



LAKE HAVASU CITY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2015

Lake Havasu City, Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

CITY COUNCIL

Mark S. Nexsen
Mayor

Donna Brister
Vice Mayor

Dean Barlow
Councilmember

Don Callahan
Councilmember



Jeni Coke
Councilmember

Michele Lin
Councilmember

Cal Sheehy
Councilmember

CITY STAFF

Charlie Cassens
City Manager

Administrative Services Department staff responsible for CAFR presentation

Tabatha Miller, CPA
Administrative Services Director

Trinna Ware
Finance Manager

LAKE HAVASU CITY

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LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015
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LAKE HAVASU CITY

INTRODUCTORY SECTION



LAKE HAVASU CITY



LAKE HAVASU CITY

ADMINISTRATIVE SERVICES DEPARTMENT

January 25, 2016

Honorable Mayor, Members of the City Council, City Manager, and Citizens of Lake Havasu City, Arizona:

The 2015 Comprehensive Annual Financial Report (CAFR) of Lake Havasu City, Arizona (City) for the fiscal year ended June 30, 2015, is submitted in accordance with Arizona Revised Statutes, Section 9-481. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Heinfeld, Meech & Co., P.C., CPAs and Business Consultants, has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. The City's independent auditors also perform the Single Audit of the City's federal grant programs. The Single Audit Reporting Package is issued separately from this financial report and is available on request.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Lake Havasu City Profile

History – Lake Havasu was created with the construction of Parker Dam in the 1930's. Until the dam systems were built, what is now Lake Havasu was a remote section of the Colorado River. In 1963, on the courthouse steps of Kingman, Arizona, Robert P. McCulloch purchased a 26 square mile parcel of barren desert that would become the site for Lake Havasu City. At the time it was the largest single tract of state land ever sold in Arizona, and the cost per acre was under \$75.

Lake Havasu City was founded as a master-planned community with an emphasis on recreation and residential retirement. It was the purchase of the London Bridge, in 1968, which gave worldwide exposure to Lake Havasu City. The bridge structure was dismantled brick by brick in London, transported to Lake Havasu City, and authentically reconstructed over a three-year period. In addition, a mile-long bridge channel was dredged, giving purpose to the transplanted landmark.

In 1963 Lake Havasu City did not qualify for incorporation under state law and so became a recognized Irrigation and Drainage District (IDD). The IDD's Board of Directors acted as city councilmembers in order to run the City. In the early nineteen seventies they took steps toward incorporation by instigating a feasibility study. Near the end of the decade, incorporation was made possible with a new state law that enabled a new municipality to organize as a city and to assume trusteeship of bonded debts and special districts. The City is located in the western part of Arizona in Mohave County on the Colorado River and was incorporated in 1978 by a vote of the residents.

Current Profile - Lake Havasu City currently encompasses approximately 46 square miles and serves a population of approximately 53,193. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

Government and Organization - Lake Havasu City has operated under the council-manager form of government since 1978. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council Members. The Mayor and Council Members are elected at-large for four-year terms. Their terms are staggered on a two-year basis.

The Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and City Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City provides a full range of municipal services, including police and fire protection, airport, water and sewer services, construction and maintenance of streets, recreational and cultural events, planning and zoning services, housing rehabilitation, and general administrative services. Lake Havasu City offers a full range of community facilities including a community center/aquatic complex, and fifteen City-owned parks.

The City contracts for some of its jail services, animal shelter services, tourism development, social service functions, economic development, and sanitation services, including waste collection, recycling pickup and landfill operations.

Budgetary Controls – By State Statute the Council is required to adopt a tentative budget on or before the third Monday in July of each fiscal year. Once the tentative budget has been adopted, the expenditures may be decreased but not increased upon final adoption. The formal adoption of Lake Havasu City's final budget usually occurs at the last Council meeting in June.

The City maintains budgetary controls which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the City Council. However, for budget administrative purposes, the City maintains budgeting controls at department appropriation levels. In addition to maintaining budgetary control via formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon issuance of a purchase order.

Local Economy

Lake Havasu City's economy is based primarily in tourism and hospitality, a regional municipality, the marine industry and long-term winter visitors. The City has benefited in the past from steady growth in all of these areas but had experienced declines beginning in fiscal year 2006-07 which have stabilized in the last couple of years and in a few industries, such as tourism and hospitality, exceeded pre-recession levels.

The City's Strategic Plan for Economic Development outlines strategies for economic diversification to create a more stable economic base. The plan calls for a balanced development of retail, commercial, manufacturing, restaurant, lodging, and entertainment. The City continues to be a desirable location for work, destination, and living due to the affordable housing market and the potential for growth. Recruitment efforts continue for commercial enterprises to complement the existing industry, with focus on growing the tenant base of the regional mall, expanding the marine industry, light manufacturing and resort opportunities. To further Economic Development the City committed 25 percent of the proceeds from the additional 3 percent hotel/motel and 1 percent restaurant & bar sales tax to the Partnership for Economic Development (PED).

The City recognizes the critical need of major projects and developments for the economic well-being of the community. In response to these needs the City continues to seek protection and acquisition of public shoreline access and preservation of sensitive lands. The development of the Bridgewater Channel, renovation of the London Bridge, and Master Plan for the Island remain instrumental for the goal of a resort and spa destination to include a convention center. Recognizing the importance of recreational activities to the City, planning for further development and improvement to the City's parks and ball fields continues to be a priority. The future also holds plans for a North-South traffic flow and bypass, a mainland marina and golf course development and a motorsports facility to promote year-round tourism. The City distributes the remaining 75 percent of the additional 3 percent hotel/motel and 1 percent restaurant & bar sales tax to the Convention and Visitors Bureau (CVB) to facilitate promotion of the City as "Arizona's Playground".

Tourism

Lake Havasu City continues to enjoy seasonal influxes of residents from throughout the United States and Canada, especially during the winter months. The London Bridge, which is one of the largest tourist attractions in Arizona, continues to draw visitors from around the world. Focus on future development of the Bridgewater Channel, which is adjacent to the bridge, and support of resort development on the Island is a priority for the City for continuous, steady tourism revenue.

Construction

Housing (single-family, two-family, and multi-family) construction has increased every year since 2011. Issuance of new single-family housing permits increased 7 percent from the previous year's total of 243 to a total of 261 in fiscal year 2014-15. The estimated building valuation of the new single-family construction permits issued this fiscal year reflect an increase from \$46,065,595 in 2013-14 to \$50,273,671 in 2014-15, representing a 9 percent increase in building valuations.

New commercial building permits increased from 5 commercial building permits in fiscal year 2013-2014 to 9 permits in fiscal year 2014-15. In fiscal year 2014-15 the average commercial permit was valued at \$655,344 a 16 percent increase over the previous year's average valuation of \$564,398.

Commercial addition permits decreased 4 percent in fiscal year 2014-15, with 70 permits compared to the previous fiscal year's 73 permits. Commercial addition valuations in fiscal year 2014-15 averaged \$88,676, a decrease of 13 percent when compared to the fiscal year 2013-14 average valuation of \$101,845.

The significant developments currently underway or scheduled to begin in fiscal year 2015-16 are:

Commercial:

- **HRMC Cancer Center** – This is a 6,100 square foot addition and tenant improvement with an estimated project value of \$2.2 million. Building Permits were issued in December of 2015 with an anticipated completion in October of 2016.
- **Culvers Restaurant** – This is a new 4,450 square foot national food chain that offers a variety of food and fresh frozen custard. Building permits are estimated to be issued in early 2016 and the restaurant to open in late 2016.
- **Bureau of Land Management** – This is a new 10,175 square foot office and 3,150 square foot warehouse that will house the local office. Building permits were issued in August of 2015 with an anticipated completion in early 2016.
- **The Shops at Lake Havasu** – Sears, a large national retailer opened in December of 2015. Kay Jewelers, a national retailer that specializes in costume jewelry opened in Mid-2015. Bealls Outlet, a large retail chain store that offers clothing, shoes, jewelry, and home accessories opened in Mid-2015.
- **EL Pollo Loco** – This is a new national fast food chain that is known for their fire-grilled chicken. Rezoning and building permits are estimated to be completed and issued in Mid-2016 with an estimated opening date in late 2016.

Residential:

- **Sailing Hawks** - The Sailing Hawks Planned Development covers 56 acres of development. There are five phases to this mixed residential development, which will include recreation areas, a clubhouse, pool, spa and fitness center, shade structures, and a gated private drive. Phase I residential lots are completely developed. Phase II, "The Ridge", has infrastructure in place, 75 percent of residential complete, a community building finished and the pool area completed. Phase III, "Mesquite Bay", has 30% of lots developed. Phase IV, "The Cove", is in the process of being replatted and the City anticipates the issuance of a grading permit in 2016. Phase V, "The Spa", is currently under new ownership and the City anticipates issuing a grading permit in 2016.
- **Grand Island Estates** – This Island Development is a planned subdivision of nine use areas as follows: 5.4 acres – commercial, 6.5 acres – casitas, 11.2 acres – resort. Residential areas: Parcel D&E 91 single-family lots (16 developed); Parcel F; 122 townhome lots (59 developed); Parcel H 76 patio home lots (23 developed); Parcel I 64 dual home lots (25 developed). The City owned park is completed, all infrastructure is in place and overall the residential element is approximately 25 percent completed.

In 2014, the City began the process of updating the Development Code and General Plan. The City's Planning and Zoning Commission recently approved both documents. The City Council is expected to adopt both documents during early 2016. The Development Code was rewritten with the focus on simplifying new development in order to encourage development within the City limits.

Employment and Job Growth

Traditionally, Lake Havasu City's employment relied heavily on the construction and tourism sector. While the tourism sector has finally returned to pre-recession levels, construction is still well below its pre-recession level. More recently, the City has experienced an expansion of the education and healthcare sectors. This sector provides 15 percent of the City's Gross Domestic Product and is only second to the Government sector, which provides 16 percent.

The City's unemployment rate is 7.6 percent as of June, 2015 as reported by the Arizona Department of Administration. This is a decrease of 1.8 percent from last year's rate of 9.4 percent in June 2014. The City's unemployment rate has remained higher than the state and the national average due to the heavy reliance on the construction industry and the remote location of the City. The state's employment and job growth have improved as experienced nationally. In June 2015 the state's average unemployment rate was 6.3 percent, down from 7.5 percent from the prior year. The national unemployment average in June 2015 was 5.3 percent, down from 6.3 percent the prior year.

Working with the PED, the City continues to recruit new employers to the area. During the beginning of fiscal year 2015-16, the PED reported an increase in the number of inquiries by businesses interested in relocating or expanding business in the City. In addition, the regional mall continues to fill vacant space with new businesses, which provide new jobs to the area.

Long-term Financial Planning

The City responds to changing economic challenges with careful long-range planning for fiscally healthy conditions. With conservatism in mind, the budget is prepared with maximization of operating efficiencies and a healthy level of reserves. The City initially converted to a biennial budget for fiscal years 2013-14 and 2014-15 and continued with the two-year budget for 2015-16 and 2016-17. This allows the City to look at a longer time frame and see the impacts of decision making farther into the future.

In addition to the healthy reserve levels, the City budgets contingency funds in order to provide flexibility to respond to unanticipated revenue decreases or unexpected expenditures, the City budgets contingency in the General Fund, Irrigation & Drainage District Fund (operating and maintenance only), Wastewater Fund (operating and maintenance only), the Highway Users Revenue Fund, Transit Fund, Aquatic Fund and the Airport Fund.

Major Initiatives

The City continues to plan for its future by investing in its infrastructure. Projects in the research and development, and implementation stages during 2014-15 include:

- Development and investment in a Citywide Asset Management Program
- Priority Based Budgeting
- Successful launch of the Veteran's Court
- Implementation the Wash Remediation Program
- Site Six Redevelopment
- Refinancing the City's \$280 million Wastewater Debt
- Upgrade of the City's fiber optics backbone
- Implementation of City wayfinding signs and branding program

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lake Havasu City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the 28th year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Lake Havasu City also received the Distinguished Budget Presentation Award for its fiscal year 2013-14 and 2014-15 biennial budget from the GFOA for our conformity in budget presentation. The City submitted its 2015-16 and 2016-17 biennial budget document for the award program.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Administrative Services Department, particularly the Finance Division, the assistance of administrative personnel in the various departments, and the competent service of our independent auditors. Credit also must be given to the City Council and the City Manager for their interest and support in planning and conducting the financial affairs of Lake Havasu City in a responsible and professional manner. For those involved, we express our sincerest appreciation.

