u>		<u>156,151</u>	<u>156,151</u>
500,000	305,503	194,497	50,000	94,701	(44,701)
	61,356	(61,356)			
	8,103	(8,103)			
	7,086	(7,086)			
	94,488	(94,488)			
	36,986	(36,986)			
	210	(210)			
<u>500,000</u>	<u>513,732</u>	<u>(13,732)</u>	<u>50,000</u>	<u>94,701</u>	<u>(44,701)</u>
<u>(500,000)</u>	<u>50,814</u>	<u>550,814</u>	<u>(50,000)</u>	<u>61,450</u>	<u>111,450</u>
<u>(500,000)</u>	<u>50,814</u>	<u>550,814</u>	<u>(50,000)</u>	<u>61,450</u>	<u>111,450</u>
	206,446	206,446		50,000	50,000
<u>\$ (500,000)</u>	<u>\$ 257,260</u>	<u>\$ 757,260</u>	<u>\$ (50,000)</u>	<u>\$ 111,450</u>	<u>\$ 161,450</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, 2017

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 2,707,909	\$ 2,707,909
State aid and grants		390,840	390,840
Federal aid, grants and reimbursements		4,652,907	4,652,907
Total revenues		<u>7,751,656</u>	<u>7,751,656</u>
Expenditures:			
Current -			
Instruction	5,171,393	3,049,068	2,122,325
Support services - students and staff	826,314	940,727	(114,413)
Support services - administration	82,500	509,311	(426,811)
Operation and maintenance of plant services		7,135	(7,135)
Student transportation services		10,972	(10,972)
Operation of non-instructional services	3,340,000	2,106,237	1,233,763
Capital outlay	80,000	370,862	(290,862)
Debt service -			
Principal retirement	37,000	961,425	(924,425)
Interest and fiscal charges		41,017	(41,017)
Total expenditures	<u>9,537,207</u>	<u>7,996,754</u>	<u>1,540,453</u>
Excess (deficiency) of revenues over expenditures	<u>(9,537,207)</u>	<u>(245,098)</u>	<u>9,292,109</u>
Other financing sources (uses):			
Transfers in		15,628	15,628
Transfers out		(15,628)	(15,628)
Proceeds from sale of capital assets		998,000	998,000
Total other financing sources (uses):		<u>998,000</u>	<u>998,000</u>
Changes in fund balances	<u>(9,537,207)</u>	<u>752,902</u>	<u>10,290,109</u>
Fund balances, beginning of year		4,778,138	4,778,138
Increase (decrease) in reserve for inventory		44,247	44,247
Fund balances (deficits), end of year	<u>\$ (9,537,207)</u>	<u>\$ 5,575,287</u>	<u>\$ 15,112,494</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
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers out	\$	\$ (747,660)	\$ (747,660)
Total other financing sources (uses):		(747,660)	(747,660)
Changes in fund balances		(747,660)	(747,660)
Fund balances, beginning of year		747,660	747,660
Fund balances, end of year	\$	\$	\$

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, 2017

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
<u>ASSETS</u>			
Cash and investments	\$ 1,577,828	\$ 692,675	\$ 298,957
Property taxes receivable	7,024	15,899	
Accounts receivable			14,759
Total assets	\$ 1,584,852	\$ 708,574	\$ 313,716
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ _____	\$ 39,034	\$ _____
Total liabilities	_____	39,034	_____
Deferred inflows of resources:			
Unavailable revenues - property taxes	4,715	15,899	
Fund balances:			
Restricted	1,580,137	653,641	313,716
Total fund balances	1,580,137	653,641	313,716
Total liabilities, deferred inflows of resources and fund balances	\$ 1,584,852	\$ 708,574	\$ 313,716

Totals

\$ 2,569,460
22,923
14,759
\$ 2,607,142

\$ 39,034
39,034

20,614

2,547,494
2,547,494

\$ 2,607,142

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, 2017

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
Revenues:			
Other local	\$ 96	\$	\$ 49,821
Property taxes	339,664	750,000	
Total revenues	339,760	750,000	49,821
Expenditures:			
Capital outlay	38,309	103,649	
Debt service -			
Principal retirement	56,775		
Interest and fiscal charges	11,888		
Total expenditures	106,972	103,649	
Changes in fund balances	232,788	646,351	49,821
Fund balances, beginning of year, as restated	1,347,349	7,290	263,895
Fund balances, end of year	\$ 1,580,137	\$ 653,641	\$ 313,716

