

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

**LAKE HAVASU CITY, ARIZONA  
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

<b><u>TABLE OF CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>Independent Accountant's Report</b>	
Independent Accountant's Report on the Annual Expenditure Limitation Report .....	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 ACCOUNTANT'S REPORT**

The Auditor General of the State of Arizona

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

We have examined the accompanying Annual Expenditure Limitation Report of Lake Havasu City, Arizona, for the year ended June 30, 2013. This report is the responsibility of Lake Havasu City, Arizona's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Lake Havasu City, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

February 7, 2014

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
FISCAL YEAR ENDED JUNE 30, 2013**

1. Economic Estimates Commission expenditure limitation	\$ 53,277,776
2. Amount subject to the expenditure limitation (Part II, Line C)	<u>53,277,776</u>
3. Amount under the expenditure limitation	<u><u>\$ -</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 Fiscal Officer: Valerie H. Fenske

Name and Title: Valerie H. Fenske, CPA, Administrative Services Director

Telephone Number: (928) 453-4147 Date: February 7, 2014

*See accompanying notes to report.*

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
FISCAL YEAR ENDED JUNE 30, 2013**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 45,788,586	\$ 35,395,148	\$ 969,561	\$ 82,153,295
B. Less exclusions claimed:				
1. a. Bond Proceeds	-	-	-	-
b. Debt service requirements on bonded indebtedness	237,090	-	-	237,090
c. Proceeds from other long-term obligations	-	126,594	-	126,594
d. Debt service requirements on other long-term obligations	499,195	20,538,069	-	21,037,264
2. Dividends, interest, and gains on the sale or redemption of investment securities	345,811	37,890	-	383,701
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the federal government	1,798,054	221,945	-	2,019,999
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	117,678	-	-	117,678
6. Amounts received from the State of Arizona	292,723	44,884	-	337,607
7. Quasi-external interfund transactions	-	-	969,561	969,561
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	3,243,599	-	-	3,243,599
10. Contracts with other political subdivisions	402,426	-	-	402,426
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Total exclusions claimed	<u>6,936,576</u>	<u>20,969,382</u>	<u>969,561</u>	<u>28,875,519</u>
C. Amounts subject to the expenditure limitation	<u>\$ 38,852,010</u>	<u>\$ 14,425,766</u>	<u>\$ -</u>	<u>\$ 53,277,776</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
FISCAL YEAR ENDED JUNE 30, 2013**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses reported within the fund financial statements	\$ 47,554,359	\$ 44,921,062	\$ 522,886	\$ 92,998,307
B. Subtractions:				
1. Items not requiring the use of working capital:				
a. Depreciation	-	10,870,902	410,679	11,281,581
b. Loss on disposal of capital assets	-	-	-	-
c. Bad debt expense	-	257,417	-	257,417
d. Amortized Issuance costs	-	216,340	-	216,340
e. Other postemployment benefits expense	-	91,170	-	91,170
f. Landfill closure and postclosure care costs	-	113,577	-	113,577
2. Expenditures of separate legal entities established under Arizona Revised Statutes	89,912	9,840,794	-	9,930,706
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	1,675,861	-	-	1,675,861
4. Involuntary court judgements	-	-	-	-
5. Total subtractions	1,765,773	21,390,200	410,679	23,566,652
C. Additions:				
1. Principal payments on long-term debt	-	10,117,880	-	10,117,880
2. Acquisition of capital assets	-	1,692,576	405,354	2,097,930
3. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	53,830	-	53,830
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	452,000	452,000
5. Landfill closure and postclosure care costs recorded as expended in previous years	-	-	-	-
6. Total additions	-	11,864,286	857,354	12,721,640
D. Amounts reported on Part II, Line A	\$ 45,788,586	\$ 35,395,148	\$ 969,561	\$ 82,153,295

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

**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 requirements, 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.

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

Deductions:

Depreciation-Refuse, Airport, Wastewater and Aquatic Center Funds	\$ 10,870,902
Bad Debt Expense included in Cost of Sales & Services for Refuse, Airport, Wastewater and Aquatic Center Funds	\$ 257,417
Other Postemployment Benefits Expense - Airport, Wastewater and Aquatic Center Funds	\$ 91,170
Less: Postemployment benefits paid in current year but reported as expenses in previous years	(53,830)
	<u>\$ 37,340</u>
Special District Expenditures:	
Operating Expenses - Irrigation and Drainage District	\$ 9,665,380
Nonoperating Expenses - Irrigation and Drainage District	175,414
Total Irrigation and Drainage District	<u>\$ 9,840,794</u>
Special Revenue Funds:	
Improvement District No. 2 & 4	<u>\$ 89,912</u>
Landfill Closure and Postclosure Care costs	<u>\$ 113,577</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 EXCLUSIONS CLAIMED IN PART II**