Respectfully submitted,



Tabatha Miller, CPA
Administrative Services Director



Trinna Ware
Finance Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lake Havasu City
Arizona**

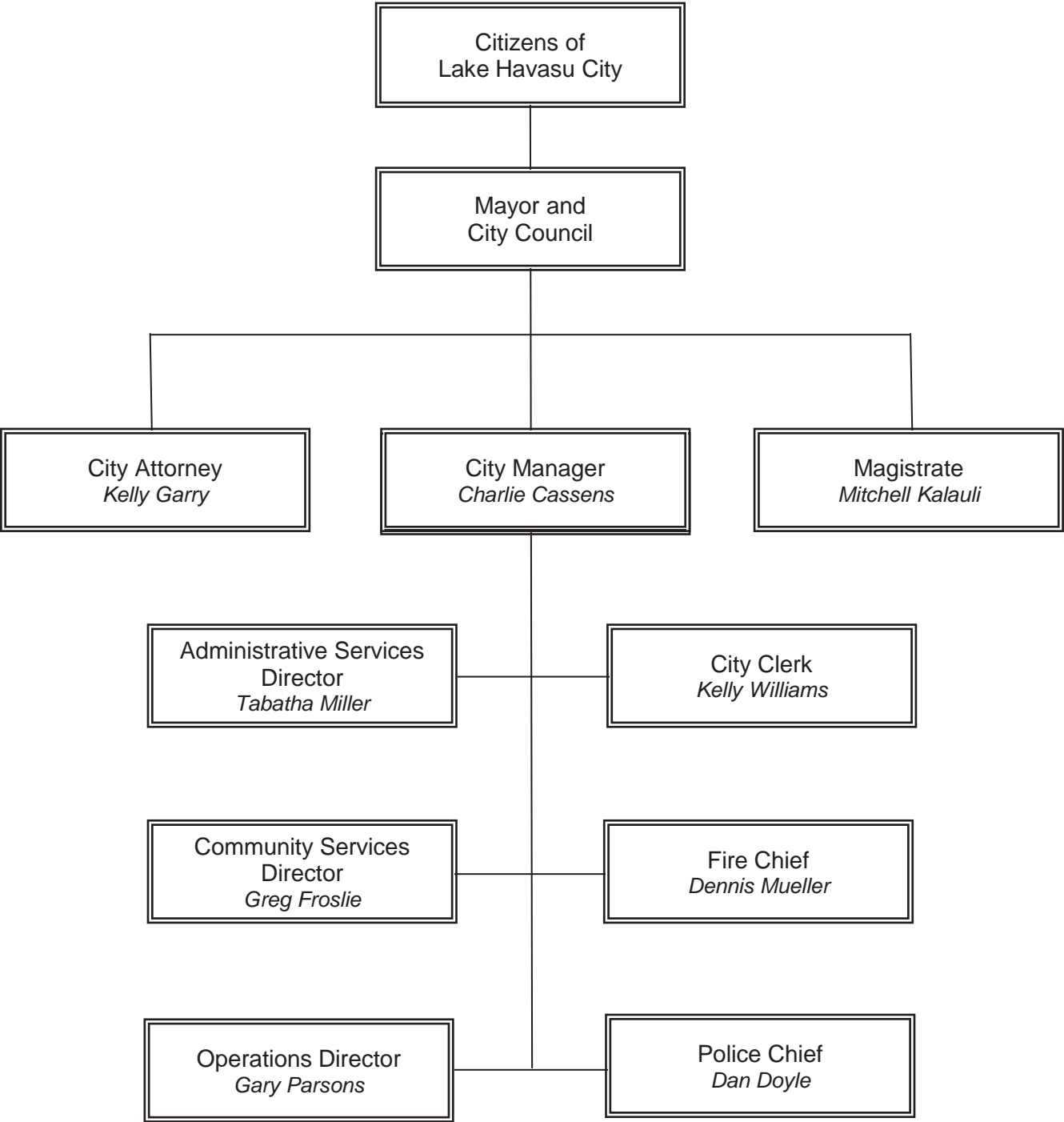
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

ORGANIZATIONAL CHART



MAYOR & CITY COUNCIL



Mark S. Nexsen
Mayor

Term Expires 11/2018



Donna Brister
Vice Mayor

Term Expires 11/2016



Jeni Coke
Councilmember

Term Expires 11/2018



Dean Barlow
Councilmember

Term Expires 11/2016



Michele Lin
Councilmember

Term Expires 11/2018



Don Callahan
Councilmember

Term Expires 11/2016



Cal Sheehy
Councilmember

Term Expires 11/2018



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Havasu City, Arizona (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Havasu City, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and HURF Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, other postemployment benefit plan information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, on our consideration of Lake Havasu City, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Havasu City, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

January 25, 2016

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The Management's Discussion and Analysis (MD&A) section of the City's Comprehensive Annual Financial Report (CAFR) provides an overview of the City's financial performance based on currently known facts, data and conditions and is designed to assist readers in understanding the accompanying financial statements. The financial statements are prepared in accordance with Governmental Accounting Standards (GASB) principles. This discussion and analysis is designed to be used in conjunction with the letter of transmittal, the financial statements, and notes.

Key Reporting Implementations

In fiscal year 2015 the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit and defined contributions pension plans.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the fiscal year 2014-15 by \$264.1 million (*net position*). Of this amount, \$53.0 million represents unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$65.2 million from fiscal year 2013-14. The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 required the City to record its proportional share of unfunded pension liabilities. More information on the pension plans in which the City participates is available in the Notes on pages 73-86.
- The City's total net position decreased by \$63.7 million (19.4 percent) during fiscal year 2014-15. Total expenses exceeded total revenues in the current year primarily due to the pension expense recorded as required for implementation of GASB 68.
- As of June 30, 2015, the City's governmental funds had a combined ending fund balance of \$39.7 million, an increase of \$1.8 million (4.7 percent) in comparison with the prior fiscal year.
- At the close of the fiscal year, the unassigned fund balance for the General Fund was \$25.3 million (63.1 percent) of the total General Fund expenditures of \$40.1 million.
- The General Fund, fund balance increased by \$1.0 million. Primary factors leading to this increase include an increase of approximately \$3.3 million in transaction privilege tax (TPT) collections and other revenue increases of approximately \$1.3 million. The revenue increases were offset by a small increase in expenditures and a decrease of \$2.8 million in net transfers in.
- The City's total long term liabilities increased by \$62.9 million to \$360.9 million during the fiscal year. This increase is due primarily to the net pension liability of \$72.7 million the City was required to record with the implementation of GASB 68.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or declining.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, tourism and promotion, and transportation services. The business-type activities of the City include water (Irrigation and Drainage District (IDD)), wastewater and trash (Refuse) utilities, the airport, and recreation/aquatic center. These activities are primarily supported through user charges and fees.

The government-wide financial statements include not only the City itself but other separate legal entities in its report. The Improvement Districts, the IDD Fund (water) and the Metropolitan Planning Organization (MPO) represent legally separate, "component units". These are important to note because the City is financially accountable for these component units. A description of these units is available in Note 1 A. on page 47. Separate financial statements are not prepared for these component units.

The government-wide financial statements can be found on pages 34-35 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City does not currently report any fiduciary funds.

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Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds organized according to their purpose (special revenue, debt service, and capital projects) presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund (HURF), the Debt Service Fund and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in a separate section in this report.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and HURF Fund as part of the basic financial statements to demonstrate compliance with this budget. Budgetary comparisons for all other governmental funds are provided in the combining and individual fund statements and schedules.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges its customers-either outside customers, internal units or departments of the City. The City maintains two different types of proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water (IDD), wastewater, trash (Refuse), airport, and recreation/aquatic center operations. Three of the City's enterprise funds, the IDD, Wastewater and Refuse are considered major funds of the City. Individual fund data on the Airport and Recreation/Aquatic Center funds is provided in the form of combining statements elsewhere in this report.

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Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the vehicle and equipment replacement program. The City also uses an internal service fund for facilities maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the Proprietary Fund financial statements.

The basic proprietary fund financial statements can be found on pages 42-45 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-89 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the progress in funding other postemployment benefits for eligible city employees hired before July 1, 2004. Required supplementary information can be found on pages 93-98 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental and enterprise funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 102-122 of this report.

Government-wide Financial Analysis

While this document contains information about the funds used by the City to provide services to our citizens, the Statement of Net Position and the Statement of Activities serve to provide information on how the City, as a whole, did financially throughout the year.

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$264.1 million at the close of fiscal year 2014-15 and \$327.8 million at the close of fiscal year 2013-14.

**LAKE HAVASU CITY, ARIZONA
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JUNE 30, 2015**

**Condensed Statement of Net Position
June 30, 2015 and 2014
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
Current and Other Assets	\$ 46,027	\$ 44,063	\$ 102,689	\$ 104,081	\$ 148,716	\$ 148,144	0.4%
Capital Assets							
Non-depreciable	27,708	27,892	11,389	13,687	39,097	41,579	(6.0%)
Depreciable (net)	65,539	66,763	388,682	393,496	454,221	460,259	(1.3%)
Total Assets	139,274	138,718	502,760	511,264	642,034	649,982	
Deferred Outflows of Resources							
Pension Plan Items	13,175	-	757	-	13,932	-	N/A
Total Assets and Deferred Outflows of Resources	152,449	138,718	503,517	511,264	655,966	649,982	
Other Liabilities	2,877	3,205	7,342	7,014	10,219	10,219	0.0%
Non-current Liabilities							
Due Within One Year	3,211	3,190	11,280	10,791	14,491	13,981	3.6%
Due in More Than One Year	75,922	10,314	284,925	287,642	360,847	297,956	21.1%
Total Liabilities	82,010	16,709	303,547	305,447	385,557	322,156	
Deferred Inflows of Resources							
Pension Plan Items	5,064	-	1,245	-	6,309	-	N/A
Total Liabilities and Deferred Inflows of Resources	87,074	16,709	304,792	305,447	391,866	322,156	
Net Position							
Net Investment in							
Capital Assets	86,704	87,718	114,768	112,968	201,472	200,686	0.4%
Restricted	9,630	8,972	-	-	9,630	8,972	7.3%
Unrestricted	(30,959)	25,319	83,957	92,849	52,998	118,168	(55.2%)
Net Position - (as restated July 1, 2014)	\$ 65,375	\$ 122,009	\$ 198,725	\$ 205,817	\$ 264,100	\$ 327,826	(19.4%)

The largest portion of the City's net position in fiscal year 2014-15 and fiscal year 2013-14, \$201.5 million (76.1 percent) and \$200.7 million (61.2 percent), respectively, reflects its investment in capital assets, (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire these assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, in the amount of \$9.6 million (3.6 percent) in fiscal year 2014-15, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$53.0 million (20.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors. In fiscal year 2013-14, \$9.0 million (2.7 percent) of the City's net position was subject to external restrictions and \$118.2 million (36.1 percent) was available to be used to meet the government's ongoing obligations to citizens and creditors. The decrease was primarily due to the implementation of GASB 68.

Business type net position, decreased by \$7.1 million primarily due to GASB 68 implementation. Net investment in capital assets increased \$1.8 million in fiscal year 2014-15.

**LAKE HAVASU CITY, ARIZONA
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At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole. The implementation of GASB 68 and resulting increase in net pension liability resulted in negative unrestricted net position of \$31.0 million in the governmental activities. In the prior fiscal year, all three categories of net position reported positive balances for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of Changes in Net Position

For the fiscal year ending June 30, 2015, GASB Statement No. 68 was implemented. As a part of that implementation, the City restated fiscal year 2014-15 beginning net position for both governmental and business-type activities. More information on these adjustments can be found on pages 77-78. The implementation provides the comparability of reported pension information between service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions.

The City's total net position decreased by \$1.9 million in fiscal year 2014-15 and increased by \$2.4 million during fiscal year 2013-14. These changes are explained in the government and business-type activities discussion.

When compared to re-stated beginning balance, governmental activities decreased the City's net position by \$1.8 million in fiscal year 2014-15 and increased the City's net position by \$1.4 million in fiscal year 2013-14. Governmental activities accounted for 85.6 percent of the total reduction in the net position of the City for fiscal year 2014-15.