Totals

\$ 49,917
1,089,664
1,139,581

141,958

56,775
11,888
210,621

928,960

1,618,534

\$ 2,547,494

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, 2017

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 153	\$ 153
Property taxes			
State aid and grants			
Total revenues		<u>153</u>	<u>153</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	30,000	24,255	5,745
Capital outlay		8,943	(8,943)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>30,000</u>	<u>33,198</u>	<u>(3,198)</u>
Excess (deficiency) of revenues over expenditures	<u>(30,000)</u>	<u>(33,045)</u>	<u>(3,045)</u>
Other financing sources (uses):			
Issuance of school improvement bonds			
Insurance proceeds		14,079	14,079
Total other financing sources (uses):		<u>14,079</u>	<u>14,079</u>
Changes in fund balances	<u>(30,000)</u>	<u>(18,966)</u>	<u>11,034</u>
Fund balances (deficits), beginning of year		26,165	26,165
Fund balances (deficits), end of year	<u>\$ (30,000)</u>	<u>\$ 7,199</u>	<u>\$ 37,199</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 96 339,664	\$ 96 339,664	\$	\$ 750,000	\$ 750,000
	<u>339,760</u>	<u>339,760</u>		<u>750,000</u>	<u>750,000</u>
1,208,071	38,309	1,169,762	750,000	103,649	646,351
56,775	56,775				
11,888	11,888				
<u>1,276,734</u>	<u>106,972</u>	<u>1,169,762</u>	<u>750,000</u>	<u>103,649</u>	<u>646,351</u>
<u>(1,276,734)</u>	<u>232,788</u>	<u>1,509,522</u>	<u>(750,000)</u>	<u>646,351</u>	<u>1,396,351</u>
<u>(1,276,734)</u>	<u>232,788</u>	<u>1,509,522</u>	<u>(750,000)</u>	<u>646,351</u>	<u>1,396,351</u>
	1,347,349	1,347,349		7,290	7,290
<u>\$ (1,276,734)</u>	<u>\$ 1,580,137</u>	<u>\$ 2,856,871</u>	<u>\$ (750,000)</u>	<u>\$ 653,641</u>	<u>\$ 1,403,641</u>

(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, 2017

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay		134,009	(134,009)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs		171,939	(171,939)
Total expenditures		305,948	(305,948)
Excess (deficiency) of revenues over expenditures		(305,948)	(305,948)
Other financing sources (uses):			
Issuance of school improvement bonds		17,111,355	17,111,355
Insurance proceeds			
Total other financing sources (uses):		17,111,355	17,111,355
Changes in fund balances		16,805,407	16,805,407
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$	\$ 16,805,407	\$ 16,805,407

Energy and Water Savings			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 49,821	\$ 49,821	\$	\$	\$
	<u>49,821</u>	<u>49,821</u>		<u>884,179</u>	<u>884,179</u>
				<u>884,179</u>	<u>884,179</u>
100,256		100,256	1,000,000	1,758,548	(758,548)
<u>100,256</u>		<u>100,256</u>	<u>1,000,000</u>	<u>1,758,548</u>	<u>(758,548)</u>
<u>(100,256)</u>	<u>49,821</u>	<u>150,077</u>	<u>(1,000,000)</u>	<u>(874,369)</u>	<u>125,631</u>
<u>(100,256)</u>	<u>49,821</u>	<u>150,077</u>	<u>(1,000,000)</u>	<u>(874,369)</u>	<u>125,631</u>
	263,895	263,895		(31,076)	(31,076)
<u>\$ (100,256)</u>	<u>\$ 313,716</u>	<u>\$ 413,972</u>	<u>\$ (1,000,000)</u>	<u>\$ (905,445)</u>	<u>\$ 94,555</u>

(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, 2017

	Totals		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 50,070	\$ 50,070
Property taxes		1,089,664	1,089,664
State aid and grants		884,179	884,179
Total revenues		<u>2,023,913</u>	<u>2,023,913</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	30,000	24,255	5,745
Capital outlay	3,058,327	2,043,458	1,014,869
Debt service -			
Principal retirement	56,775	56,775	
Interest and fiscal charges	11,888	11,888	
Bond issuance costs		171,939	(171,939)
Total expenditures	<u>3,156,990</u>	<u>2,308,315</u>	<u>848,675</u>
Excess (deficiency) of revenues over expenditures	<u>(3,156,990)</u>	<u>(284,402)</u>	<u>2,872,588</u>
Other financing sources (uses):			
Issuance of school improvement bonds		17,111,355	17,111,355
Insurance proceeds		14,079	14,079
Total other financing sources (uses):		<u>17,125,434</u>	<u>17,125,434</u>
Changes in fund balances	<u>(3,156,990)</u>	<u>16,841,032</u>	<u>19,998,022</u>
Fund balances (deficits), beginning of year		1,613,623	1,613,623
Fund balances (deficits), end of year	<u>\$ (3,156,990)</u>	<u>\$ 18,454,655</u>	<u>\$ 21,611,645</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, 2017