a. Debt Service Requirements on Bonded Indebtedness:		
Debt Service Fund:		
Total expenditures		<u><u>\$ 237,090</u></u>
b. Debt Service Requirements on Other Long Term Obligations:		
General Fund	451,435	
Special Revenue Fund	<u>47,760</u>	
Total Governmental Funds		<u><u>499,195</u></u>
c. Interest:		
General Fund:		
2012-13 earnings		\$ 284,300
Portion excluded to extent of expenditures		<u>(284,300)</u>
Portion carried to future years		<u><u>\$ -</u></u>
Special Revenue Funds:		
2012-13 earnings		\$ 28,958
Portion excluded to extent of expenditures		<u>(28,958)</u>
Portion carried to future years		<u><u>\$ -</u></u>
Capital Projects Fund:		
2012-13 earnings		\$ 32,553
Portion excluded to extent of expenditures		<u>(32,553)</u>
Portion carried to future years		<u><u>\$ -</u></u>
Enterprise Funds:		
2012-13 earnings in Refuse, Aquatic Center, Airport and Wastewater Funds		\$ 494,060
Portion excluded to extent of expenditures		<u>(37,890)</u>
Portion carried to future years		<u><u>\$ 456,170</u></u>



**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 EXCLUSIONS CLAIMED IN PART II (CONTINUED)**

d. Proceeds from Other Long-Term Obligations

Proceeds Received - Wastewater	\$1,241,649	
Less: Proceeds for Prior Year Expenses	(807,106)	
Less: Proceeds for Interest Expense excluded in debt service requirements	(307,949)	
		\$ 126,594

e. Grants and Aid from Federal Government:

General Fund:

Crime Victim Assistance		\$ 16,345
-------------------------	--	-----------

Special Revenue Funds:

Bullet Proof Vest (BPV)		9,635
MAGNET		115,608
ADHS Multi-Band Radios		45,323
Homeland Security-FEMA Operations		191,434
Homeland Security-Portable Radios		44,794
Homeland Security-Radio Inter-Operability		47,041
Street - HSIP		8,720
Transit Fund - Administration and Operations		828,270
Governor's Office of Highway Safety		1,135
FEMA-SAFER		144,830
Community Development Block Grants		278,517
HOME		66,402
Total Governmental Funds		\$ 1,798,054

Enterprise Funds:

Airport - FAA AIP 23 and AIP 24		\$ 221,945
Total Enterprise Funds		\$ 221,945

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 EXCLUSIONS CLAIMED IN PART II (CONTINUED)**

f. Amounts received from the State

Special Revenue Funds:

Miscellaneous Police - AZ POST - WALETA	\$ 180,078
Miscellaneous Police - GITEM	38,652
Miscellaneous Police - SWBA Dart BCI	23,854
Miscellaneous Police - AZ POST Axon Camera	14,178
Miscellaneous Police - AZ POST Training	12,465
Miscellaneous Police - HAZMAT Emergency Preparedness	13,975
Miscellaneous Police - Mohave County Emergency Management pass- thru from AZ Emergency Response Fund	<u>9,521</u>
Total Governmental Funds	<u><u>\$ 292,723</u></u>

Enterprise Funds

Airport - FAA AIP 23 and AIP 24	\$ 9,884
Wastewater - WIFA Planning & Design	<u>35,000</u>
Total Enterprise Funds	<u><u>\$ 44,884</u></u>

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

Total HURF expenditures	\$ 4,712,463
Non-excludable Revenues:	
Transfers in from General Fund, Special Revenue and Capital Projects Funds	\$ (635,111)
Miscellaneous revenues	(176,659)
Interest previously excluded	<u>(27,502)</u>
Total HURF expenditures available to exclude	<u>(839,272)</u>
	<u><u>\$ 3,873,191</u></u>
Total HURF revenue received during 2012-13	\$ 4,049,126
Total HURF revenue received during 1979-80	<u>(805,527)</u>
Total HURF revenue received in excess of 1979-80	<u><u>\$ 3,243,599</u></u>
Total HURF expenditures excluded	<u><u>\$ 3,243,599</u></u>

h. Contracts with other Political Subdivisions:

General Fund:

Mohave County Court reimbursements	<u><u>\$ 402,426</u></u>
------------------------------------	--------------------------