Business-type activities decreased the City's net position in fiscal year 2014-15 by \$95,700 and increased the City's net position in fiscal year 2013-14 by \$951,248. Business-type activities accounted for 14.4 percent of the total growth in the net position of the City for fiscal year 2014-15.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

**Statement of Activities
Fiscal Years Ended June 30, 2015 and 2014
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
REVENUES							
Program Revenues							
Charges for Services	\$ 4,823	\$ 4,437	\$ 39,524	\$ 39,505	\$ 44,347	\$ 43,942	0.9%
Operating Grants and Contributions	6,486	6,419	95	112	6,581	6,531	0.8%
Capital Grants and Contributions	1,501	2,264	630	3,103	2,131	5,367	(60.3%)
General Revenues							
Property Taxes	4,238	4,232	5,392	5,953	9,630	10,185	(5.4%)
Business Taxes	18,442	15,185	-	-	18,442	15,185	21.4%
Other Local Taxes	2,300	1,796	-	-	2,300	1,796	28.1%
State Shared Revenues	13,825	12,934	-	-	13,825	12,934	6.9%
Investment Earnings	355	440	772	1,037	1,127	1,477	(23.7%)
Other	59	115	-	-	59	115	(48.7%)
Total Revenues	<u>52,029</u>	<u>47,822</u>	<u>46,413</u>	<u>49,710</u>	<u>98,442</u>	<u>97,532</u>	
EXPENSES							
General Government	13,730	12,152	-	-	13,730	12,152	13.0%
Public Safety	29,640	25,672	-	-	29,640	25,672	15.5%
Highways and Streets	7,582	6,845	-	-	7,582	6,845	10.8%
Culture and Recreation	2,069	1,860	-	-	2,069	1,860	11.2%
Tourism and Promotion	1,614	1,652	-	-	1,614	1,652	(2.3%)
Transportation	591	1,603	-	-	591	1,603	(63.1%)
Interest on Long Term Debt	79	85	-	-	79	85	(7.1%)
Refuse	-	-	5,377	5,267	5,377	5,267	2.1%
Recreation/Aquatic Center	-	-	1,675	1,519	1,675	1,519	10.3%
Irrigation and Drainage	-	-	9,961	10,174	9,961	10,174	(2.1%)
Wastewater	-	-	26,687	26,965	26,687	26,965	(1.0%)
Airport	-	-	1,361	1,358	1,361	1,358	0.2%
Total Expenses	<u>55,305</u>	<u>49,869</u>	<u>45,061</u>	<u>45,283</u>	<u>100,366</u>	<u>95,152</u>	
CHANGE IN NET POSITION BEFORE TRANSFERS	(3,276)	(2,047)	1,352	4,427	(1,924)	2,380	(180.8%)
Transfers	1,448	3,476	(1,448)	(3,476)	-	-	
CHANGE IN NET POSITION	(1,828)	1,429	(96)	951	(1,924)	2,380	
Net Position - Beginning of Year	122,009	120,580	205,817	204,866	327,826	325,446	
Net effect of prior period adjustments	(54,806)	-	(6,996)	-	(61,802)	-	
Net position - Beginning Restated	67,203	120,580	198,821	204,866	266,024	325,446	
Net Position - End of Year	<u>\$ 65,375</u>	<u>\$ 122,009</u>	<u>\$ 198,725</u>	<u>\$ 205,817</u>	<u>\$ 264,100</u>	<u>\$ 327,826</u>	(19.4%)

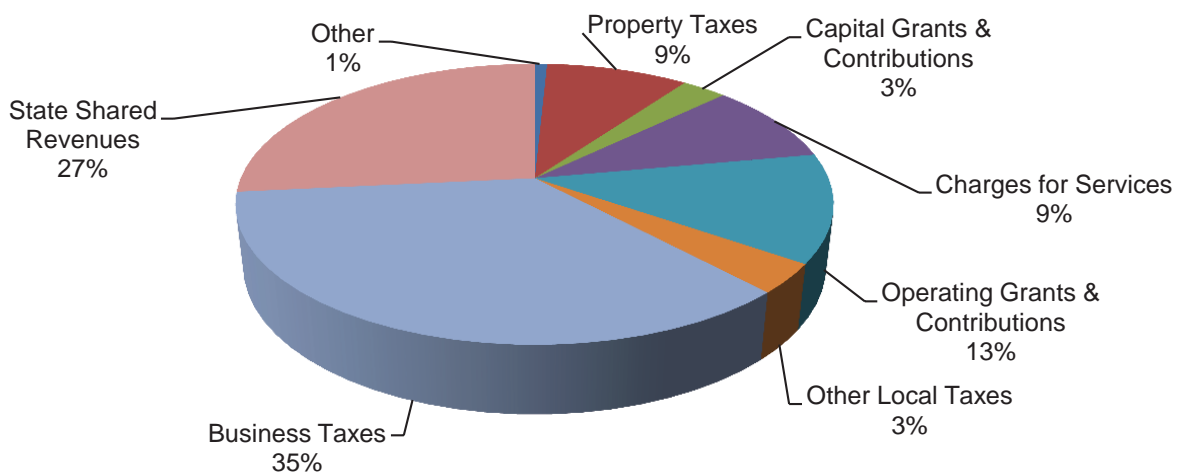
**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Activities. Total revenue for governmental activities increased \$4.2 million (8.8 percent) over the previous fiscal year. The significant changes in revenues are:

- Business Tax revenue increased \$3.3 million (21.4 percent) over the previous fiscal year. Retail transaction privilege tax increased by 9.3 percent, accommodation transaction privilege tax (TPT) increased 16.6 percent (excludes the 3 percent additional bed tax) and restaurant and bar TPT increased 10.3 percent. This increase is attributed to an improving economy and tourism.
- State Shared Revenue increased \$891,491 over the previous fiscal year. State-shared income tax revenue increased \$503,917 (8.6 percent). State-shared sales tax increased \$228,280 (5.0 percent). The revenue sharing increase is related to population changes and the overall improving economy.
- Capital grants and contributions decreased \$762,841 from the previous fiscal year. The decrease is attributed to receiving fewer funds from Mohave County for flood control.
- Operating grants and contributions slightly increased by \$66,967 from the previous year. General Government increased by \$95,397 mainly due to an increase of funds being receiving for Arizona Department of Housing grants. Public Safety increased slightly by \$15,515. Highways and Streets increased by \$512,229 due to an increase of funds received for gasoline tax and grant funds received for traffic signals and signs. Culture and Recreation increased by \$54,916. Transportation Services decreased by \$611,090. This large decrease is attributed to the elimination of grant funds that were previously received through ADOT to help subsidize Transit service. The Transportation Services revenues received in the amount of \$271,659 were for ADOT grant funds received for the Metropolitan Planning Organization.

The source of funds for overall governmental activities, without regard to program, is presented below:

**Governmental Activities Revenues
Fiscal Year 2014-15**



**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Total expenditures for governmental activities increased \$5.4 million (11.0 percent) over the previous fiscal year. The significant changes in expenditures are:

- Public Safety increased \$4.0 million over the previous year. The implementation of GASB 68 made up over 88.0 percent of the increase. The remaining increases were related to public safety retirement, medical benefit expenses and other operational expenses.
- Culture and Recreation increased \$209,145 over the previous fiscal year. The transfer of special events activities and increases in participation in programs made up the majority of the increase of 11.2 percent over the previous fiscal year.
- General Government increased by \$1.6 million over the previous year. Personnel and associated taxes and benefits made up about 62.5 percent of the increase. Another 14.3 percent of the increase came from general liability insurance and claims and the remaining 23.2 percent of the increase came from operational expenses.
- Highways and Streets increased \$737,142 over the previous fiscal year. Operational expenses increased by \$201,017 (2.9 percent) in the current fiscal year due to an increase in grant funded supplies and an increase to street repair contractual service. A change in capital assets caused the remaining increase of 7.9 percent.

Business-Type Activities. The City business-type activities reported a decrease of \$7.1 million in net position bringing the total net position to \$198.7 million. A decrease of \$6.9 million in net position resulted primarily due to a prior year restatement per implementation of GASB 68.

Total revenue for business-type activities decreased \$3.3 million (6.6 percent) over the previous fiscal year. The significant changes in revenues are:

- Capital grant revenue decreased \$2.5 million over the previous fiscal year. Federal capital improvement grants decreased by (79.7 percent). This decrease is attributed to the completion of water capital improvement projects in the prior year using WIFA grant funding.
- Investment earnings decreased \$265,022 over the previous fiscal year. Unrealized gains/losses in the LGIP investment pool decreased by (25.6 percent).
- Property tax revenue decreased by \$561,343 over the previous fiscal year. Irrigation and Drainage District tax revenue decreased (9.4 percent).

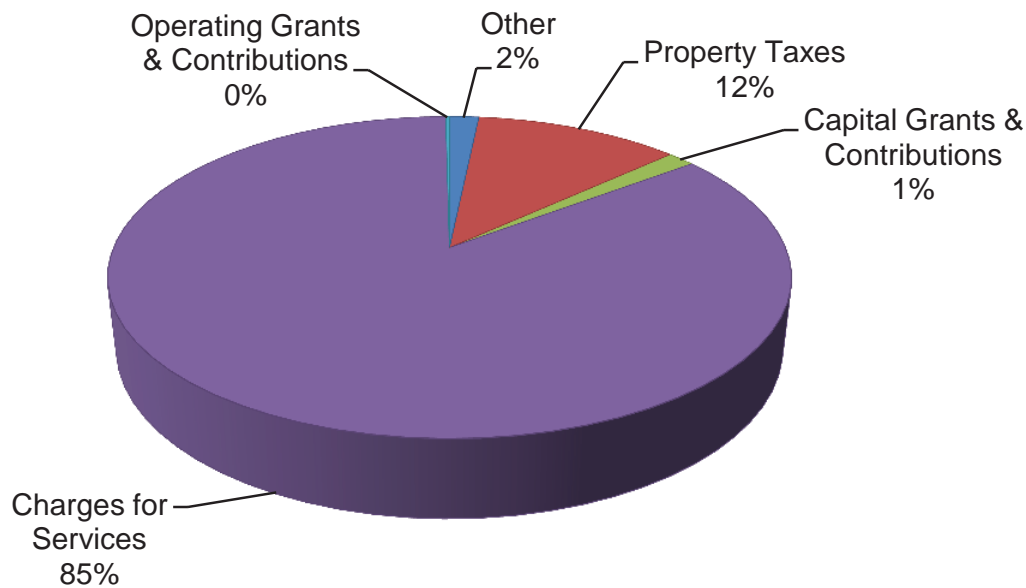
Total expenditures for business-type activities were about \$221,757 (0.5 percent) over the previous fiscal year. The significant changes in expenditures are:

- Repair and Maintenance expenditures increased by \$462,271. Increases in machinery and equipment repair expenditures account for 60.6 percent of this increase.
- General Insurance expenditures increased by \$33,117, over the previous fiscal year (8.6 percent).
- Electric utility expenditures decreased by \$182,269 over the previous fiscal year (7.1 percent).
- Maintenance and Operational Supplies decreased \$183,004 over the previous fiscal year (8.0 percent).

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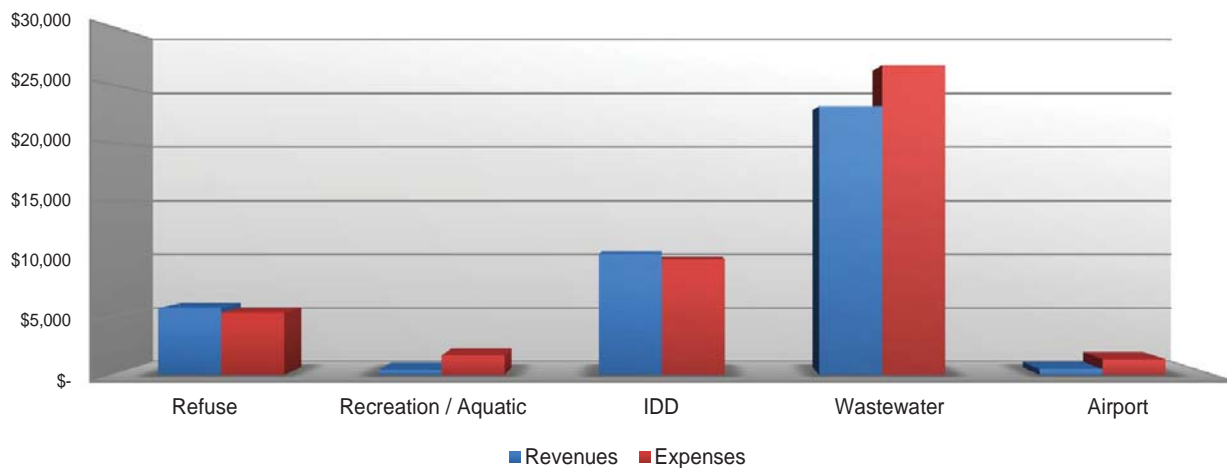
As shown in the "Business-type Activities Revenue by Source" chart, charges for services provided the largest share of revenues (85 percent) followed by property taxes (12 percent).

**Business-type Activities Revenues by Source
Fiscal Year 2014-15**



As shown in the "Business-Type Program Revenue and Expenses" chart below, the largest of Lake Havasu City's business-type activities, Wastewater, had program expenses of \$26.6 million in fiscal year 2014-15, followed by Irrigation and Drainage (IDD) with \$10.0 million.