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 256,538	\$ 14,967	\$ 271,505
Total assets	\$ 256,538	\$ 14,967	\$ 271,505
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 14,967	\$ 14,967
Due to student groups	256,538		256,538
Total liabilities	\$ 256,538	\$ 14,967	\$ 271,505

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 239,168	\$ 333,788	\$ 316,418	\$ 256,538
Total assets	\$ 239,168	\$ 333,788	\$ 316,418	\$ 256,538
<u>Liabilities</u>				
Due to student groups	\$ 239,168	\$ 333,788	\$ 316,418	\$ 256,538
Total liabilities	\$ 239,168	\$ 333,788	\$ 316,418	\$ 256,538
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 12,364	\$ 14,225	\$ 11,622	\$ 14,967
Total assets	\$ 12,364	\$ 14,225	\$ 11,622	\$ 14,967
<u>Liabilities</u>				
Deposits held for others	\$ 12,364	\$ 14,225	\$ 11,622	\$ 14,967
Total liabilities	\$ 12,364	\$ 14,225	\$ 11,622	\$ 14,967
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 251,532	\$ 348,013	\$ 328,040	\$ 271,505
Total assets	\$ 251,532	\$ 348,013	\$ 328,040	\$ 271,505
<u>Liabilities</u>				
Deposits held for others	\$ 12,364	\$ 14,225	\$ 11,622	\$ 14,967
Due to student groups	239,168	333,788	316,418	256,538
Total liabilities	\$ 251,532	\$ 348,013	\$ 328,040	\$ 271,505

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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.

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

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Position:					
Net investment in capital assets	\$ 45,604,296	\$ 45,932,190	\$ 46,213,378	\$ 40,796,122	\$ 32,036,647
Restricted	6,457,647	5,589,417	4,966,839	6,569,902	7,590,728
Unrestricted	<u>(25,246,415)</u>	<u>(29,751,353)</u>	<u>(32,022,241)</u>	<u>2,411,731</u>	<u>11,226,078</u>
Total net position	<u><u>\$ 26,815,528</u></u>	<u><u>\$ 21,770,254</u></u>	<u><u>\$ 19,157,976</u></u>	<u><u>\$ 49,777,755</u></u>	<u><u>\$ 50,853,453</u></u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Position:					
Net investment in capital assets	\$ 31,987,723	\$ 28,586,579	\$ 26,530,067	\$ 24,580,909	\$ 22,716,451
Restricted	6,893,775	7,078,842	4,226,941	5,520,014	3,944,876
Unrestricted	<u>14,885,989</u>	<u>14,611,881</u>	<u>18,471,910</u>	<u>14,501,604</u>	<u>17,358,615</u>
Total net position	<u><u>\$ 53,767,487</u></u>	<u><u>\$ 50,277,302</u></u>	<u><u>\$ 49,228,918</u></u>	<u><u>\$ 44,602,527</u></u>	<u><u>\$ 44,019,942</u></u>

