

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025**

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ANNUAL EXPENDITURE LIMITATION REPORT
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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, 2025, 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 12, 2026

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2025**

1. Economic Estimates Commission expenditure limitation	<u>\$ 161,557,176</u>	
3. Enter applicable amount from line 1 or line 2		<u>\$ 161,557,176</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>\$ 129,273,803</u>	
8. Subtotal		<u>\$ 129,273,803</u>
10. Total adjusted amount subject to the expenditure limitation		<u>\$ 129,273,803</u>
11. Amount under (in excess of) the expenditure limitation		<u><u>\$ 32,283,373</u></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: 3/12/2026

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2025**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 102,967,766	\$ 187,178,130	\$ 290,145,896
B. Less exclusions claimed:			
2. Debt service requirements	1,280,562	142,372,307	143,652,869
5. Grants and aid from the federal government	6,784,543	73,360	6,857,903
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	98,775	-	98,775
7. Amounts received from the State of Arizona	967,817	218,880	1,186,697
8. Quasi-external interfund transactions	1,510,548	171,863	1,682,411
10. Highway user revenues in excess of those received in fiscal year 1979-80	5,525,131	-	5,525,131
12. Refunds, reimbursements, and other recoveries	172,102	1,641	173,743
14. Prior years carryforward	1,694,563	-	1,694,563
16. Total exclusions claimed	<u>\$ 18,034,041</u>	<u>\$ 142,838,051</u>	<u>\$ 160,872,092</u>
C. Amounts subject to the expenditure limitation	<u>\$ 84,933,725</u>	<u>\$ 44,340,079</u>	<u>\$ 129,273,803</u>

See accompanying notes to report.

LAKE HAVASU CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2025

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	\$ 106,249,028	\$ 58,176,539	\$ 164,425,567
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation and amortization	-	14,732,523	14,732,523
b. Loss on disposal of capital assets	-	-	-
c. Bad debt expense	-	108,262	108,262
d. Pension and other postemployment benefits (OPEB) expense	-	4,158,881	4,158,881
2. Expenditures of separate legal entities established under Arizona Revised Statutes	16,339	-	16,339
3. Required fees paid to the Industrial Commission of Arizona	149,251	-	149,251
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	3,115,672	-	3,115,672
6. Total subtractions	<u>\$ 3,281,262</u>	<u>\$ 18,999,666</u>	<u>\$ 22,280,928</u>
C. Additions:			
1. Principal payments on long-term debt	-	134,136,887	134,136,887
2. Capital asset acquisitions	-	13,067,763	13,067,763
4. Pension and OPEB contributions paid in the current year	-	796,607	796,607
6. Total additions	<u>\$ -</u>	<u>\$ 148,001,257</u>	<u>\$ 148,001,257</u>
D. Amounts reported on Part II, line A	<u>\$ 102,967,766</u>	<u>\$ 187,178,130</u>	<u>\$ 290,145,896</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025**

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, 2025**

NOTE 2 - DEDUCTIONS AND ADDITIONS TO THE RECONCILIATION

B. Subtractions:		
1. Items not requiring use of current financial resources:		
a. Depreciation - Enterprise Funds	\$	<u>14,732,523</u>
b. Loss on Disposal of Capital Assets - Enterprise Funds	\$	<u>-</u>
c. Bad Debt Expense - Enterprise Funds	\$	<u>108,262</u>
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	\$	67,728
Change in deferred inflows related to pensions and OPEB		3,752,028
Change in deferred outflows related to pensions and OPEB		<u>(457,482)</u>
Total Pension and OPEB Expense	\$	<u>3,362,274</u>
Total Pension and OPEB Expense		<u>\$ 4,158,881</u>
2. Expenditures of separate legal entities established under A.R.S. Special Revenue Funds:		
Improvement Districts	\$	<u>16,339</u>
Total Governmental Funds		<u>\$ 16,339</u>
3. Required fees paid to the Industrial Commission of Arizona	\$	<u>149,251</u>
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	\$	<u>3,115,672</u>
C. Additions:		
1. Principal payments on long-term debt - Enterprise Funds	\$	<u>134,136,887</u>
2. Capital Asset Acquisitions - Enterprise Funds	\$	<u>13,067,763</u>
4. Pension and OPEB contributions - Enterprise Funds	\$	<u>796,607</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025

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:

\$ 1,252,563

Other Long Term Obligations:

Governmental Funds

General Fund (includes financing agreements)

27,999

Total Governmental Funds

\$ 27,999

Proprietary Funds

\$ 142,372,307

3. Interest:

Governmental Funds:

General Fund:

Interest & Earnings

\$ 3,937,073

Realized Gain/(Loss)

490,901

Unrealized Gain/(Loss) on Adjustment to Market Value

978,324

Subtotal

5,406,298

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 5,406,298

Special Revenue Funds:

Interest & Earnings

\$ 2,794,067

Realized Gain/(Loss)

329,764

Unrealized Gain/(Loss) on Adjustment to Market Value

332,304

Subtotal

3,456,135

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 3,456,135

Total Governmental Funds:

Total Governmental Excluded

-

Total Governmental Carried Forward

8,862,433

Proprietary Funds:

Interest & Earnings

\$ 2,952,163

Realized Gain/(Loss)

349,540

Unrealized Gain/(Loss) on Adjustment to Market Value

777,315

Subtotal

\$ 4,079,018

Portion excluded to extent of expenditures

-

Amount being carried forward to future years

\$ 4,079,018

Total Proprietary Funds

Total Proprietary Funds Excluded

-

Total Proprietary Funds Carried Forward

\$ 4,079,018

**LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025**

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:	
<u>Federal Transit Cluster:</u>	
Metropolitan Planning Funds	150,377
State Planning and Research Funds	123,856
Surface Transportation Block	120,167
FTA Section 5303 Funding	53,095
<u>Federal Transit Administration:</u>	
Urbanized Area Formula Program; Section 5307	726,826
Passed through Governor's Office of Highway Safety:	
Traffic Enforcement Program	53,933
Accident Investigation	3,072
Emergency Medical Services Equipment	18,812
US Department of Housing and Urban Development	
Passed through State of Arizona Department of Housing:	
Housing Rehabilitation Program - CDBG	333,475
HOME Investments Partnerships Program	1,500
US Department of Justice	
Bullet Proof Vest Partnership Program	11,854
Public Safety Partnership and Community Policing Grant	56,728
Drug Court Discretionary Grant Program	83,423
Passed through Arizona Criminal Justice Commission	
Edward Byrne Memorial Justice Assistance Grant Program	47,833
National Criminal History Improvement Program	29,156
Passed through Arizona Department of Public Safety	
Crime Victim Assistance	60,046
US Department of Homeland Security	
Staffing for Emergency Fire and Emergency Response (SAFER)	1,408,543
Assistance to Firefighters Grant - COVID-19	49,760
Passed through State of Arizona Department of Homeland Security:	
Homeland Security Grant Program (HSGP)	53,854
Passed through Arizona Department of Emergency & Military Affairs:	
Assistance to Firefighters Grant - COVID-19	45,646
US Department of Treasury	
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	1,943,982
Passed through Mohave County:	
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	97,328
Passed through State of Arizona:	
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	1,311,277
Total Governmental Funds	<u><u>\$ 6,784,543</u></u>
Proprietary Funds	
US Department of Transportation	
Passed through Federal Aviation Administration:	
Airport Improvement Program	73,360
Total Proprietary Funds	<u><u>\$ 73,360</u></u>
Total Federal Awards	<u><u>\$ 6,857,903</u></u>
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	\$ 98,775
Total Governmental Funds	<u><u>\$ 98,775</u></u>
7. Amounts received from the State:	
Governmental Funds	
HAZMAT Training	\$ -
Main Street Commons	\$ 105,807
Site 6 Boat Ramp Improvements	449,148
Second Bridge Study	
Downtown Catalyst	
AOC Grant	
SARA Park Trail Markers	11,248
VDF Grant	
AZ@Work	5,000
HOME HTF 308-25	250
Police - DEA Task Force	
Police - AGO Equipment	
Police - ICAC	6,311
Police - AZ DEMA	181,157
Police - AZ Parks OHV	82,996
Police - WALETA	125,900
Police - GOHS	
Total Governmental Funds	<u><u>\$ 967,817</u></u>
Proprietary Funds	
Airport - CIP Projects	\$ 218,880
Total Proprietary Funds	<u><u>\$ 218,880</u></u>
Total Amount received from the State	<u><u>\$ 1,186,697</u></u>

**LAKE HAVASU CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025**

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

8. Quasi-external interfund transactions:

Water and Sewer revenue collected from Governmental Funds	\$	1,510,548	
Water and Sewer revenue collected from Enterprise Funds		171,863	
Total Proprietary Funds		1,682,411	\$

10. Highway User Funds in Excess of FY 1979-80:

HURF Revenue	\$	6,649,824	
HURF revenue received during 1979-80		(805,527)	
HURF revenue available for exclusion		5,844,297	\$
Total HURF Expenditures	\$	7,488,839	
Less Non-HURF Revenue:			
Investment Earnings		(1,141,903)	
Miscellaneous Revenues		(16,278)	
Less HURF FY 1979-80 Base Limit		(805,527)	
HURF Expenditures available for exclusion		5,525,131	\$
Total HURF Expenditures Excluded		5,525,131	\$
HURF Revenue in Excess of Expenditure to Carryforward		319,166	\$

12. Refunds, reimbursements, and other recoveries:

General Fund and Special Revenue Funds:			
Insurance damage reimbursements	\$	172,102	
Total Governmental Funds		172,102	\$
Proprietary Funds:			
Insurance damage reimbursements	\$	1,641	
Total Proprietary Funds		1,641	\$

14. Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Amounts received from the State that are included within the appropriation limitation.			
Special Revenue Fund			
FY24 ADOT Funding for Second Bridge not reported on FY24 ELR	\$	35,500,000	
FY25 Second Bridge expenditures available for exclusion		1,694,563	
Balance of carry forward revenue		33,805,437	
Total Governmental Funds		1,694,563	\$

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