

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2024**

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## 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 (the City), for the year ended June 30, 2024, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 14, 2025

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2024**

1.	Economic Estimates Commission expenditure limitation	<u>\$ 155,426,702</u>	
3.	Enter applicable amount from line 1 or line 2		<u>\$ 155,426,702</u>
4.	Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>\$ 127,998,860</u>	
8.	Subtotal		<u>\$ 127,998,860</u>
10.	Total adjusted amount subject to the expenditure limitation		<u>\$ 127,998,860</u>
11.	Amount under (in excess of) the expenditure limitation		<u>\$ 27,427,842</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: 3/14/2025

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - PART II**  
**YEAR ENDED JUNE 30, 2024**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 101,561,082	\$ 60,328,770	\$ 161,889,852
B. Less exclusions claimed:			
1. Debt proceeds	1,074,340	-	1,074,340
2. Debt service requirements	1,218,009	13,407,582	14,625,591
5. Grants and aid from the federal government	9,385,771	207,138	9,592,909
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	1,075,777	-	1,075,777
7. Amounts received from the State of Arizona	714,319	347,271	1,061,590
8. Quasi-external interfund transactions	1,455,042	158,343	1,613,385
10. Highway user revenues in excess of those received in fiscal year 1979-80	4,688,356	-	4,688,356
12. Refunds, reimbursements, and other recoveries	159,044	-	159,044
16. Total exclusions claimed	\$ 19,770,658	\$ 14,120,334	\$ 33,890,992
C. Amounts subject to the expenditure limitation	<u>\$ 81,790,424</u>	<u>\$ 46,208,436</u>	<u>\$ 127,998,860</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION**  
**YEAR ENDED JUNE 30, 2024**

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	\$ 102,185,523	\$ 54,839,866	\$ 157,025,389
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation and amortization	-	14,908,741	14,908,741
b. Loss on disposal of capital assets	-	160,840	160,840
c. Bad debt expense	-	84,392	84,392
d. Pension and other postemployment benefits (OPEB) expense	-	707,936	707,936
2. Expenditures of separate legal entities established under Arizona Revised Statutes	11,297	-	11,297
3. Required fees paid to the Industrial Commission of Arizona	149,844	-	149,844
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	463,300	-	463,300
6. Total subtractions	\$ 624,441	\$ 15,861,909	\$ 16,486,350
C. Additions:			
1. Principal payments on long-term debt	-	6,011,051	6,011,051
2. Capital asset acquisitions	-	14,600,785	14,600,785
4. Pension and OPEB contributions paid in the current year	-	738,977	738,977
6. Total additions	\$ -	\$ 21,350,813	\$ 21,350,813
D. Amounts reported on Part II, line A	\$ 101,561,082	\$ 60,328,770	\$ 161,889,852

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2024**

**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**  
**YEAR ENDED JUNE 30, 2024**

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

**B. Subtractions:**

1. Items not requiring use of current financial resources:

a. Depreciation - Enterprise Funds	\$ 14,908,741
b. Loss on Disposal of Capital Assets - Enterprise Funds	\$ 160,840
c. Bad Debt Expense - Enterprise Funds	\$ 84,392

d. Pension and other postemployment benefits (OPEB) expense

The \$707,936 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 \$738,977 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:

Change in net pension and OPEB asset	\$ 81,974	
Change in deferred inflows related to pensions and OPEB	(139,960)	
Change in deferred outflows related to pensions and OPEB	26,945	
	\$ (31,041)	
Total Pension and OPEB Expense		\$ 707,936

2. Expenditures of separate legal entities established under A.R.S.

Special Revenue Funds:

Improvement Districts	\$ 11,297	
Total Governmental Funds		\$ 11,297

3. Required fees paid to the Industrial Commission of Arizona

\$ 149,844

4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures in governmental funds at the agreements' inception

\$ 463,300

**C. Additions:**

1. Principal payments on long-term debt - Enterprise Funds	\$ 6,011,051
2. Capital Asset Acquisitions - Enterprise Funds	\$ 14,600,785
4. Pension and OPEB contributions - Enterprise Funds	\$ 738,977



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2024**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II**

2. Debt Service Requirements:

Bonded Indebtedness:

Debt Service General Fund:

The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures in the Governmental Funds:

\$ 1,074,340

Other Long Term Obligations:

Governmental Funds

Public Safety Debt Payments (includes financing agreements)

143,669

Total Governmental Funds

\$ 143,669

Proprietary Funds

\$ 13,407,582

3. Interest:

Governmental Funds:

General Fund:

Interest & Earnings

\$ 3,611,957

Realized Gain/(Loss)

633,831

Unrealized Gain/(Loss) on Adjustment to Market Value

874,862

Subtotal

5,120,650

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 5,120,650

Special Revenue Funds:

Interest & Earnings

\$ 832,110

Realized Gain/(Loss)

160,735

Unrealized Gain/(Loss) on Adjustment to Market Value

125,192

Subtotal

1,118,037

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 1,118,037

Total Governmental Funds:

Total Governmental Excluded

-

Total Governmental Carried Forward

6,238,687

Proprietary Funds:

Interest & Earnings

\$ 4,120,193

Realized Gain/(Loss)

514,454

Unrealized Gain/(Loss) on Adjustment to Market Value

947,290

Subtotal

\$ 5,581,937

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 5,581,937

Total Proprietary Funds

Total Proprietary Funds Excluded

-

Total Proprietary Funds Carried Forward

\$ 5,581,937

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2024**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II (cont.)**

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 121,265

State Planning and Research Funds 14,000

Surface Transportation Block 82,416

FTA Section 5303 Funding 57,895

Federal Transit Administration:

Urbanized Area Formula Program; Section 5307 859,175

**Passed through Governor's Office of Highway Safety:**

Traffic Enforcement Program 23,137

US Department of Housing and Urban Development

**Passed through State of Arizona Department of Housing:**

State-Administered CDBG Cluster:

Housing Rehabilitation Program - CDBG 307,503

US Department of Justice

Edward Byrne Memorial Justice Assistance Grant Program 48,904

Bullet Proof Vest Partnership Program 3,841

Crime Victim Assistance 52,511

Public Safety Partnership and Community Policing Grant 30,355

Congressionally Recommended Awards 1,778,000

Drug Court Discretionary Grant Program 79,658

**Passed through Arizona Criminal Justice Commission**

National Criminal History Improvement Program 15,013

US Department of Homeland Security

Staffing for Emergency Fire and Emergency Response (SAFER) 1,264,954

**Passed through State of Arizona Department of Homeland Security:**

Homeland Security Grant Program (HSGP) 47,478

US Department of Treasury

Coronavirus State and Local Fiscal Recovery Funds (COVID-19) 4,599,666

**Total Governmental Funds** \$ 9,385,771

Proprietary Funds

US Department of Transportation

**Passed through Federal Aviation Administration:**

Airport Improvement Program 207,138

**Total Proprietary Funds** \$ 207,138

**Total Federal Awards** \$ 9,592,909

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

\$ 1,075,777

**Total Governmental Funds** \$ 1,075,777

7. Amounts received from the State:

Governmental Funds

Site 6 Boat Ramp Improvements \$ 346,174

Second Bridge Study 200,000

Downtown Catalyst 4,467

AOC Grant 4,958

SARA Park Trail Markers 13,408

Police - AZ DEMA 122,812

Police - WALETA 22,500

**Total Governmental Funds** \$ 714,319

Proprietary Funds

Airport - CIP Projects \$ 347,271

**Total Proprietary Funds** \$ 347,271

**Total Amount received from the State** \$ 1,061,590

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2024**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II (cont.)**

8. Quasi-external interfund transactions:		
Water and Sewer revenue collected from Governmental Funds	\$ 1,455,042	
Water and Sewer revenue collected from Enterprise Funds	<u>158,343</u>	
Total Proprietary Funds		<u>\$ 1,613,385</u>
10. Highway User Funds in Excess of FY 1979-80:		
HURF Revenue	\$ 6,834,528	
HURF revenue received during 1979-80	<u>(805,527)</u>	
HURF revenue available for exclusion		<u>\$ 6,029,001</u>
Total HURF Expenditures	\$ 6,350,826	
Less Non-HURF Revenue:		
Investment Earnings	(830,451)	
Miscellaneous Revenues	<u>(26,492)</u>	
Less HURF FY 1979-80 Base Limit	<u>(805,527)</u>	
HURF Expenditures available for exclusion		<u>\$ 4,688,356</u>
Total HURF Expenditures Excluded		<u>\$ 4,688,356</u>
HURF Revenue in Excess of Expenditure to Carryforward		<u>\$ 1,340,645</u>
12. Refunds, reimbursements, and other recoveries:		
General Fund and Special Revenue Funds:		
Insurance damage reimbursements	\$ <u>159,044</u>	
Total Governmental Funds		<u>\$ 159,044</u>

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