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

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

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Instruction	\$ 20,665,508	\$ 21,823,858	\$ 21,768,789	\$ 21,685,061	\$ 23,799,629
Support services - students and staff	3,702,504	4,070,894	4,089,490	4,530,494	5,057,901
Support services - administration	4,435,711	4,848,290	4,330,613	4,302,656	3,815,743
Operation and maintenance of plant services	4,092,886	4,192,143	4,309,558	4,199,556	4,662,443
Student transportation services	1,273,442	1,167,650	1,255,699	1,292,389	1,698,660
Operation of non-instructional services	2,272,843	2,223,239	2,360,567	2,301,439	2,098,588
Interest on long-term debt	52,905	52,802	288,532	546,855	675,824
Total expenses	<u>36,495,799</u>	<u>38,378,876</u>	<u>38,403,248</u>	<u>38,858,450</u>	<u>41,808,788</u>
Program Revenues					
Charges for services:					
Instruction	767,400	961,529	1,588,348	1,276,878	1,683,251
Operation of non-instructional services	929,021	903,839	903,797	948,507	1,030,544
Other activities	55,190	73,249	71,014	117,109	50,658
Operating grants and contributions	5,496,782	5,794,605	5,030,979	5,503,608	5,098,688
Capital grants and contributions	1,231,834	1,636,855	711,227	109,377	189,191
Total program revenues	<u>8,480,227</u>	<u>9,370,077</u>	<u>8,305,365</u>	<u>7,955,479</u>	<u>8,052,332</u>
Net (Expense)/Revenue	<u>\$ (28,015,572)</u>	<u>\$ (29,008,799)</u>	<u>\$ (30,097,883)</u>	<u>\$ (30,902,971)</u>	<u>\$ (33,756,456)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Instruction	\$ 21,583,414	\$ 25,603,971	\$ 26,031,193	\$ 28,217,419	\$ 26,939,183
Support services - students and staff	4,588,754	4,886,741	5,152,696	4,499,693	3,921,807
Support services - administration	4,485,813	3,938,285	4,237,501	4,525,095	4,435,350
Operation and maintenance of plant services	4,315,006	5,311,753	4,830,336	5,317,863	4,987,634
Student transportation services	1,273,997	1,363,735	1,379,620	1,087,123	1,586,608
Operation of non-instructional services	2,262,003	2,053,411	2,147,309	2,780,015	3,141,198
Interest on long-term debt	853,223	1,024,997	1,268,181	1,475,496	1,683,371
Total expenses	<u>39,362,210</u>	<u>44,182,893</u>	<u>45,046,836</u>	<u>47,902,704</u>	<u>46,695,151</u>
Program Revenues					
Charges for services:					
Instruction	1,768,659	2,331,557	1,143,243	348,970	304,175
Operation of non-instructional services	913,873	531,963	73,368	1,218,567	1,449,462
Other activities	14,124	98,549	685,786	61,537	67,430
Operating grants and contributions	5,220,533	6,414,289	6,162,377	5,767,429	5,448,957
Capital grants and contributions	331,775	496,946	333,593	254,632	197,815
Total program revenues	<u>8,248,964</u>	<u>9,873,304</u>	<u>8,398,367</u>	<u>7,651,135</u>	<u>7,467,839</u>
Net (Expense)/Revenue	<u>\$ (31,113,246)</u>	<u>\$ (34,309,589)</u>	<u>\$ (36,648,469)</u>	<u>\$ (40,251,569)</u>	<u>\$ (39,227,312)</u>

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)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net (Expense)/Revenue	\$ (28,015,572)	\$ (29,008,799)	\$ (30,097,883)	\$ (30,902,971)	\$ (33,756,456)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	20,450,733	19,643,666	19,367,505	13,717,407	14,333,384
Property taxes, levied for debt service			4,489,063	4,723,683	4,737,572
Property taxes, levied for capital outlay	1,061,642	1,350,011	2,244,911	1,050,059	574,980
Investment income	95,588	64,890	88,297	310,893	97,295
Unrestricted county aid	617,699	684,413	714,643	813,289	1,003,626
Unrestricted state aid	9,863,198	9,659,487	8,245,844	9,034,924	9,911,291
Unrestricted federal aid	176,684	218,610	198,481	177,018	184,274
Special Item - Gain on sale of capital assets	914,650				
Total general revenues and special items	<u>33,180,194</u>	<u>31,621,077</u>	<u>35,348,744</u>	<u>29,827,273</u>	<u>30,842,422</u>
Changes in Net Position	<u>\$ 5,164,622</u>	<u>\$ 2,612,278</u>	<u>\$ 5,250,861</u>	<u>\$ (1,075,698)</u>	<u>\$ (2,914,034)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (Expense)/Revenue	\$ (31,113,246)	\$ (34,309,589)	\$ (36,648,469)	\$ (40,251,569)	\$ (39,227,312)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	16,037,667	17,641,005	21,077,939	19,029,407	18,383,213
Property taxes, levied for debt service	4,929,231	4,505,176	4,739,383	4,649,963	4,645,358
Property taxes, levied for capital outlay	649,904	271,381	1,303,695	2,617,390	2,214,000
Investment income	151,893	230,242	193,650	382,480	787,701
Unrestricted county aid	1,316,981	1,224,934	1,141,322	31	1,782
Unrestricted state aid	11,516,546	11,355,535	11,335,828	14,153,306	17,947,836
Unrestricted federal aid	1,209	129,700	1,483,043	1,577	84
Total general revenues	<u>34,603,431</u>	<u>35,357,973</u>	<u>41,274,860</u>	<u>40,834,154</u>	<u>43,979,974</u>
Changes in Net Position	<u>\$ 3,490,185</u>	<u>\$ 1,048,384</u>	<u>\$ 4,626,391</u>	<u>\$ 582,585</u>	<u>\$ 4,752,662</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)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nonspendable	\$ 400,102	\$ 359,489	\$ 355,144	\$ 284,525	\$
Restricted	7,199				
Assigned	791,750	685,782	654,644	566,293	578,165
Unassigned	6,564,447	4,127,272	1,791,293	1,451,998	4,156,530
Reserved					
Unreserved					
Total General Fund	<u>\$ 7,763,498</u>	<u>\$ 5,172,543</u>	<u>\$ 2,801,081</u>	<u>\$ 2,302,816</u>	<u>\$ 4,734,695</u>
All Other Governmental Funds:					
Nonspendable	\$ 21,614	\$ 18,257	\$ 25,632	\$ 24,952	\$
Restricted	23,235,241	5,543,138	4,809,374	6,300,321	7,483,176
Assigned					626,789
Unassigned	(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>\$ 22,351,410</u>	<u>\$ 5,530,319</u>	<u>\$ 4,482,945</u>	<u>\$ 6,130,360</u>	<u>\$ 8,109,965</u>

