

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021**

**LAKE HAVASU CITY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Accountant's Report	1
 Annual Expenditure Limitation Report	
Part I.....	2
Part II.....	3
Reconciliation.....	4
Notes to Annual Expenditure Limitation Report.....	5



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and the City Council
Lake Havasu City, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Lake Havasu City, Arizona (City), for the year ended June 30, 2021, and related notes to the report. The City's management is responsible for presenting this report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance as to whether this report is presented in accordance with the UERS in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature timing and extent of procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Lake Havasu City, Arizona, referred to above is presented, in all material respects, in accordance with the uniform expenditure reporting system as described in Note 1.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 8, 2022



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details.

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
FISCAL YEAR ENDED JUNE 30, 2021**

<u>1.</u> Economic Estimates Commission expenditure limitation	\$ <u> -</u>	
<u>2.</u> Voter-approved alternative expenditure limitation (approved on August 28, 2018)	\$ <u>133,018,796</u>	
<u>3.</u> Enter applicable amount from line 1 or line 2		\$ <u>133,018,796</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from part II, line C)	\$ <u>66,558,263</u>	
<u>10.</u> Total adjusted amount subject to the expenditure limitation		\$ <u>66,558,263</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation		\$ <u>66,460,533</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief financial officer: 

Name and title: Jill Olsen, Administrative Services Director

Telephone number: (928) 854-4230

Date: 3/9/2023

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
FISCAL YEAR ENDED JUNE 30, 2021**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 64,418,495	\$ 29,941,933	\$ 94,360,428
B. Less exclusions claimed:			
1. Debt Proceeds	-	-	-
2. a. Debt service requirements	94,270	-	94,270
b. Debt service requirements on other long-term obligations	932,292	13,630,575	14,562,867
3. Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
5. Grants and aid from the federal government	8,575,359	134,076	8,709,435
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	173,949	-	173,949
7. Amounts received from the State of Arizona	133,818	15,098	148,916
8. Quasi-external interfund transactions	-	264,366	264,366
10. Highway user revenues in excess of those received in fiscal year 1979-80	3,506,517	-	3,506,517
11. Contracts with other political subdivisions	50,000	-	50,000
12. Refunds, reimbursements, and other recoveries	291,845	-	291,845
14. Prior years carryforward	-	-	-
16. Total exclusions claimed	<u>\$ 13,758,050</u>	<u>\$ 14,044,115</u>	<u>\$ 27,802,165</u>
C. Amounts subject to the expenditure limitation	<u>\$ 50,660,445</u>	<u>\$ 15,897,818</u>	<u>\$ 66,558,263</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
FISCAL YEAR ENDED JUNE 30, 2021**

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 65,137,836	\$ 46,694,599	\$ 111,832,435
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	11,558,952	11,558,952
b. Loss on disposal of capital assets	-	-	-
c. Bad debt expense	-	28,774	28,774
d. Pension and other postemployment benefits (OPEB) expense	-	176,765	176,765
f. Landfill closure and postclosure care costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	575,493	12,715,389	13,290,882
3. Required Fees paid to the Arizona Department of Revenue	143,848	-	143,848
6. Total subtractions	<u>719,341</u>	<u>24,479,880</u>	<u>25,199,221</u>
C. Additions:			
1. Principal payments on long-term debt	-	4,948,800	4,948,800
2. Capital asset acquisitions	-	2,530,077	2,530,077
4. Pension and OPEB contributions paid in the current year	-	248,337	248,337
6. Total additions	<u>-</u>	<u>7,727,214</u>	<u>7,727,214</u>
D. Amounts reported on Part II, Line A	<u>\$ 64,418,495</u>	<u>\$ 29,941,933</u>	<u>\$ 94,360,428</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August, 28, 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

**LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - DEDUCTIONS AND ADDITIONS TO THE RECONCILIATION

B. Subtractions:

1.	Items not requiring use of current financial resources:		
a.	Depreciation-Wastewater, Refuse & Airport	\$ 11,558,952	<u>\$ 11,558,952</u>
c.	Bad Debt Expense included in Cost of Sales & Services for Wastewater, Refuse and Airport Funds		<u>\$ 28,774</u>
d.	Pension and other postemployment benefits (OPEB) expense The \$176,765 subtraction for pension and other post employment benefit (OPEB) represents enterprise fund(s) pension related operating expenses recognized in the current year, that did not result in an outlay of cash. The \$248,337 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions from the enterprise fund(s), that were not included in the enterprise fund(s) operating expenses. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.		

