

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2022**

**LAKE HAVASU CITY, ARIZONA  
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2022**

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



## INDEPENDENT ACCOUNTANTS' REPORT

Auditor General of the State of Arizona,  
Honorable Mayor, and the City Council  
Lake Havasu City, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Lake Havasu City, Arizona (City), for the year ended June 30, 2022, and the 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 about 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 the 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 we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report of Lake Havasu City, Arizona, referred to above is presented in accordance with the *Uniform Expenditure Reporting System* as described in Note 1, in all material respects.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 12, 2023

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
FISCAL YEAR ENDED JUNE 30, 2022**

1. Economic Estimates Commission expenditure limitation	<u>\$ 136,257,915</u>	
2. Voter-approved alternative expenditure limitation	<u>\$ -</u>	
3. Enter applicable amount from line 1 or line 2		<u>\$ 136,257,915</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>\$ 76,808,325</u>	
8. Subtotal		<u>\$ 76,808,325</u>
10. Total adjusted amount subject to the expenditure limitation		<u>\$ 76,808,325</u>
11. Amount under (in excess of) the expenditure limitation		<u>\$ 59,449,590</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: 1/12/2023

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - PART II**  
**FISCAL YEAR ENDED JUNE 30, 2022**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 67,135,647	\$ 40,525,049	\$ 107,660,696
B. Less exclusions claimed:			
2. Debt service requirements	1,864,629	13,627,951	15,492,580
5. Grants and aid from the federal government	2,121,788	6,964,982	9,086,770
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	370,883	-	370,883
7. Amounts received from the State of Arizona	226,633	445,755	672,388
8. Quasi-external interfund transactions	391,563	162,688	554,251
10. Highway user revenues in excess of those received in fiscal year 1979-80	4,541,650	-	4,541,650
11. Contracts with other political subdivisions	50,000	-	50,000
12. Refunds, reimbursements, and other recoveries	83,849	-	83,849
16. Total exclusions claimed	<u>\$ 9,650,995</u>	<u>\$ 21,201,376</u>	<u>\$ 30,852,371</u>
C. Amounts subject to the expenditure limitation	<u>\$ 57,484,652</u>	<u>\$ 19,323,673</u>	<u>\$ 76,808,325</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION**  
**FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 68,259,131	\$ 53,134,032	\$ 121,393,163
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	11,636,581	11,636,581
c. Bad debt expense	-	49,074	49,074
d. Pension and other postemployment benefits (OPEB) expense	-	117,464	117,464
2. Expenditures of separate legal entities established under Arizona Revised Statutes	616,852	14,489,652	15,106,504
3. Required fees paid to the Industrial Commission of Arizona	144,693	-	144,693
4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	361,939	-	361,939
6. Total subtractions	<u>\$ 1,123,484</u>	<u>\$ 26,292,771</u>	<u>\$ 27,416,255</u>
C. Additions:			
1. Principal payments on long-term debt	-	5,126,998	5,126,998
2. Capital asset acquisitions	-	8,268,885	8,268,885
4. Pension and OPEB contributions paid in the current year	-	287,905	287,905
6. Total additions	<u>\$ -</u>	<u>\$ 13,683,788</u>	<u>\$ 13,683,788</u>
D. Amounts reported on Part II, line A	<u>\$ 67,135,647</u>	<u>\$ 40,525,049</u>	<u>\$ 107,660,696</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2022**

**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. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

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, 2022**

**NOTE 2 - DEDUCTIONS AND ADDITIONS TO THE RECONCILIATION**

B. Subtractions:

1.	Items not requiring use of current financial resources:			
a.	Depreciation - Wastewater, Refuse, Airport Funds	\$	11,636,581	<u>\$ 11,636,581</u>
c.	Bad Debt Expense included in Cost of Sales & Services for Wastewater, Refuse, and Airport Funds			<u>\$ 49,074</u>
d.	Pension and other postemployment benefits (OPEB) expense			
	The \$117,464 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 \$287,905 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	\$	(787,548)		
Change in deferred inflows related to pensions and OPEB		643,922		
Change in deferred outflows related to pensions and OPEB		(26,815)		
Total Wastewater and Nonmajor Business Activities	\$	(170,441)		
Total Pension and OPEB Expense			<u>\$</u>	<u>117,464</u>

2.	Expenditures of separate legal entities established under A.R.S.			
	Special Revenue Funds:			
	Improvement District No. 2 & 4	\$	76,852	
	Transfer from Irrigation & Drainage District to General Fund		540,000	
	Total Governmental Funds			<u>\$ 616,852</u>
	Special District Expenditures:			
	Operating Expenses - Irrigation and Drainage District	\$	12,838,363	
	Nonoperating Expenses - Irrigation and Drainage District		1,651,289	
	Total Irrigation and Drainage District		14,489,652	
				<u>\$ 14,489,652</u>
3.	Required fees paid to the Industrial Commission of Arizona			<u>\$ 144,693</u>

C. Additions:

1.	Principal payments on long-term debt:			
	Wastewater Fund	\$	5,126,998	
	Airport Fund		-	
				<u>\$ 5,126,998</u>
2.	Amounts paid for acquisition of capital assets:			
	Wastewater Fund	\$	2,561,536	
	Airport Fund		5,707,349	
				<u>\$ 8,268,885</u>
4.	Pension/OPEB contributions - addition			
	Wastewater Fund	\$	255,568	
	Airport Fund		32,337	
				<u>\$ 287,905</u>



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30,2022**

**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:

\$ 937,915

b. Debt Service Requirements on Other Long Term Obligations:

General Fund (includes financing agreements)	176,487	
Public Safety Debt Payments (includes financing agreements)	<u>750,227</u>	
Total Governmental Funds	<u>926,714</u>	

\$ 926,714

3.