(Continued)

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

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

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Federal sources:					
Federal grants	\$ 2,940,306	\$ 3,124,838	\$ 2,685,424	\$ 2,769,514	\$ 3,478,371
Education Jobs					
National School Lunch Program	1,713,703	1,732,618	1,731,927	1,814,606	1,666,699
Total federal sources	<u>4,654,009</u>	<u>4,857,456</u>	<u>4,417,351</u>	<u>4,584,120</u>	<u>5,145,070</u>
State sources:					
State equalization assistance	7,476,366	6,987,318	6,070,671	6,614,287	8,014,550
State grants	169,226	433,997	244,998	318,645	377,339
School Facilities Board	884,179	999,566			
Other revenues	2,386,832	2,420,806	2,794,648	2,420,637	1,896,741
Total state sources	<u>10,916,603</u>	<u>10,841,687</u>	<u>9,110,317</u>	<u>9,353,569</u>	<u>10,288,630</u>
Local sources:					
Property taxes	21,508,759	21,186,333	26,043,794	19,470,717	19,675,856
County aid	617,699	684,413	714,643	813,289	1,003,626
Food service sales	499,381	503,564	517,109	537,401	545,006
Investment income	88,302	35,365	61,279	85,351	97,295
Other revenues	2,410,020	2,619,693	2,808,986	2,564,032	2,219,447
Total local sources	<u>25,124,161</u>	<u>25,029,368</u>	<u>30,145,811</u>	<u>23,470,790</u>	<u>23,541,230</u>
Total revenues	<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>	<u><u>\$ 38,974,930</u></u>

(Continued)

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

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

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)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures:					
Current -					
Instruction	\$ 19,727,734	\$ 19,013,571	\$ 19,853,599	\$ 18,053,755	\$ 19,444,931
Support services - students and staff	3,944,527	3,981,038	4,157,036	4,226,366	4,647,786
Support services - administration	4,592,750	4,386,779	4,464,062	3,785,520	3,552,897
Operation and maintenance of plant services	4,261,255	4,226,703	4,222,513	4,210,348	4,416,808
Student transportation services	1,089,695	926,464	1,066,164	949,517	1,302,794
Operation of non-instructional services	2,208,408	2,104,060	2,237,395	2,258,387	1,884,516
Capital outlay	2,414,320	3,564,782	3,606,520	3,516,026	1,442,701
Debt service -					
Principal retirement	1,018,200	134,242	4,964,470	4,703,825	4,485,907
Interest and fiscal charges	52,905	52,802	288,532	425,696	627,360
Bond issuance costs	171,939				
Total expenditures	<u>\$ 39,481,733</u>	<u>\$ 38,390,441</u>	<u>\$ 44,860,291</u>	<u>\$ 42,129,440</u>	<u>\$ 41,805,700</u>
Expenditures for capitalized assets	\$ 1,575,629	\$ 3,141,151	\$ 3,254,304	\$ 1,943,846	\$ 500,903
Debt service as a percentage of noncapital expenditures	3%	1%	13%	13%	12%