Statement of Cash Flows - Proprietary Funds (wastewater & airport)

Change in net pension and OPEB asset	\$ 327,518	
Change in deferred inflows related to pensions and OPEB	(138,249)	
Change in deferred outflows related to pensions and OPEB	<u>(260,841)</u>	
Total Wastewater and Nonmajor Business Activities	\$ (71,572)	
Total Pension and OPEB Expense		<u>\$ 176,765</u>

2.	Expenditures of separate legal entities established under A.R.S.		
	Special Revenue Funds:		
	Improvement District No. 2 & 4	\$ 75,493	
	Transfer from Irrigation & Drainage District to General Fund	500,000	
	Total Governmental Funds		<u>\$ 575,493</u>
	Special District Expenditures:		
	Operating Expenses - Irrigation and Drainage District	\$ 12,577,327	
	Nonoperating Expenses - Irrigation and Drainage District	<u>138,062</u>	
	Total Irrigation and Drainage District	12,715,389	
			<u>\$ 12,715,389</u>
3.	Fees Assessed & Collected by ADOR		<u>\$ 143,848</u>

C. Additions:

1.	Principal Payments on long-term debt:		
	Wastewater Fund	\$ 4,948,800	
	Nonmajor business type activities	<u>-</u>	
			<u>\$ 4,948,800</u>
2.	Amounts paid for acquisition of capital assets:		
	Wastewater Fund	\$ 2,264,156	
	Nonmajor business type activities	<u>265,921</u>	
			<u>\$ 2,530,077</u>
4.	Pension/OPEB contributions - addition		
	Wastewater Fund	\$ 219,593	
	Nonmajor business type activities	<u>28,744</u>	
			<u>\$ 248,337</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30,2021

NOTE 3 - EXCLUSIONS CLAIMED IN PART II

2.	a. Debt Service Requirements on Bonded Indebtedness:		
		The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures in the Governmental Funds:	<u>\$ 94,270</u>
	b. Debt Service Requirements on Other Long Term Obligations:		
	Public Safety Debt Payments (includes financing agreements)	<u>932,292</u>	
	Total Governmental Funds	<u>932,292</u>	<u>\$ 932,292</u>
3.	Interest:		
	General Fund:		
	2020-21 earnings / Interest		\$ 233,108
	Interest on delinquent taxes (sales/property)		-
	Add Back/Deduct Unrealized Gain/Loss on Adjustment to Market Value		<u>(131,784)</u>
	Subtotal		<u>101,324</u>
	Portion excluded to extent of expenditures		-
	Amount being carried forward to future years		<u>\$ 101,324</u>
	Special Revenue Funds:		
	2020-21 earnings / Interest		\$ 37,186
	Add Back/Deduct Unrealized Gain/Loss on Adjustment to Market Value		<u>(21,537)</u>
	Subtotal		<u>15,649</u>
	Portion excluded to extent of expenditures		-
	Amount being carried forward to future years		<u>\$ 15,649</u>
	Total Governmental Funds:		
	Total Governmental Excluded		-
	Total Governmental Carried Forward		<u>116,973</u>
	Proprietary Funds:		
	2020-21 earnings / Interest in Wastewater, Refuse, and Airport Funds		\$ 245,124
	Add Back/Deduct Unrealized Gain/Loss on Adjustment to Market Value		<u>(116,686)</u>
	Subtotal		<u>128,438</u>
	Portion excluded to extent of expenditures		-
	Amount being carried forward to future years		<u>\$ 128,438</u>
	Total Proprietary Funds Excluded		-
	Total Proprietary Funds Carried Forward		<u>\$ 128,438</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - EXCLUSIONS CLAIMED IN PART II (Cont'd)