**Business-type Activities Program Revenues and Expenses
Fiscal Year 2014-15
(in thousands)**



**LAKE HAVASU CITY, ARIZONA
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The City's Wastewater Division is responsible for the collection and treatment of all the sewage generated in the City which is connected to the sewer system. More than 50 lift stations are positioned in the City to pump the sewage to the three (3) separate treatment plants.

The City's Water Division provides potable water to the City's residents; operates and maintains the water treatment plant and all existing wells pump stations, storage reservoirs, transmissions, and distribution lines; and provides and installs service connection and meter to every residence and business in the City.

Financial Analysis of Lake Havasu City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements and may serve as a useful measure of a government's net financial resources available for spending at the end of the fiscal year to finance the City's programs. The types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of fiscal year 2014-15, the City's governmental funds reported combined ending fund balances of \$39.7 million, an increase of \$1.8 million (4.7 percent) in comparison with fiscal year 2013-14 fund balance of \$37.9 million. The majority of the fund balance in the amount of \$25.3 million (63.1 percent) is unassigned fund balance and is available for use at the government's discretion. Approximately \$9.6 million (24.2 percent) is restricted in its use by externally enforceable limitations. Approximately \$4.0 million (10.3 percent) is assigned for use by management for specifically identified uses. The committed fund balance of \$315,251 (0.8 percent) is limited for use on certain expenditures through formal action of the Council. The remaining \$373,244 (0.9 percent) is nonspendable, the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2014-15 the total fund balance of the General Fund reached \$27.1 million which is a 3.9 percent increase from the prior year. The nonspendable portion of the fund balance is \$244,483 (0.9 percent), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$79,848 (0.3 percent). The portion that is committed totals \$95,764 (0.4 percent), the assigned portion is \$1.4 million (5.2 percent), and the unassigned fund balance is \$25.3 million (93.2 percent), which is available for use at the City's discretion. At the end of fiscal year 2013-14, total fund balance reached \$26.1 million. Of that fund balance, \$285,386 (1.1 percent) was nonspendable, \$68,775 (0.3 percent) was restricted, \$398,755 (1.5 percent) was committed, \$2.1 million (8.1 percent) was assigned, and \$23.2 million (89.0 percent) was unassigned.

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The fund balance of the City's General Fund increased \$1 million (3.9 percent) during fiscal year 2014-15. Key factors for this increase are:

- Overall total revenues in fiscal year 2014-15 reflected an increase of \$4.9 million (12.9 percent). Expenditures increased by \$304,634 (0.8 percent) overall. Revenues went up mainly due to an increase in transaction privilege tax revenue and state shared revenue.
- The largest increase in the General Fund in fiscal year 2014-15 was transaction privilege tax revenue. Transaction privilege tax revenue in the General Fund increased by \$3.2 million (21.4 percent) in fiscal year 2014-15 compared to fiscal year 2013-14. The second largest increase was intergovernmental revenues which reflected an \$841,531 (6.2 percent) increase compared to the prior fiscal year. The increase was mainly due to both state shared sales tax and urban revenue sharing revenue increases. State shared revenues related to income tax have a delay of two years in reflecting the true economic condition and resulting distribution from the state. Licenses and permits increased for the third year in a row. Revenue went up \$204,549 (12.4 percent) in fiscal year 2014-15 compared to fiscal year 2013-14. Franchise tax increased \$504,448 due to an accounting change. Revenue recognition moved to a cash basis, resulting in 5 quarters recognized in fiscal year 2014-2015.
- All other major revenues only showed slight change. Charges for service, fines and forfeitures and investment earnings, had a slight decrease while property tax, other revenues and contributions had a slight increase.
- General Fund expenditures reflected an increase of \$304,634 (0.8 percent) in fiscal year 2014-15. General Government increased by \$2.0 million, Public Safety reflected a decrease of \$2.0 million (7.5 percent), and Culture and Recreation increased \$108,035. General Government increased due to increases in liability insurance, increases in personnel benefits including health care cost and workers compensation insurance. Public Safety decreased due to a one time, prior year purchase of fire trucks.
- Net transfers out of the General Fund decreased fund balance by \$1.5 million, for debt service and subsidies to enterprise funds. For more detail see Note 3 on page 64.

The HURF Fund, which accounts for the City's highway and street activities, had a net increase in fund balance of \$25,185 (1.0 percent) in fiscal year 2014-15. Total revenues increased \$370,776 (8.7 percent) due to an increase in gasoline tax revenues received from the Arizona Department of Revenue. Total expenditures increased slightly by \$79,151 (1.6 percent). The increase in expenditures is mainly due to street repair contractual service for the fog and chip seal programs.

The City's Debt Service Fund has a total fund balance of \$173,531, an increase of \$5,305 (3.2 percent). The Debt Service Fund is restricted for the payment of debt service and only receives annual transfers from other funds relating to capital projects for which bonds were issued to cover costs. Transfer amounts are made according to the current fiscal year payment requirements. The only debt remaining is the Greater Arizona Development Authority (GADA) loan for the land purchase for the second bridge to the island.

The Capital Projects Fund had an increase to fund balance of \$683,098 (8.5 percent) as compared to fiscal year 2013-14. Revenues decreased by \$658,723 (28.1 percent) while expenditures decreased by \$3.3 million below fiscal year 2013-14, due to a decrease in capital projects spending.

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Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal years 2015 and 2014, the unrestricted net position for the Water (IDD) was \$24.2 million and \$24.5 million, respectively; the Wastewater Fund was \$57.9 million and \$66.0 million, respectively; the Refuse Fund was \$2.4 million and \$2.1 million, respectively; the Total Non-Major was a -\$575,272 (negative) and \$194,247 respectively.

The Internal Service Funds unrestricted net position, which are comprised of the Vehicle Replacement Fund and the Facilities Maintenance Fund, increased in the aggregate by \$770,926 (19 percent) in fiscal year 2014-15 as compared to the prior year.

The Facilities Maintenance Fund was established in Fiscal Year 2014-15 for routine facilities maintenance and repairs. The original funding in the amount of \$2.5 million for the Facilities Maintenance Fund was transferred from the General Fund with the closure of the LHC Employee Benefit Trust Fund.

Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During fiscal year 2014-15, there were two changes in appropriations between original and final budget of the General Fund. The expenditure appropriation was increased by \$390,000 (0.9 percent). The \$390,000 increase was for the movement of the Engineering staff from various Departments to their own Division under the Operations Department.

Total actual revenues reflect a positive variance to budget in the amount of \$2.8 million (6.9 percent) for fiscal year 2014-15, attributed primarily to an increase to transaction privilege tax revenues. Total revenues reflected a slight positive variance to budget in the amount of \$9,412 (0.02 percent) in fiscal year 2013-14.

Total actual expenditures reflect a favorable variance to final budget in the amount of \$3.0 million, which is 6.9 percent less than final total appropriations. This was due to a conscious effort on the part of staff and management to adhere to budget restrictions and seek cost saving measures and efficiencies. The largest savings were realized in non-departmental expenditures primarily due to unspent contingency appropriation and lower than expected legal service costs. The remaining savings is mainly due to position vacancy savings in various departments. Responsible fiscal management is also the reason for the favorable variance to the final budget in fiscal year 2013-14 in the amount of \$4.6 million, or 10.4 percent less than total appropriations.

The actual change in fund balance reflects an additional \$7.9 million from the favorable variances in revenues and expenditures, and the decrease in transfers out. In fiscal year 2013-14, the actual change to fund balance reflected an additional \$4.5 million over projected.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 and 2014, totaled to \$493.3 million and \$501.8 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other improvements, water rights, machinery and equipment, park facilities, roads, and highways. The change in the City's capital assets (net of accumulated depreciation) between fiscal years 2015 and 2014 was a decrease of 1.7 percent.

**Capital Assets, Net of Depreciation
June 30, 2015 and 2014
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
Land	\$ 26,753	\$ 26,755	\$ 3,298	\$ 3,288	\$ 30,051	\$ 30,043	0.0%
Improvements to Land	11,456	11,969	-	-	11,456	11,969	(4.3%)
Buildings, Structures & Improvements	14,726	15,136	25,291	26,227	40,017	41,363	(3.3%)
Other Improvements	-	-	359,558	364,303	359,558	364,303	(1.3%)
Equipment, Furniture & Fixtures	6,179	6,231	1,760	833	7,939	7,064	12.4%
Construction in Progress	955	1,136	1,150	4,233	2,105	5,369	(60.8%)
Infrastructure	33,178	33,427	-	-	33,178	33,427	(0.7%)
Water Allocation	-	-	9,014	8,298	9,014	8,298	8.6%
Total	<u>\$ 93,247</u>	<u>\$ 94,654</u>	<u>\$ 400,071</u>	<u>\$ 407,182</u>	<u>\$ 493,318</u>	<u>\$ 501,836</u>	(1.7%)

Major capital asset events during the current fiscal year included the following:

- The Booster Station 4 Replacement & Additional Storage project consists of a tank replacement, temporary relocation of the upgraded Foot Hills Estates Booster Station, new piping, controls and site improvements to allow for Phase 2-Future Booster Station Replacement. Expenditures totaled \$1.7 million against a budget of \$2.3 million. The project was completed in fiscal year 2014-15.
- The Booster Station 5A Replacement & Additional Storage project consists of construction to increase storage with a new tank, new piping and site improvements to allow for Phase 2-Future Booster Station and transmission main construction. Expenditures totaled \$1.8 million respectively against a budget of \$2.3 million. The project was completed in fiscal year 2014-15.
- The Extension/Connection of Waterline to/thru SARA Park consisted of a 6/8 inch line approximately 8,000 linear feet from Dog Park to interior facilities and through fields to Vagabond line. Expenditures totaled \$764,156 respectively against a budget of \$750,000. The project was completed in fiscal year 2014-15.

Additional information on the City's capital assets can be found in Note 3 A. 3 on pages 60-62 of this report.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Long-term debt. At the end of fiscal year 2014-15, the City had total bonded debt outstanding of \$285.5 million (net of related premium), a decrease of \$9.0 million (3.1 percent). At the end of fiscal year 2013-14 the bonded debt totaled \$294.5 million. Of the fiscal year 2014-15 total bonded debt, \$80,000 are general obligation bonds backed by the full faith and credit of the IDD Fund (water utilities), \$1.8 million are excise tax revenue bonds for the Freedom Bridge, \$223.7 million are loans from WIFA for the wastewater system expansion and water system improvements and \$60.0 million (net of related premium) is a loan from GADA also for the wastewater expansion.

During fiscal year 2014-15, the City retired \$15,000 in general obligation bonds of the IDD, \$160,000 on the GADA excise tax bonds for the Freedom Bridge and \$10.4 million (net of related premium) in WIFA and GADA loans in the Wastewater Fund.

State statutes impose certain debt limitations on the City of 6 percent and 20 percent of the outstanding secondary assessed valuation of the City. The City's available debt margin at June 30, 2015, is \$34.7 million in the 6 percent capacity and a deficit \$5.1 million in the 20 percent capacity. In fiscal year 2013-14, the 6 percent capacity limit was \$34.5 million and the 20 percent capacity limit was a deficit \$11.7 million. Additional information on the debt limitations and capacities may be found on pages 144-149 in the statistical section of this report. See Note 3 C and D on pages 65-69 to the financial statements for further information regarding capital leases and long-term bonds and loans.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

**Outstanding Obligations
June 30, 2015 and 2014
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
General Obligation Bonds	\$ -	\$ -	\$ 80	\$ 95	\$ 80	\$ 95	(15.8%)
GADA Loan	1,780	1,940	-	-	1,780	1,940	(8.2%)
GADA Loan (net of related premium), G/O Loan	-	-	59,975	60,070	59,975	60,070	(0.2%)
LHC WIFA 2002 Jr. Lien Revenue, G/O Loan	-	-	4,373	4,847	4,373	4,847	(9.8%)
LHC WIFA 2002 Sr. Lien Revenue	-	-	4,373	4,847	4,373	4,847	(9.8%)
LHC WIFA 2004 Sr. Lien Revenue	-	-	3,553	3,852	3,553	3,852	(7.8%)
LHC WIFA 2004A Jr. Construction, G/O Loan	-	-	23,940	25,140	23,940	25,140	(4.8%)
LHC WIFA 2004A Sr. Construction	-	-	10,689	11,579	10,689	11,579	(7.7%)
LHC WIFA 2006 Jr. Construction, G/O Loan	-	-	36,990	39,575	36,990	39,575	(6.5%)
LHC WIFA 2006 Sr. Construction	-	-	8,555	9,155	8,555	9,155	(6.6%)
LHC WIFA 2007 Drinking Water	-	-	4,132	4,380	4,132	4,380	(5.7%)
LHC WIFA 2007 Sr. Construction	-	-	45,333	46,658	45,333	46,658	(2.8%)
LHC WIFA 2008 Jr. Construction, G/O Loan	-	-	26,053	26,717	26,053	26,717	(2.5%)
LHC WIFA 2009 Sr. Construction	-	-	2,583	2,650	2,583	2,650	(2.5%)
LHC WIFA 2009A Sr. Construction	-	-	51,787	53,179	51,787	53,179	(2.6%)
LHC WIFA 2010 Sr. Drinking Water (1)	-	-	1,305	(213)	1,305	(213)	712.7%
Total Bonds Payable	1,780	1,940	283,721	292,531	285,501	294,471	(3.0%)
Capital Leases	5,065	5,931	1,581	1,683	6,646	7,614	(12.7%)
Compensated Absences	2,490	2,501	368	374	2,858	2,875	(0.6%)
Other Postemployment Benefits	3,522	3,131	1,121	1,006	4,643	4,137	12.2%
Landfill Closure and Post-Closure Costs	-	-	2,959	2,839	2,959	2,839	4.2%
Total Long-Term Liabilities	<u>\$ 12,857</u>	<u>\$ 13,503</u>	<u>\$ 289,750</u>	<u>\$ 298,433</u>	<u>\$ 302,607</u>	<u>\$ 311,936</u>	(3.0%)

(1) The WIFA 2010 Sr. Drinking Water loan is for \$11.4 million with forgivable principal of \$8.2 million from a pass through ARRA federal grant. The net obligation to the City is \$3.2 million. Principal and interest payments are now due in accordance with the WIFA loan documents on the debt obligation of \$3.2 million.