(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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
Instruction	\$ 19,862,470	\$ 21,759,966	\$ 22,625,946	\$ 25,206,882	\$ 24,047,256
Support services - students and staff	4,644,571	4,692,108	4,715,292	4,214,268	3,958,919
Support services - administration	4,570,081	3,875,414	3,960,307	4,118,298	4,047,117
Operation and maintenance of plant services	4,338,151	5,366,191	4,644,294	5,233,070	4,957,574
Student transportation services	1,102,894	1,039,537	852,839	935,378	1,078,647
Operation of non-instructional services	1,994,305	1,900,104	2,061,423	2,678,289	3,034,155
Capital outlay	1,302,640	1,930,387	1,575,467	2,207,849	3,680,406
Debt service -					
Principal retirement	4,447,647	4,180,550	4,234,413	4,036,747	3,944,580
Interest and fiscal charges	804,759	967,358	1,201,357	1,408,672	1,616,547
Bond issuance costs					
Total expenditures	<u>\$ 43,067,518</u>	<u>\$ 45,711,615</u>	<u>\$ 45,871,338</u>	<u>\$ 50,039,453</u>	<u>\$ 50,365,201</u>
Expenditures for capitalized assets	\$ 575,220	\$ 610,351	\$ 321,516	\$ 470,672	\$ 1,683,912
Debt service as a percentage of noncapital expenditures	12%	11%	12%	11%	11%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Excess (deficiency) of revenues over expenditures	\$ 1,213,040	\$ 2,338,070	\$ (1,186,812)	\$ (4,720,961)	\$ (2,830,770)
Other financing sources (uses):					
Issuance of school improvement bonds	17,111,355				
Capital lease agreements		1,083,796			1,459,565
Transfers in	763,288	23,379	22,138	659,021	36,052
Transfers out	(763,288)	(23,379)	(22,138)	(659,021)	(36,052)
Insurance proceeds	14,079				
Proceeds from sale of capital assets	998,000				
Total other financing sources (uses)	<u>18,123,434</u>	<u>1,083,796</u>	<u></u>	<u></u>	<u>1,459,565</u>
Changes in fund balances	<u>\$ 19,336,474</u>	<u>\$ 3,421,866</u>	<u>\$ (1,186,812)</u>	<u>\$ (4,720,961)</u>	<u>\$ (1,371,205)</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (231,498)	\$ 74,350	\$ 3,546,505	\$ (1,520,936)	\$ 751,408
Other financing sources (uses):					
Issuance of school improvement bonds					
Capital lease agreements					573,136
Transfers in	37,750	48,802	1,031,087	23,957	13,830
Transfers out	(37,750)	(48,802)	(1,031,087)	(23,957)	(13,830)
Proceeds from sale of capital assets					
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>	<u></u>	<u>573,136</u>
Changes in fund balances	<u>\$ (231,498)</u>	<u>\$ 74,350</u>	<u>\$ 3,546,505</u>	<u>\$ (1,520,936)</u>	<u>\$ 1,324,544</u>

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 123,593,429	\$ 120,567,669	\$ 125,205,109	\$ 132,055,131	\$ 130,395,600
Agricultural and Vacant	43,431,324	45,995,740	41,613,698	46,586,199	50,747,524
Residential (Owner Occupied)	266,898,955	248,894,925	361,887,527	359,297,842	364,963,987
Residential (Rental)	224,659,105	213,750,830	79,584,482	65,703,308	55,724,454
Railroad, Private Cars and Airlines	299,542	290,300	302,597	268,198	251,120
Certain Government Property Improvements	15,898	15,141	14,420	10,828	
Total	\$ 658,898,253	\$ 629,514,605	\$ 608,607,833	\$ 603,921,506	\$ 602,082,685
Gross Full Cash Value	\$ 7,565,238,974	\$ 6,541,796,359	\$ 5,857,651,899	\$ 5,761,459,919	\$ 5,724,797,198
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	10%	10%	11%
Total Direct Rate	3.99	4.01	4.90	3.98	4.05

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 134,138,442	\$ 163,594,892	\$ 184,921,657	\$ 171,349,001	\$ 159,022,724
Agricultural and Vacant	55,699,273	87,230,852	105,871,889	99,328,369	78,567,705
Residential (Owner Occupied)	355,318,402	432,787,485	534,114,623	491,456,528	421,313,143
Residential (Rental)	57,904,919	66,488,835	72,300,514	65,442,520	53,411,604
Railroad, Private Cars and Airlines	206,703	190,954	194,018	231,044	210,680
Total	\$ 603,267,739	\$ 750,293,018	\$ 897,402,701	\$ 827,807,462	\$ 712,525,856
Gross Full Cash Value	\$ 5,648,474,083	\$ 7,048,614,650	\$ 9,379,508,714	\$ 10,428,177,892	\$ 9,272,021,363
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	10%	8%	8%
Total Direct Rate	4.37	3.65	3.58	3.55	3.87

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-approval overrides.

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

Class	Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 141,169,959	\$ 124,981,520	\$ 127,418,912	\$ 133,759,057	\$ 131,614,284
Agricultural and Vacant	62,192,251	57,559,006	43,172,209	50,028,020	55,227,353
Residential (Owner Occupied)	319,758,546	270,077,953	364,570,427	362,854,362	369,138,329
Residential (Rental)	271,070,033	234,443,798	80,234,987	66,325,596	56,407,776
Railroad, Private Cars and Airlines	314,432	294,330	304,903	270,257	254,998
Certain Government Property Improvements	18,003	15,444	14,511		
Total	\$ 794,523,224	\$ 687,372,051	\$ 615,715,949	\$ 613,248,218	\$ 612,642,740
Gross Full Cash Value	\$ 7,565,238,974	\$ 6,541,796,359	\$ 5,857,651,899	\$ 5,761,459,919	\$ 5,724,797,198
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	6,984,098,798	5,903,781,028	5,240,712,793	5,148,042,763	5,118,321,683
Total Direct Rate	3.99	4.01	4.9	3.98	4.05