Interest:

General Fund:

2021-22 Interest & Earnings		\$ 468,077
Realized Gain/(Loss)		(1,080,281)
Unrealized Gain/(Loss) on Adjustment to Market Value		<u>(591,465)</u>
	Subtotal	(1,203,669)
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		<u>\$ -</u>

Special Revenue Funds:

2021-22 Interest & Earnings		\$ 75,220
Realized Gain/(Loss)		(176,542)
Unrealized Gain/(Loss) on Adjustment to Market Value		<u>(96,657)</u>
	Subtotal	(197,979)
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		<u>\$ -</u>

Total Governmental Funds:

	Total Governmental Excluded	-
	Total Governmental Carried Forward	<u>-</u>

Proprietary Funds:

2021-22 Interest & Earnings in Refuse, Wastewater, and Airport Funds		\$ 429,665
Realized Gain/(Loss)		(1,003,429)
Unrealized Gain/(Loss) on Adjustment to Market Value		<u>(549,344)</u>
	Subtotal	<u>\$ (1,123,108)</u>
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		<u>\$ -</u>

Total Proprietary Funds

	Total Proprietary Funds Excluded	-
	Total Proprietary Funds Carried Forward	<u>\$ -</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2022**

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

5.	Grants and Aid from Federal Government:		
	Governmental Funds		
	US Department of Transportation		
	<b>Passed through Arizona Department of Transportation:</b>		
	Federal Transit Cluster:		
	Metropolitan Planning Funds	108,656	
	State Planning and Research Funds	51,011	
	FTA Section 5303 Funding	86,019	
	<b>Passed through Governor's Office of Highway Safety:</b>		
	Traffic Enforcement	27,819	
	<b>Direct:</b>		
	Transit	796,334	
	US Department of Homeland Security		
	Mobile Crash Barriers	104,699	
	Thermal Imaging Cameras	89,993	
	Hazmat Tools and Equipment	38,718	
	US Department of Housing and Urban Development		
	<b>Passed through State of Arizona Department of Housing</b>		
	State-Administered CDBG Cluster:		
	Housing Rehabilitation Program - CDBG	475,781	
	US Department of Justice		
	Byrne Formula Grant - MAGNET	236,021	
	Bullet Proof Vest	7,440	
	Crime Victim Assistance	53,855	
	BJA Adult Drug Court and Veterans Treatment	24,242	
	<b>Passed through Arizona Criminal Justice Commission</b>		
	National Criminal History Improvement Program	11,526	
	US Department of Health & Human Services		
	SAMHSA Treatment Drug Courts	9,674	
	Total Governmental Funds	<u>\$ 2,121,788</u>	
	Proprietary Funds		
	US Department of Transportation		
	<b>Passed through Federal Aviation Administration:</b>		
	Airport Improvements	6,941,982	
	CARES ACT	23,000	
	Master Plan	-	
	Total Proprietary Funds	<u>\$ 6,964,982</u>	
	<b>Total Federal Awards</b>	<b>\$ 9,086,770</b>	
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	\$ 370,883	
	<b>Total Governmental Funds</b>	<b>\$ 370,883</b>	
7.	Amounts received from the State		
	Governmental Funds		
	VDF Grant	\$ 15,308	
	Police - DEA Task Force	6,670	
	Police - AGO Equipment	7,111	
	Police - ICAC	12,500	
	Police - WALETA	80,200	
	Police - GOHS	104,844	
	Total Governmental Funds	<u>\$ 226,633</u>	
	Proprietary Funds		
	Airport - CIP Projects	\$ 445,755	
	Total Proprietary Funds	<u>\$ 445,755</u>	
	<b>Total Amount received from the State</b>	<b>\$ 672,388</b>	

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2022**

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

8.	Quasi-external interfund transactions		
	Sewer revenue collected from Non-major Enterprise Funds (Wastewater, Airport)	\$	162,688
	Sewer revenue collected from Governmental Funds		391,563
	Total Proprietary Funds	<u>\$</u>	<u>554,251</u>
10.	Highway User Funds in Excess of FY 1979-80:		
	HURF Revenue	\$	6,235,679
	Total HURF revenue received during 1979-80		<u>(805,527)</u>
	Total HURF revenue available for exclusion	<u>\$</u>	<u>5,430,152</u>
	Total HURF Expenditures	\$	5,358,088
	Less Non-HURF Revenue		
	Investment Earnings		-
	Miscellaneous Revenues		(10,911)
	Less HURF FY 1979-80 Base Limit		<u>(805,527)</u>
	Remaining HURF Expenditures		\$ 4,541,650
	HURF Revenue Available for Exclusion		<u>5,430,152</u>
	HURF Revenue in Excess of Expenditure to Carryforward		<u><u>(888,502)</u></u>
	Total HURF Expenditures Excluded	<u>\$</u>	<u>4,541,650</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>\$</u>	<u>50,000</u>
12.	Refunds, reimbursements, and other recoveries:		
	General Fund and Special Revenue Funds:		
	Insurance damage reimbursements	<u>\$</u>	<u>83,849</u>

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