Economic Factors and Next Year's Budgets and Rates

Transaction Privilege Tax

The City's most reliable indicator of economic condition is transaction privilege tax. The City's collection of transaction privilege tax revenue comprised 39.5 percent (\$16.8 million) of the total General Fund revenues in fiscal year 2014-15. This represents an increase of \$3.2 million (21.4 percent) from fiscal year 2013-14.

The 21.4 percent increase in transaction privilege tax revenue from fiscal year 2013-14 to fiscal year 2014-15 can be partially attributed to several factors. First, a developer agreement was fulfilled in fiscal year 2013-14 and another in early fiscal year 2014-15. The developer agreement payments decrease net transaction privilege tax revenue, so the fulfillment of these agreements will increase net transaction privilege tax revenue. The fulfillment of those two agreements increased fiscal year 2014-15 revenue by over \$200,000 compared to fiscal year 2013-14.

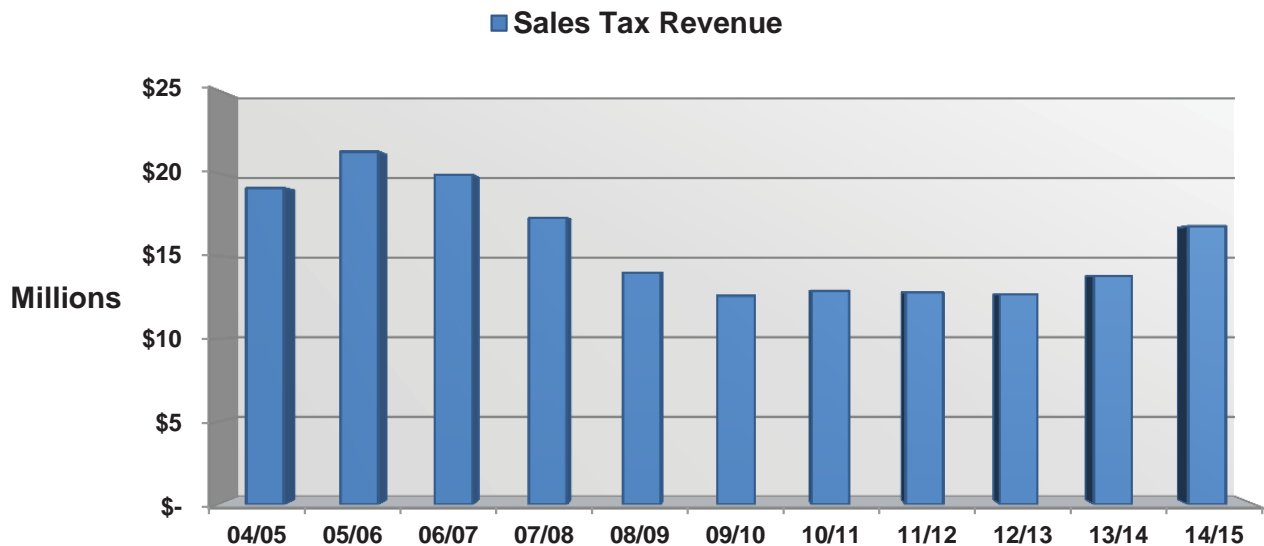
**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Second, the City changed the accounting for the developer agreements to a cash basis for the fourth quarter payments occurring in July of the following fiscal year. This resulted in only three payments instead of four to the remaining two developers being accounted for in fiscal year 2014-15, which inflated the transaction privilege tax revenue by \$288,599. There will be four payments per year again starting in fiscal year 2015-16.

Last, third party audit collections increased from \$23,274 in fiscal year 2013-14 to \$289,226 in fiscal year 2014-15. This was due to several abnormally large audits. The contract between the City and the third party auditor was not renewed beyond fiscal year 2014-15, so no new audits will be conducted. The City is pursuing alternative methods to promote transaction privilege tax compliance.

Gross transaction privilege tax collections for fiscal year 2014-15 were \$17.2 million. This is a 15.4 percent increase from the \$14.9 million in gross transaction privilege tax collections in fiscal year 2013-14.

The City's transaction privilege tax rate is currently 2 percent. An additional 1 percent for restaurant/bar activity and 3 percent for transient occupancy is collected for the Tourism/Economic Development Fund. The City anticipates the transaction privilege tax revenue to continue to climb to pre-recession levels over the next several years.



**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Recognizing that the City's General Fund balance should be maintained at a healthy level, the City Council continues to evaluate other financing alternatives when paying for capital improvements. This change in policy (from pay-as-you-go) should help the City to maintain cash balances over the next several years, both for financial stability and in anticipation of capital and ongoing operational needs. In addition, the City is researching alternative service delivery options for implementation to mitigate the cost of operations and maintenance.

The City assessed a property tax levy rate of \$0.7408 per \$100 assessed value in fiscal year 2014-15. This was an increase over the prior fiscal year in which the assessment was \$0.7381 per \$100 assessed value. In fiscal year 2015-16 the property tax levy rates will be decreased to \$0.7235, due to the incline in the assessed value of property, in an attempt to maintain a steady level of collections to fund current operating needs. The overall levy increase is estimated to be \$49,945 due to new construction valuations.

During fiscal year 2014-15 sewer rates remained the same. At the end of fiscal year 2006-07, the City adopted a Rate Stabilization Fund. This required that \$5.0 million be reserved to maintain a fund balance in the Wastewater Fund that will factor into calculations of future rate increases with the intent to stabilize rates, meet required debt covenants, and prevent wide rate fluctuations to utility customers. An additional \$1.5 million was added in fiscal year 2010-11 to bring the total rate stabilization fund to \$6.5 million. At the beginning of fiscal year 2015-16, the City restructured the wastewater debt to reduce annual debt service from \$21 million to approximately \$13.7 million. A rate study was completed in early fiscal year 2015-16 and recommended rate stability for the next 5 years.

The City conducted an in-house water rate study in fiscal year 2011-12 to review the rates needed to cover the costs of the water system operations and maintenance and debt service requirements. Water rates were not increased in fiscal year 2014-15 as a result of this study. Council adopted rate increases in 2009 that became effective August 2009 for fiscal year 2009-10. Water rates are not expected to increase in fiscal year 2015-16.

All of these factors were considered in preparing the City's budget for the 2015-16 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Administrative Services Department
Lake Havasu City
2330 McCulloch Blvd. N.
Lake Havasu City, AZ 86403
Telephone (928) 855-2116
Fax (928) 855-0551
Website: www.lhcaz.gov

Basic Financial Statements

LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and Investments	\$ 42,562,843	\$ 66,849,476	\$ 109,412,319
Receivables, Net			
Accounts Receivable	657,648	6,156,830	6,814,478
Taxes Receivable	104,562	177,143	281,705
Intergovernmental Receivable	2,287,906	35,910	2,323,816
Interest Receivable	41,572	79,883	121,455
Inventories	197,445	3,317	200,762
Prepaid Items	175,799	197,797	373,596
Restricted Assets	-	29,188,232	29,188,232
Capital Assets			
Non-Depreciable	27,707,607	11,388,810	39,096,417
Depreciable (net)	65,538,994	388,682,407	454,221,401
Total Assets	139,274,376	502,759,805	642,034,181
Deferred Outflows of Resources			
Pension Plan Items	13,175,344	756,522	13,931,866
Liabilities			
Accounts Payable	1,477,499	1,308,184	2,785,683
Accrued Wages and Benefits	886,554	131,690	1,018,244
Interest Payable	79,392	4,733,614	4,813,006
Intergovernmental Payable	251,641	115,609	367,250
Retainage Payable	-	352,304	352,304
Unearned Revenue	41,645	218,832	260,477
Performance Bonds Payable	126,984	-	126,984
Developer Agreements	12,724	-	12,724
Liabilities Payable from Restricted Assets	-	481,271	481,271
Noncurrent Liabilities			
Due Within One Year	3,211,304	11,280,306	14,491,610
Due in More Than One Year	75,922,477	284,924,547	360,847,024
Total Liabilities	82,010,220	303,546,357	385,556,577
Deferred Inflows of Resources			
Pension Plan Items	5,064,030	1,244,841	6,308,871
Net Position			
Net Investment in Capital Assets	86,704,197	114,768,401	201,472,598
Restricted for			
Highways and Streets	2,523,469	-	2,523,469
Debt Service	173,531	-	173,531
Capital Outlay	6,432,847	-	6,432,847
Improvement Districts	28,492	-	28,492
Special Programs	471,474	-	471,474
Unrestricted	(30,958,540)	83,956,728	52,998,188
Total Net Position	\$ 65,375,470	\$ 198,725,129	\$ 264,100,599

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 13,730,439	\$ 3,820,613	\$ 753,767	\$ -	\$ (9,156,059)	\$ -	\$ (9,156,059)
Public Safety	29,639,702	264,639	638,222	-	(28,736,841)	-	(28,736,841)
Highways and Streets	7,581,803	9,897	4,712,592	1,501,131	(1,358,183)	-	(1,358,183)
Culture and Recreation	2,069,458	717,178	110,294	-	(1,241,986)	-	(1,241,986)
Tourism and Promotion	1,614,399	-	-	-	(1,614,399)	-	(1,614,399)
Transportation Services	590,799	10,507	271,659	-	(308,633)	-	(308,633)
Interest on Long-term Debt	79,518	-	-	-	(79,518)	-	(79,518)
Total Governmental Activities	55,306,118	4,822,834	6,486,534	1,501,131	(42,495,619)	-	(42,495,619)
Business-Type Activities							
Refuse	5,376,827	5,762,381	-	-	-	385,554	385,554
Recreation/Aquatic Center	1,675,056	424,825	-	-	-	(1,250,231)	(1,250,231)
Irrigation and Drainage	9,961,106	10,320,272	34,498	74,616	-	468,280	468,280
Wastewater	26,687,095	22,529,002	61,537	545,709	-	(3,550,847)	(3,550,847)
Airport	1,361,177	487,182	-	9,513	-	(864,482)	(864,482)
Total Business-Type Activities	45,061,261	39,523,662	96,035	629,838	-	(4,811,726)	(4,811,726)
Total Primary Government	\$ 100,367,379	\$ 44,346,496	\$ 6,582,569	\$ 2,130,969	(42,495,619)	(4,811,726)	(47,307,345)
General Revenues							
Taxes							
Sales Taxes					18,442,101	-	18,442,101
Property Taxes					4,237,577	5,392,116	9,629,693
Franchise Taxes					2,300,347	-	2,300,347
Unrestricted State Revenue Sharing					6,358,718	-	6,358,718
Unrestricted State Sales Tax Revenue Sharing					4,800,376	-	4,800,376
Unrestricted Auto Lieu Tax Revenue Sharing					2,666,247	-	2,666,247
Investment Earnings					355,158	772,282	1,127,440
Other					58,081	-	58,081
Transfers					1,448,372	(1,448,372)	-
Total General Revenues and Transfers					40,666,977	4,716,026	45,383,003
Change in Net Position					(1,828,642)	(95,700)	(1,924,342)
Net Position, Beginning (restated)					67,204,112	198,820,829	266,024,941
Net Position, Ending					\$ 65,375,470	\$ 198,725,129	\$ 264,100,599