Class	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 134,614,280	\$ 165,977,880	\$ 195,850,707	\$ 191,775,438	\$ 189,920,819
Agricultural and Vacant	58,280,393	94,320,933	137,728,691	166,867,306	147,631,591
Residential (Owner Occupied)	356,163,805	434,509,340	578,727,429	661,681,184	580,844,603
Residential (Rental)	58,194,296	67,647,840	79,844,826	87,710,337	73,129,831
Railroad, Private Cars and Airlines	314,432	294,330	304,903	270,257	254,998
Certain Government Property Improvements					
Total	\$ 607,477,863	\$ 762,676,391	\$ 992,371,565	\$ 1,108,287,795	\$ 991,754,429
Gross Full Cash Value	\$ 5,648,474,083	\$ 7,048,614,650	\$ 9,379,508,714	\$ 10,428,177,892	\$ 9,272,021,363
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	5,041,764,813	6,215,288,889	8,035,988,862	9,045,760,812	7,966,913,767
Total Direct Rate	4.37	3.65	3.58	3.55	3.87

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	18 %	19 %	19 %	20 %	20 %
Agricultural and Vacant	15	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	16	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	20 %	21 %	22 %	23 %	24 %
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	17	18	20	21

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

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

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

Fiscal Year Ended June 30	<u>Overlapping Rates</u>							<u>District Direct Rates</u>		
	State	County	Communit y College District	Lake Havasu Sanitary District	Desert Hills Fire District	City of Lake Havasu	Havasu Irrigation District	Primary	Secondary	Total
	Equalization									
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
2008		3.36	0.82	0.00	2.40	0.67	100.74/acre	3.01	0.86	3.87

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

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

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Unisource Energy Corporation	\$ 13,811,195	2.10 %		%
PHC Lake Havasu Inc.	\$ 4,452,072	0.68		
SFT Havasu LLC Etal	\$ 2,969,967	0.45		
Citizen's Rural Division	\$ 3,019,289	0.46		
Walmart Stores, Inc.	\$ 1,853,489	0.28	2,578,562	0.26
Anderson Family, LLC	\$ 1,481,096	0.22		
Sterlite Corporation	\$ 1,385,440	0.21	7,239,807	0.73
London Bridge Resort	\$ 1,573,391	0.24		
Island Development Group, LLC	\$ 1,349,460	0.20		
Lowes HIW, Inc.	\$ 1,334,372	0.20		
Citizens Utilities, Inc.			64,364,862	6.49
McCulloch Corporation			9,620,018	0.97
DBSI/TRI XX Limited Partnership			2,281,035	0.23
Queens Bay Joint Venture			5,355,474	0.54
Smith's Food & Drug			3,867,842	0.39
Havasu Plaza			3,471,141	0.35
Anderson, Wilford, & Kathleen			3,272,790	0.33
River Land Development			2,876,088	0.29
Total	<u>\$ 33,229,771</u>	<u>5.04 %</u>	<u>\$ 104,927,619</u>	<u>10.58 %</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**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 21,542,599	\$ 21,074,091	97.83 %	\$	\$ 21,074,091	97.83 %
2016	21,106,208	20,605,513	97.63	27,118	20,632,631	97.76
2015	26,100,398	25,371,503	97.21	249,713	25,621,216	98.16
2014	19,497,164	19,305,030	99.01	181,699	19,486,729	99.95
2013	19,683,126	19,072,123	96.90	602,658	19,674,781	99.96
2012	21,496,943	20,826,554	96.88	665,325	21,491,879	99.98
2011	22,621,563	21,846,489	96.57	768,675	22,615,164	99.97
2010	26,591,794	25,451,932	95.71	1,135,141	26,587,073	99.98
2009	25,695,299	24,614,488	95.79	1,080,187	25,694,675	100.00
2008	24,764,374	23,491,096	94.86	1,273,015	24,764,111	100.00

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

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

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

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

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income	
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	
2008	31,029,000	2,477,268	28,551,732	0.31	517	3,149,678	34,178,678	0.37	618	0.76	

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

**LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017**

<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	\$ 67,565,000	100.00 %	<u>\$ 67,565,000</u>
Subtotal, Overlapping Debt			<u>67,565,000</u>
Direct:			
Lake Havasu Unified School District No. 1			<u>18,440,393</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 86,005,393</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		2.60 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,491	
As a Percentage of Net Limited Assessed Valuation		12.85 %
As a Percentage of Gross Full Cash Value		1.12 %

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.