5.	Grants and Aid from Federal Government:	
	Governmental Funds	
	US Department of Transportation	
	Passed through Arizona Department of Transportation:	
	Federal Transit Cluster:	
	Metropolitan Planning Funds	130,804
	State Planning and Research Funds	120,323
	FTA Section 5303 Funding	22,996
	Surface Transportation Block	8,555
	Passed through Governor's Office of Highway Safety:	
	Traffic Enforcement	23,120
	AZ TraCS Implementation Project	-
	Direct:	
	Transit	303,824
	Mobility	11,731
	5307 FTA	231,470
	Transit Training	1,359
	US Department of Homeland Security	
	Self-Contained Breathing Apparatus	418,654
	US Department of Housing and Urban Development	
	Passed through State of Arizona Department of Housing	
	State-Administered CDBG Cluster:	
	Housing Rehabilitation Program - CDBG	547,387
	US Department of Justice	
	Byrne Formula Grant - MAGNET	212,481
	Bullet Proof Vest	11,879
	Crime Victim Assistance	44,895
	US Department of Health & Human Services	
	SAMHSA Treatment Drug Courts	72,212
	US Department of Treasury	
	CARES Act 2020	6,413,669
	Total Governmental Funds	<u>\$ 8,575,359</u>
	Proprietary Funds	
	US Department of Transportation	
	Passed through Federal Aviation Administration:	
	Airport Improvements	113,410
	CARES ACT	-
	Master Plan	20,666
	Total Proprietary Funds	<u>\$ 134,076</u>
	Total Federal Awards	\$ 8,709,435
6.	Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	
	Governmental Funds:	
	Contributions and Donations	\$ 173,949
	Total Governmental Funds	\$ 173,949
7.	Amounts received from the State	
	Governmental Funds	
	Miscellaneous Police - AZ POST - WALETA	\$ 97,500
	Miscellaneous	8,433
	Miscellaneous	7,996
	Miscellaneous	19,889
	Total Governmental Funds	<u>\$ 133,818</u>
	Proprietary Funds	
	Airport - CIP Projects	\$ 15,098
	Total Proprietary Funds	<u>\$ 15,098</u>
	Total Amount received from the State	\$ 148,916

LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - EXCLUSIONS CLAIMED IN PART II (Cont'd)

8.	Quasi-external interfund transactions		
	Sewer revenue collected from Non major Enterprise Funds (Wastewater and Airport)	\$	79,076
	Sewer revenue collected from Governmental Funds		185,290
	Total Proprietary Funds	\$	<u>264,366</u>
10.	Highway User Funds in Excess of FY 1979-80:		
	HURF Revenue	\$	5,986,451
	Total HURF revenue received during 1979-80		<u>(805,527)</u>
	Total HURF revenue available for exclusion	\$	<u>5,180,924</u>
	Total HURF Expenditures	\$	4,728,260
	Less Non-HURF Revenue		
	Miscellaneous revenues		(404,508)
	Interest previously excluded		(11,708)
	Less HURF FY 1979-80 Base Limit		<u>(805,527)</u>
	Remaining HURF Expenditures	\$	3,506,517
	HURF Revenue Available for Exclusion		<u>5,180,924</u>
	HURF Revenue in Excess of Expenditure to Carryforward		<u>(1,674,407)</u>
	Total HURF Expenditures Excluded	\$	<u>3,506,517</u>
11.	Contracts with other Political Subdivisions:		
	General Fund:		
	Lake Havasu City School District No. 1 Joint Use of Facilities	\$	50,000
	Total Contracts with other Political Subdivisions	\$	<u>50,000</u>
12.	Refunds, reimbursements, and other recoveries:		
	General Fund and Special Revenue Funds:		
	Insurance damage reimbursements	\$	<u>291,845</u>

**Amount included on Statement of Revenues, Expenses & Changes in Fund Net Position Proprietary Funds – Charges for Services*