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	HURF	Debt Service	Capital Projects	Nonmajor Funds	Totals
Assets						
Cash and Investments	\$ 26,844,299	\$ 2,163,140	\$ 206,594	\$ 9,322,873	\$ 478,243	\$ 39,015,149
Receivables						
Accounts Receivable	630,635	23,006	-	-	4,007	657,648
Taxes Receivable	90,396	-	-	-	14,166	104,562
Intergovernmental Receivable	1,486,743	425,858	-	-	375,305	2,287,906
Interest Receivable	26,506	3,340	93	7,179	418	37,536
Due from Other Funds	334,066	-	-	-	-	334,066
Inventories	147,945	49,500	-	-	-	197,445
Prepaid Items	96,538	79,261	-	-	-	175,799
Total Assets	<u>\$ 29,657,128</u>	<u>\$ 2,744,105</u>	<u>\$ 206,687</u>	<u>\$ 9,330,052</u>	<u>\$ 872,139</u>	<u>\$ 42,810,111</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	\$ 1,217,809	\$ 81,058	\$ 422	\$ 72,213	\$ 34,324	\$ 1,405,826
Accrued Wages and Benefits	878,092	3,538	-	-	4,924	886,554
Interest Payable	46,265	393	32,734	-	-	79,392
Intergovernmental Payable	242,697	-	-	-	8,944	251,641
Due to Other Funds	-	-	-	-	334,066	334,066
Unearned Revenue	31,225	-	-	-	10,420	41,645
Performance Bonds Payable	126,984	-	-	-	-	126,984
Developer Agreements	-	-	-	12,724	-	12,724
Total Liabilities	<u>2,543,072</u>	<u>84,989</u>	<u>33,156</u>	<u>84,937</u>	<u>392,678</u>	<u>3,138,832</u>
Deferred Inflows of Resources						
Unavailable Revenues						
Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	244,483	128,761	-	-	-	373,244
Restricted	79,848	2,523,469	173,531	6,432,847	420,118	9,629,813
Committed	95,764	-	-	219,487	-	315,251
Assigned	1,413,446	6,886	-	2,592,781	59,343	4,072,456
Unassigned	<u>25,280,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,280,515</u>
Total Fund Balance	<u>27,114,056</u>	<u>2,659,116</u>	<u>173,531</u>	<u>9,245,115</u>	<u>479,461</u>	<u>39,671,279</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,657,128</u>	<u>\$ 2,744,105</u>	<u>\$ 206,687</u>	<u>\$ 9,330,052</u>	<u>\$ 872,139</u>	<u>\$ 42,810,111</u>

The notes to the financial statements are an integral part of this statement

**LAKE HAVASU CITY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balances for Governmental Funds	\$ 39,671,279
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	186,764,856	
Less Accumulated Depreciation	<u>(94,800,876)</u>	
Capital Assets Used in Governmental Activities		91,963,980

Deferred outflows relating to deferred amounts on pensions are not financial resources; therefore are not reported in the funds.

Deferred outflows of resources related to pensions		13,175,344
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Deferred inflows relating to pensions represent a future acquisition of net position that is not reported in the funds.

Deferred inflows of resources related to pensions		(5,064,030)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

GADA Loan		(1,780,000)
Capital Leases		(5,064,524)
Compensated Absences		(2,489,560)
Other Postemployment Benefits		(3,522,378)
Net Pension Liability		(66,277,319)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

	<u>4,762,678</u>
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Total Net Position of Governmental Activities	<u>\$ 65,375,470</u>
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The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	General	HURF	Debt Service	Capital Projects	Nonmajor Funds	Totals
Revenues						
Taxes						
Sales Taxes	\$ 16,813,675	\$ -	\$ -	\$ -	\$ 1,628,426	\$ 18,442,101
Property Taxes	4,239,467	-	-	-	93,236	4,332,703
Franchise Taxes	2,300,347	-	-	-	-	2,300,347
Intergovernmental Revenue	14,267,883	4,531,910	-	1,501,131	1,338,250	21,639,174
Fines and Forfeitures	1,273,524	-	-	-	69,612	1,343,136
Licenses and Permits	1,850,142	-	-	-	-	1,850,142
Charges for Services	978,726	-	-	-	12,300	991,026
Rents and Royalties	106,506	-	-	-	-	106,506
Contributions and Donations	108,163	-	-	-	5,309	113,472
Investment Earnings	232,713	24,471	824	70,041	3,653	331,702
Other	411,640	70,683	-	115,000	5,272	602,595
Total Revenue	<u>42,582,786</u>	<u>4,627,064</u>	<u>824</u>	<u>1,686,172</u>	<u>3,156,058</u>	<u>52,052,904</u>
Expenditures						
Current						
General Government	12,997,223	-	-	368,855	476,665	13,842,743
Public Safety	24,934,836	-	-	-	531,465	25,466,301
Highways and Streets	-	5,151,878	-	-	179,786	5,331,664
Culture and Recreation	1,943,385	-	-	-	-	1,943,385
Tourism and Promotion	-	-	-	-	1,628,426	1,628,426
Transportation Services	206,518	-	-	-	272,855	479,373
Debt Service						
Principal Retirement	-	-	160,000	-	-	160,000
Interest on Long-Term Debt	-	-	79,518	-	-	79,518
Capital Outlay	-	-	-	259,668	-	259,668
Total Expenditures	<u>40,081,962</u>	<u>5,151,878</u>	<u>239,518</u>	<u>628,523</u>	<u>3,089,197</u>	<u>49,191,078</u>
Excess (Deficiency) of Revenue Over Expenditures	2,500,824	(524,814)	(238,694)	1,057,649	66,861	2,861,826
Other Financing Sources (Uses)						
Transfers In	2,507,088	550,000	244,000	142,658	-	3,443,746
Transfers Out	<u>(3,991,828)</u>	<u>-</u>	<u>-</u>	<u>(517,209)</u>	<u>(3,546)</u>	<u>(4,512,583)</u>
Total Other Financing Sources (Uses)	<u>(1,484,740)</u>	<u>550,000</u>	<u>244,000</u>	<u>(374,551)</u>	<u>(3,546)</u>	<u>(1,068,837)</u>
Net Change in Fund Balance	1,016,084	25,186	5,306	683,098	63,315	1,792,989
Fund balances,						
Beginning of Year	<u>26,097,972</u>	<u>2,633,930</u>	<u>168,225</u>	<u>8,562,017</u>	<u>416,146</u>	<u>37,878,290</u>
End of Year	<u>\$ 27,114,056</u>	<u>\$ 2,659,116</u>	<u>\$ 173,531</u>	<u>\$ 9,245,115</u>	<u>\$ 479,461</u>	<u>\$ 39,671,279</u>

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,792,989

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	2,511,241	
Less Current Year Depreciation	<u>(4,029,875)</u>	
Excess Capital Expenditures Over Depreciation		(1,518,634)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position. (64,823)

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Property Taxes		(95,126)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Principal Payments on Long-term Debt		1,026,746
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net Increase in Compensated Absences		11,320
Net Increase in Other Postemployment Benefits		(391,381)
Pension expense		(7,586,515)

Current-year pension contributions are reclassified to deferred outflows of resources on the statement of activities, and are therefore not a reduction of net position.

Current year pension contributions		4,225,856
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

The net changes in net position of the internal service fund is reported with governmental activities		<u>770,926</u>
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Changes in Net Position of Governmental Activities		<u><u>\$ (1,828,642)</u></u>
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The notes to the financial statements are an integral part of this statement

**LAKE HAVASU CITY, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amount	Variance with Final
	Original	Final	Budgetary Basis	Budget
Revenues				
Taxes	\$ 21,103,315	\$ 21,103,315	\$ 23,353,489	\$ 2,250,174
Intergovernmental Revenue	14,280,757	14,280,757	14,267,883	(12,874)
Fines and Forfeitures	1,250,176	1,250,176	1,273,524	23,348
Licenses and Permits	1,636,839	1,636,839	1,850,142	213,303
Charges for Services	963,980	963,980	978,726	14,746
Rents and Royalties	122,928	122,928	106,506	(16,422)
Contributions and Donations	76,400	76,400	108,163	31,763
Investment Earnings	225,000	225,000	232,713	7,713
Other	172,022	172,022	411,640	239,618
Total Revenue	39,831,417	39,831,417	42,582,786	2,751,369
Expenditures				
Current				
General Government				
City Council	248,333	248,333	221,627	26,706
City Clerk	392,949	392,949	338,039	54,910
Magistrate Court	1,494,744	1,494,744	1,448,017	46,727
City Manager	481,168	481,168	405,731	75,437
Human Resources	445,318	445,318	448,332	(3,014)
Community Affairs	452,365	452,365	265,616	186,749
Administrative Services	2,901,515	2,901,515	2,669,524	231,991
City Attorney	892,222	892,222	803,243	88,979
Non-Departmental	377,902	377,902	(972,019)	1,349,921
Government-Outside Contracts	175,000	175,000	151,000	24,000
Operations	4,508,106	4,898,106	4,884,299	13,807
Havasu Mobility	323,744	323,744	206,518	117,226
Vehicle Maintenance	867,088	867,088	842,223	24,865
Community Services	1,621,642	1,621,642	1,491,591	130,051
Total General Government	15,182,096	15,572,096	13,203,741	2,368,355
Public Safety				
Police	14,218,941	14,218,941	14,181,895	37,046
Fire	11,103,678	11,103,678	10,752,941	350,737
Total Public Safety	25,322,619	25,322,619	24,934,836	387,783
Culture and Recreation				
Recreation Department	2,150,509	2,150,509	1,943,385	207,124
Total Culture and Recreation	2,150,509	2,150,509	1,943,385	207,124
Total Expenditures	42,655,224	43,045,224	40,081,962	2,963,262
Excess (Deficiency) of Revenue Over Expenditures	(2,823,807)	(3,213,807)	2,500,824	5,714,631
Other Financing Sources (Uses)				
Transfers In	2,537,000	2,540,547	2,507,088	(33,459)
Transfers Out	(6,211,983)	(6,211,983)	(3,991,828)	2,220,155
Total Other Financing Sources	(3,674,983)	(3,671,436)	(1,484,740)	2,186,696
Net Change in Fund Balance	(6,498,790)	(6,885,243)	1,016,084	7,901,327
Fund Balance				
Beginning of Year	25,092,562	25,092,562	26,097,972	1,005,410
End of Year	\$ 18,593,772	\$ 18,207,319	\$ 27,114,056	\$ 8,906,737

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
HURF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual Amount Budgetary Basis	Variance with Final Budget
Revenues			
Intergovernmental Revenue	\$ 4,401,526	\$ 4,531,910	\$ 130,384
Investment Earnings	35,000	24,471	(10,529)
Other	16,000	70,683	54,683
Total Revenue	4,452,526	4,627,064	174,538
Expenditures			
Current			
Highways and Streets	5,990,540	5,151,878	838,662
Excess (Deficiency) of Revenue over Expenditures	(1,538,014)	(524,814)	1,013,200
Other Financing Sources (Uses)			
Transfers In	550,000	550,000	-
Total Other Financing Sources (Uses)	550,000	550,000	-
Net Change in Fund Balances	(988,014)	25,186	1,013,200
Fund Balance			
Beginning of Year	2,156,374	2,633,930	477,556
End of Year	\$ 1,168,360	\$ 2,659,116	\$ 1,490,756