Note: 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.

**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 2017:

Net full cash assessed valuation	\$ 794,523,224
Debt limit (20% of assessed value)	158,904,645
Debt applicable to limit	<u>17,111,355</u>
Legal debt margin	<u>\$ 141,793,290</u>

Total Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 794,523,224
Debt limit (30% of assessed value)	238,356,967
Debt applicable to limit	<u>17,111,355</u>
Legal debt margin	<u>\$ 221,245,612</u>

Fiscal Year Ended June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 238,356,967	\$ 206,211,615	\$ 184,714,785	\$ 183,974,465	\$ 183,792,822
Total net debt applicable to limit	<u>17,111,355</u>	<u> </u>	<u> </u>	<u>4,535,000</u>	<u>13,040,000</u>
Legal debt margin	<u>\$ 221,245,612</u>	<u>\$ 206,211,615</u>	<u>\$ 184,714,785</u>	<u>\$ 179,439,465</u>	<u>\$ 170,752,822</u>
Total net debt applicable to the limit as a percentage of debt limit	7%	0%	0%	2%	7%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 170,322,635	\$ 228,802,917	\$ 297,711,470	\$ 332,486,339	\$ 297,526,329
Total net debt applicable to limit	<u>17,035,000</u>	<u>20,900,000</u>	<u>24,460,000</u>	<u>27,842,000</u>	<u>31,029,000</u>
Legal debt margin	<u>\$ 153,287,635</u>	<u>\$ 207,902,917</u>	<u>\$ 273,251,470</u>	<u>\$ 304,644,339</u>	<u>\$ 266,497,329</u>
Total net debt applicable to the limit as a percentage of debt limit	10%	9%	8%	8%	10%

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**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
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
2007	191,649	4,512,952	23,548	5.1	55,263

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 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, 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**

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Havasu Regional Medical Center	700	1.32 %	583	2.34 %
Lake Havasu City	635	1.20	765	3.07
Lake Havasu Unified School District No. 1	520	0.98	663	2.66
Sterilite Corporation	425	0.80	402	1.61
Wal-Mart	365	0.69	380	1.53
Shugrue's Restaurants	325	0.61	180	0.72
London Bridge Resort	250	0.47	237	0.95
Bashas'	200	0.38	200	0.80
Anderson Auto Group	191	0.36		
River Medical	130	0.25		
Mission of Nevada, Inc.			160	0.64
Mohave Community College				
JCPenny			150	0.60
Coach-Net			150	0.60
Total	<u>3,741</u>	<u>7.06 %</u>	<u>3,870</u>	<u>15.52 %</u>
Total employment	<u>52,931</u>		<u>24,895</u>	

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

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

	Full-time Equivalent Employees as of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Certified employees	248	268	274	273	260
Administration	17	14	15	17	18
Support Staff	260	247	263	250	230
Total	<u>525</u>	<u>529</u>	<u>552</u>	<u>540</u>	<u>508</u>

	Full-time Equivalent Employees as of June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Supervisory					
Certified employees	306	329	337	359	367
Administration	17	17	18	20	19
Support Staff	254	250	269	272	285
Total	<u>577</u>	<u>596</u>	<u>624</u>	<u>651</u>	<u>671</u>

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

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

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2017	5,171	\$ 35,824,369	\$ 6,927	5.13 %	\$ 36,576,253	\$ 7,073	(3.12) %	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
2008	6,150	41,123,668	6,687	46.88	46,695,151	7,593	45.75	367	16.8	47.0

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

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

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

	Fiscal Year Ended June 30									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	18	18	18	18	18	18	18	18	18	18
Square feet	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442	302,442
Capacity	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389
Enrollment	2,107	2,985	2,658	2,621	2,624	2,912	3,105	2,854	2,779	2,904
<u>Middle</u>										
Buildings	1	1	1	1	1	1	1	14	14	14
Square feet	183,694	183,694	183,694	183,694	183,694	183,694	183,694	249,872	249,872	249,872
Capacity	1,653	1,653	1,653	1,653	1,653	1,653	1,653	2,385	2,385	2,385
Enrollment	1,328	461	859	909	909	942	950	1,486	1,492	1,528
<u>High</u>										
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	1,736	1,811	1,836	1,868	1,868	1,822	1,767	1,813	1,901	1,784
<u>Administrative</u>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652	19,652
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	32	32	32	32	32	32	32	32	32	30
<u>Athletics</u>										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	2	2	2	2
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	6	6	6	6	6	6	6	6	6	6
Playgrounds	12	12	12	12	12	12	12	12	12	12

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

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