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Irrigation and Drainage	Wastewater	Refuse	Total Nonmajor Business-Type Activities	Total	
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 27,306,310	\$ 33,949,904	\$ 5,256,040	\$ 337,222	\$ 66,849,476	\$ 3,547,694
Receivables, Net						
Accounts Receivable	1,109,921	4,515,541	512,204	19,164	6,156,830	-
Taxes Receivable	177,143	-	-	-	177,143	-
Intergovernmental Receivable	1,858	34,052	-	-	35,910	-
Interest Receivable	15,819	56,731	6,628	705	79,883	4,036
Inventory	-	-	-	3,317	3,317	-
Prepaid Items	138,743	46,175	-	12,879	197,797	-
Restricted Assets	1,552,807	27,611,044	-	24,381	29,188,232	-
Total Current Assets	<u>30,302,601</u>	<u>66,213,447</u>	<u>5,774,872</u>	<u>397,668</u>	<u>102,688,588</u>	<u>3,551,730</u>
Noncurrent Assets						
Capital Assets						
Non-Depreciable	8,480,914	2,089,562	-	818,334	11,388,810	-
Depreciable (net)	63,240,251	305,546,174	23,503	19,872,479	388,682,407	1,282,621
Total Noncurrent Assets	<u>71,721,165</u>	<u>307,635,736</u>	<u>23,503</u>	<u>20,690,813</u>	<u>400,071,217</u>	<u>1,282,621</u>
Total Assets	<u>102,023,766</u>	<u>373,849,183</u>	<u>5,798,375</u>	<u>21,088,481</u>	<u>502,759,805</u>	<u>4,834,351</u>
Deferred Outflows of Resources						
Pension Plan Items	376,813	292,266	-	87,443	756,522	-
Liabilities						
Current Liabilities						
Accounts Payable	484,304	389,097	400,074	34,709	1,308,184	71,673
Accrued Wages and Benefits	61,100	49,498	-	21,092	131,690	-
Intergovernmental Payable	111,209	4,360	-	40	115,609	-
Interest Payable	93,097	4,631,817	-	8,700	4,733,614	-
Retainage Payable	318,644	33,660	-	-	352,304	-
Unearned Revenue	195,099	3,154	-	20,579	218,832	-
Liabilities Payable From Restricted Assets	456,890	-	-	24,381	481,271	-
Compensated Absences	147,527	137,727	-	33,069	318,323	-
Capital Leases Payable	10,902	13,501	-	83,963	108,366	-
Bonds and Notes Payable	403,288	10,450,329	-	-	10,853,617	-
Total Current Liabilities	<u>2,282,060</u>	<u>15,713,143</u>	<u>400,074</u>	<u>226,533</u>	<u>18,621,810</u>	<u>71,673</u>
Noncurrent Liabilities						
Compensated Absences	23,064	21,532	-	5,170	49,766	-
Landfill Closure and Postclosure Care Costs	-	-	2,959,464	-	2,959,464	-
Capital Leases Payable	148,199	183,532	-	1,141,358	1,473,089	-
Other Postemployment Benefits	658,041	408,502	-	54,021	1,120,564	-
Net Pension Liability	3,255,080	2,479,052	-	719,788	6,453,920	-
Bonds and Notes Payable	5,113,690	267,754,054	-	-	272,867,744	-
Total Noncurrent Liabilities	<u>9,198,074</u>	<u>270,846,672</u>	<u>2,959,464</u>	<u>1,920,337</u>	<u>284,924,547</u>	<u>-</u>
Total Liabilities	<u>11,480,134</u>	<u>286,559,815</u>	<u>3,359,538</u>	<u>2,146,870</u>	<u>303,546,357</u>	<u>71,673</u>
Deferred Inflows of Resources						
Pension Plan Items	627,844	478,163	-	138,834	1,244,841	-
Net Position						
Net Investment in Capital Assets	66,045,086	29,234,320	23,503	19,465,492	114,768,401	1,282,621
Unrestricted	24,247,515	57,869,151	2,415,334	(575,272)	83,956,728	3,480,057
Total Net Position	<u>\$ 90,292,601</u>	<u>\$ 87,103,471</u>	<u>\$ 2,438,837</u>	<u>\$ 18,890,220</u>	<u>\$ 198,725,129</u>	<u>\$ 4,762,678</u>

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Irrigation and Drainage	Wastewater	Refuse	Total Nonmajor Business-Type Activities	Totals	Governmental Activities - Internal Service Funds
Operating Revenue						
Charges for Services	\$ 10,285,272	\$ 22,682,396	\$ 5,762,381	\$ 868,711	\$ 39,598,760	\$ -
Total Operating Revenue	<u>10,285,272</u>	<u>22,682,396</u>	<u>5,762,381</u>	<u>868,711</u>	<u>39,598,760</u>	<u>-</u>
Operating Expenses						
Cost of Sales and Services	7,488,995	7,034,913	5,375,652	1,940,296	21,839,856	1,347,275
Administration	-	-	-	-	-	4,514
Depreciation	2,326,681	9,994,166	1,175	1,023,508	13,345,530	465,816
Total Operating Expenses	<u>9,815,676</u>	<u>17,029,079</u>	<u>5,376,827</u>	<u>2,963,804</u>	<u>35,185,386</u>	<u>1,817,605</u>
Operating Income (Loss)	<u>469,596</u>	<u>5,653,317</u>	<u>385,554</u>	<u>(2,095,093)</u>	<u>4,413,374</u>	<u>(1,817,605)</u>
Nonoperating Revenues (Expenses)						
Taxes	5,392,116	-	-	-	5,392,116	-
Intergovernmental	34,498	61,537	-	-	96,035	-
Interest Earnings	225,674	494,846	48,238	3,524	772,282	27,064
Interest Expense	(188,075)	(9,661,141)	-	(72,429)	(9,921,645)	-
Gain on Sale of Capital Assets	42,645	3,125	-	-	45,770	-
Issuance Costs	-	-	-	-	-	-
Other Income	35,000	(153,394)	-	43,296	(75,098)	44,258
Total Nonoperating Revenues (Expenses)	<u>5,541,858</u>	<u>(9,255,027)</u>	<u>48,238</u>	<u>(25,609)</u>	<u>(3,690,540)</u>	<u>71,322</u>
Income (Loss) Before Capital Contributions and Transfers	6,011,454	(3,601,710)	433,792	(2,120,702)	722,834	(1,746,283)
Capital Contributions	74,616	545,709	-	9,513	629,838	-
Transfers In	-	-	-	1,247,828	1,247,828	2,517,209
Transfers Out	<u>(2,551,904)</u>	<u>(1,638)</u>	<u>(142,658)</u>	<u>-</u>	<u>(2,696,200)</u>	<u>-</u>
Change in Net Position	3,534,166	(3,057,639)	291,134	(863,361)	(95,700)	770,926
Net Position						
Beginning of Year (Restated)	<u>86,758,435</u>	<u>90,161,110</u>	<u>2,147,703</u>	<u>19,753,581</u>	<u>198,820,829</u>	<u>3,991,752</u>
End of Year	<u>\$ 90,292,601</u>	<u>\$ 87,103,471</u>	<u>\$ 2,438,837</u>	<u>\$ 18,890,220</u>	<u>\$ 198,725,129</u>	<u>\$ 4,762,678</u>

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Irrigation and Drainage	Wastewater	Refuse	Total Nonmajor Business-Type Activities	Totals	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities						
Receipts from Customers	\$ 10,332,814	\$ 22,742,838	\$ 5,755,804	\$ 841,958	\$ 39,673,413	\$ -
Payments to Suppliers	(4,294,684)	(4,627,035)	(5,233,423)	(1,112,169)	(15,267,310)	(1,318,886)
Payments to Employees	(2,859,481)	(2,245,793)	-	(811,158)	(5,916,432)	-
Other Nonoperating Receipts (Expenses)	35,000	(153,394)	-	43,296	(75,098)	-
Customer Deposits (Payments)	11,047	-	-	851	11,898	-
Net Cash Flows from (used by)						
Operating Activities	3,224,697	15,716,616	522,381	(1,037,223)	18,426,469	(1,318,886)
Cash Flows from Noncapital						
Financing Activities						
Transfers In	-	-	-	1,247,828	1,247,828	2,517,209
Transfers Out	(2,551,904)	(1,638)	(142,658)	-	(2,696,200)	-
Due To Other Funds	-	-	-	-	-	-
Tax Receipts	5,666,304	-	-	-	5,666,304	-
Net Cash Flows from (used by)						
Financing Activities	3,114,399	(1,638)	(142,658)	1,247,828	4,217,932	2,517,209
Cash Flows from Capital and Related						
Financing Activities						
Proceeds from Capital Debt	1,816,095	-	-	-	1,816,095	-
Capital Grants and Contributions	913,433	1,673,635	-	9,513	2,596,581	-
Purchases of Capital Assets	(3,790,915)	(2,359,282)	-	(70,330)	(6,220,527)	(690,489)
Principal Paid on Capital Debt	(404,058)	(9,982,006)	-	(79,024)	(10,465,088)	-
Interest Paid on Capital Debt	(173,552)	(9,907,973)	-	(72,990)	(10,154,515)	-
Proceeds from Sale of Capital Assets	42,645	3,125	-	-	45,770	93,260
Net Cash Flows used by						
Capital and Financing Activities	(1,596,352)	(20,572,501)	-	(212,831)	(22,381,684)	(597,229)
Cash Flows from Investing Activities						
Interest and Dividends	233,764	503,683	48,009	3,237	788,693	26,615
Net Change in Cash and Cash Equivalents	4,976,508	(4,353,840)	427,731	1,011	1,051,411	627,709
Cash and Cash Equivalents, Beginning of Year	23,882,609	65,914,788	4,828,308	360,592	94,986,297	2,919,985
Cash and Cash Equivalents, End of Year	\$ 28,859,117	\$ 61,560,948	\$ 5,256,040	\$ 361,603	\$ 96,037,708	\$ 3,547,694

Note: Cash and Cash Equivalents, End of Year on Statement of Cash Flows for Irrigation and Drainage reflects the total of Cash and Cash Equivalents (\$27,306,310) and Restricted Assets (\$1,552,807) on the Statement of Net Position. Wastewater reflects the total of Cash and Cash Equivalents (\$33,949,904) and Restricted Assets (\$27,611,044) on the Statement of Net Position. Total Nonmajor Business-Type Activities reflects the total of Cash and Cash Equivalents (\$337,222) and Restricted Assets (\$24,381) on the Statement of Net Position.

The notes to the financial statements are an integral part of this statement

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Irrigation and Drainage</u>	<u>Wastewater</u>	<u>Refuse</u>	<u>Total Nonmajor Business-Type Activities</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
(Continued)						
Reconciliation of Operating Income (Loss) to Net Cash from (used by) Operating Activities						
Operating Income (Loss)	\$ 469,596	\$ 5,653,317	\$ 385,554	\$ (2,095,093)	\$ 4,413,374	\$ (1,817,605)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from (used by) Operating Activities						
Pension Expense	(22,671)	(22,553)	-	(9,132)	(54,356)	-
Depreciation	2,326,681	9,994,166	1,175	1,023,508	13,345,530	465,816
Other Nonoperating Receipts (Expenses)	35,000	(153,394)	-	43,296	(75,098)	-
Change in Assets/Liabilities						
Receivables, Net	55,526	57,626	(6,578)	(446)	106,129	-
Inventories	-	-	-	506	506	-
Prepaid Items	(5,255)	(2,706)	-	(241)	(8,202)	-
Accounts Payable	252,746	95,669	21,438	10,214	380,067	32,903
Retainage Payable	116,065	19,574	-	-	135,639	-
Intergovernmental Payable	(25,313)	(7,974)	-	(737)	(34,024)	-
Accrued Wages and Benefits	730	5,225	-	928	6,883	-
Compensated Absences	(18,216)	4,767	-	7,285	(6,165)	-
Unearned Revenue	(7,984)	2,816	-	(26,231)	(31,399)	-
Customer Deposits Payable	11,047	-	-	851	11,898	-
Other Postemployment Benefits	36,744	70,083	-	8,069	114,896	-
Landfill Closure and Postclosure Care Costs	-	-	120,791	-	120,791	-
Net Cash from (used by) Operating Activities	<u>\$ 3,224,697</u>	<u>\$ 15,716,616</u>	<u>\$ 522,381</u>	<u>\$ (1,037,223)</u>	<u>\$ 18,426,469</u>	<u>\$ (1,318,886)</u>

The notes to the financial statements are an integral part of this statement



**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Havasu City, Arizona (City) was incorporated in 1978. The City operates under a council-manager form of government and provides services as authorized by Title 9, Arizona Revised Statutes including: public safety (police and fire), highway and streets, culture and recreation, planning and zoning, and general administrative services.

The accompanying financial statements of Lake Havasu City, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

During the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

A summary of the City's more significant accounting policies follows.

A. Reporting Entity

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the city's operations.

The City has blended the following entities into its Comprehensive Annual Financial Report:

1. Irrigation and Drainage District (District) – The City has a legally mandated status as Trustee over the Irrigation and Drainage District as a result of the City's alternative method of incorporation in 1978 under a special Arizona law. The District was established in 1963 to build infrastructure and construct a water system. The members of the City Council are the District's board members and have the ability to significantly influence operations.
2. Improvement Districts No. 2 and 4 - The City has two improvement districts that were created to fund maintenance and improvements for specific property owners. Financing is provided through the assessment of property taxes. The members of the City Council are the Improvement Districts' board members and have the ability to significantly influence operations.
3. Metropolitan Planning Organization – The City has an intergovernmental agreement with the organization to provide support services to account for federal grants providing leadership and guidance for regional transportation planning. Members of the City Council are appointed to the board and hold three of the five board seats and have the ability to significantly influence operations.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term interest due early in the following year, the expenditures have been recognized in the current year in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus Basis of Accounting and Financial Statement Presentation
(Continued)**

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *HURF Fund* accounts for the operations of the street maintenance department. Financing is provided by the City's share of gasoline taxes.

The *Debt Service Fund* accounts for the accumulation of resources and the payment of long-term debt principal, interest and related costs.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The government reports the following major proprietary funds:

The *Irrigation and Drainage District Fund* accounts for the activities of the Irrigation and Drainage District, a blended component unit of the City. The District operates the City's water system.

The *Wastewater Fund* accounts for the activities of the City's sewer system.

The *Refuse Fund* accounts for the activities of the City's waste management system.

Additionally, the government reports the following fund types:

The *Internal Service Funds* account for the City's vehicle replacement program and the City's facilities maintenance program.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

When both restricted and unrestricted resources are available for use for governmental activities, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

On the City's Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer and government securities held in a third party safekeeping custody account.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances.

Arizona Revised Statute, Title 35, allows public monies to be invested with maturities of five years for non-operating funds and a duration of no longer than three years for operating funds. The City's investment policy is empowered by state statute to invest in demand deposits, obligations of U.S. government, its instrumentalities, A-1/P-1 rated commercial paper, bankers' acceptances, repurchase agreements, money market funds and the State of Arizona's Local Government Investment Pool. The primary objectives in priority order of the City's investment activities shall be safety, liquidity, and yield. Investments in LGIP are stated at fair value which also approximates the value of the investments upon withdrawal.

2. Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectible.

Mohave County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the City's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements. Receivables and payables between governmental and business-type funds are classified as Internal Balances on the Statement of Net Position.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

4. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the weighted average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed rather than when purchased.

5. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Customer deposits are also restricted.

6. Capital Assets

Capital assets, which include land, improvements to land, buildings and building improvements, furniture, machinery, equipment, vehicles, intangibles (e.g., water rights, software) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	40	years
Water Rights	40	years
Improvements other than buildings	10-20	years
Infrastructure	40-50	years
Furniture, Machinery, and Equipment	3-10	years
Vehicles	3-10	years

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

All benefit eligible employees accrue Paid Time Off (PTO) to be used for vacation and personal leave. The maximum PTO leave carry forward for all regular and probationary employees is 420 hours or 588 hours for Fire employees working 24-hour shifts. Hours accrued in excess of the maximum will be forfeited if not used by January 1 of each calendar year. The value of the forfeited hours, to a maximum of 48 hours annually for regular employees and 72 hours annually for Fire shift employees, will be automatically contributed to a retiree health savings account annually in January.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

10. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the City. Unrestricted net position is the remaining net position not included in the previous two categories.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

12. Fund Balance

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balance represent restricted classifications and Committed, Assigned, and Unassigned represent unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) it is legally or contractually required to be maintained intact. Restricted fund balance includes amounts that have externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is from self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and Council. Mayor and Council approval is required to commit resources or to rescind the commitment through formal adoption of City Ordinance. Assigned fund balance represents limitations imposed by City Council, City Manager, or designee, through approval for contract execution.

Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent before unassigned amounts.

The City approved a Fiscal Sustainability Policy in August 2007 which requires the City to maintain a General Fund reserve of 10 percent based on the average actual General Fund revenues for the preceding five fiscal years. The City will maintain a fund balance reserve of 5 percent of the average actual revenues for the preceding five fiscal years in the IDD Fund, Wastewater Fund and HURF Fund. These funds will not be appropriated except to cover emergencies and unexpected declines in revenue in the following budget year and must be replenished within three fiscal years following the fiscal year in which the event occurred.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

12. Fund Balance (Continued)

As of June 30, 2015, the governmental fund balance details by classification are listed below:

	<u>General Fund</u>	<u>HURF</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances						
Nonspendable						
Inventory	\$ 147,945	\$ 49,500	\$ -	\$ -	\$ -	\$ 197,445
Prepaid Expenditures	96,538	79,261	-	-	-	175,799
Total Nonspendable	244,483	128,761	-	-	-	373,244
Restricted						
Debt Service for Land Acquisition	-	-	173,531	-	-	173,531
Highway User Tax for Transportation	-	2,523,469	-	-	-	2,523,469
Capital Projects	-	-	-	6,432,847	-	6,432,847
Public Safety Special Programs	79,848	-	-	-	80,668	160,516
Court Enhancement	-	-	-	-	310,958	310,958
Improvement Districts	-	-	-	-	28,492	28,492
Total Restricted	79,848	2,523,469	173,531	6,432,847	420,118	9,629,813
Committed						
Capital Projects	-	-	-	219,487	-	219,487
General Government Activities	95,764	-	-	-	-	95,764
Total Committed	95,764	-	-	219,487	-	315,251
Assigned						
Capital Lease	1,344,296	6,886	-	-	-	1,351,182
Operating Lease	26,247	-	-	-	-	26,247
Court Services	42,904	-	-	-	-	42,904
Memorial Tree Special Program	-	-	-	-	22,245	22,245
Public Safety Special Programs	-	-	-	-	37,099	37,099
Capital Projects	-	-	-	2,592,781	-	2,592,781
Total Assigned	1,413,446	6,886	-	2,592,781	59,343	4,072,456
Unassigned	25,280,515	-	-	-	-	25,280,515
Total Fund Balances	\$ 27,114,056	\$ 2,659,116	\$ 173,531	\$ 9,245,115	\$ 479,461	\$ 39,671,279

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. State law requires that, prior to April 1, the Economic Estimates Commission provide the City with a final expenditure limit for the coming fiscal year. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. Expenditures may not legally exceed the expenditure limitation described above of all fund types as a whole. The City adopts a budget by department for the General Fund and in total by fund for other funds, which is the legal level of budgetary control for these funds. The Administrative Services Director may at any time transfer any unencumbered appropriation balance or portion thereof within a department or activity. The adopted budget cannot be amended without City Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Cities and Towns. This law does not permit the City to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

On June 9, 2015, the City Council authorized budgetary amendments involving the General Fund, Grant Funds, Tourism/Economic Development Fund, and operating transfers between the Transit Fund and the General Fund.

Transfers to	Transfers From			Total
	CIP Fund	Grant Fund Non-Specific	Operating Transfer Transit Fund	
Grant Fund - HURF	\$ -	\$ 90,000	\$ -	\$ 90,000
Grant Fund - Havasu Mobility	-	7,500	-	7,500
Operations Department	390,000	-	-	390,000
Tourism / Economic Development	-	100,000	-	100,000
Operating Transfer - General Fund	-	-	3,547	3,547
	<u>\$ 390,000</u>	<u>\$ 197,500</u>	<u>\$ 3,547</u>	<u>\$ 591,047</u>

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable fund balance, is employed by the City during the year. Encumbrances (e.g., project purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2015 consist of the following:

Deposits	
Cash on Hand	\$ 8,700
Cash in Bank	42,758,538
Cash on Deposit with County Treasurer	135,545
Investments	
State Treasurer's Investment Pool (LGIP)	27,864,359
U.S. Government Securities	65,301,500
Collateralized Savings	759
Certificates of Deposit	2,250,000
Money Market	281,149
Total Deposits and Investments	138,600,550
Restricted Assets	(29,188,231)
Total Cash and Investments	<u>\$ 109,412,319</u>

Investments - The City's Investment Policy, adopted on July 10, 2002 and updated October 11, 2011, authorizes the City to invest in obligations of the United States Treasury and United States Agencies, certificates of deposit in eligible depositories, Banker's Acceptances, repurchase agreements, money market funds, or any obligations guaranteed by the United States of America or any of its agencies as well as commercial paper rated in the highest tier by a nationally recognized rating agency. The City is also empowered to invest, by resolution, in the State of Arizona Local Government Investment Pool (LGIP).

The City's investments at June 30, 2015 consist of the following:

Investment	Amount	Investment Maturities (in Years)		
		Less than 1	1-3	4-5
State Treasurer's Investment Pools	\$ 27,864,359	\$ 27,864,359	\$ -	\$ -
Collateralized Savings	759	759	-	-
Certificates of Deposit	2,250,000	250,000	1,750,000	250,000
Money Market	281,149	281,149	-	-
U.S. Government Securities	65,301,500	4,000,000	56,301,500	5,000,000
Total Investments	<u>\$ 95,697,767</u>	<u>\$ 32,396,267</u>	<u>\$ 58,051,500</u>	<u>\$ 5,250,000</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk – Interest rate risk is defined as the possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. As a means of limiting its exposure of fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years.

Credit Risk – Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to invest in securities with the highest rating issued by NRSROs. Presented below is the rating as of June 30, 2015 for each investment type.

Investment Type	Total	Agency	AAAm	AA+	AA	AA-	Not Rated
State Treasurer's Investment Pools	\$ 27,864,359	\$ -	\$ -	\$ 8,458,850	\$ 5,565,488	\$ 13,840,021	\$ -
Collateralized Savings	759	-	759	-	-	-	-
Certificates of Deposit*	2,250,000	-	-	-	-	-	2,250,000
Money Market	281,149	-	-	-	-	-	281,149
U.S. Government Securities	65,301,500	65,301,500	-	-	-	-	-
Total Investments	\$ 95,697,767	\$ 65,301,500	\$ 759	\$ 8,458,850	\$ 5,565,488	\$ 13,840,021	\$ 2,531,149

*FDIC Insured

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2015, the City's deposits were covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. No deposits were exposed to custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of default by the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis. Securities are held by a third party custodian.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

The City's investment in U.S. Government securities was rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration of Credit Risk - The City's Investment Policy states that the City shall diversify its investments by security type and institution. With the exception of U. S. Treasury securities, authorized pools, and overnight repurchase agreements, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

2. Restricted Assets

Restricted assets in the proprietary funds at June 30, 2015 consisted of the following:

Customer Deposits	\$ 481,270
Future Debt Service	<u>28,706,962</u>
	<u><u>\$ 29,188,232</u></u>

3. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 26,755,060	\$ -	\$ (2,142)	\$ -	\$ 26,752,918
Construction in Progress	<u>1,136,642</u>	<u>1,413,569</u>	<u>(1,595,522)</u>	<u>-</u>	<u>954,689</u>
Total Capital Assets, Not Being Depreciated	<u>27,891,702</u>	<u>1,413,569</u>	<u>(1,597,664)</u>	<u>-</u>	<u>27,707,607</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	25,884,399	399,244	-	-	26,283,643
Improvements to Land	16,826,145	-	-	-	16,826,145
Infrastructure	91,307,406	1,339,105	-	-	92,646,511
Furniture, Machinery and Equipment	<u>27,405,972</u>	<u>1,645,423</u>	<u>(2,104,363)</u>	<u>(32,003)</u>	<u>26,915,029</u>
Total Capital Assets, Being Depreciated	<u>161,423,922</u>	<u>3,383,772</u>	<u>(2,104,363)</u>	<u>(32,003)</u>	<u>162,671,328</u>
Accumulated Depreciation for:					
Buildings and Improvements	(10,748,119)	(809,996)	-	-	(11,558,115)
Improvements to Land	(4,857,240)	(512,625)	-	-	(5,369,865)
Infrastructure	(57,880,955)	(1,587,843)	-	-	(59,468,796)
Furniture, Machinery and Equipment	<u>(21,174,921)</u>	<u>(1,585,227)</u>	<u>2,006,192</u>	<u>18,400</u>	<u>(20,735,554)</u>
Total Accumulated Depreciation:	<u>(94,661,235)</u>	<u>(4,495,691)</u>	<u>2,006,192</u>	<u>18,400</u>	<u>(97,132,334)</u>
Total Capital Assets, Being Depreciated, Net	<u>66,762,687</u>	<u>(1,111,919)</u>	<u>(98,171)</u>	<u>(13,603)</u>	<u>65,538,994</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 94,654,389</u></u>	<u><u>\$ 301,650</u></u>	<u><u>\$ (1,695,835)</u></u>	<u><u>\$ (13,603)</u></u>	<u><u>\$ 93,246,601</u></u>

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 3,288,029	\$ 10,386	\$ -	\$ -	\$ 3,298,415
Water Allocation Rights	6,165,681	775,142	-	-	6,940,823
Construction in Progress	4,232,990	4,301,981	(7,385,399)	-	1,149,572
Total Capital Assets, Not Being Depreciated	13,686,700	5,087,509	(7,385,399)	-	11,388,810
Capital Assets, Being Depreciated:					
Buildings and Improvements	36,915,216	119,473	-	-	37,034,689
Other Improvements	477,216,587	7,109,319	-	-	484,325,906
Machinery, Equipment and Vehicles	6,236,281	1,289,628	(192,686)	32,003	7,365,226
Water Allocation Rights	2,374,554	-	-	-	2,374,554
Total Capital Assets, Being Depreciated:	522,742,638	8,518,420	(192,686)	32,003	531,100,375
Accumulated Depreciation for:					
Buildings and Improvements	(10,687,730)	(1,056,245)	-	-	(11,743,975)
Other Improvements	(112,913,180)	(11,854,181)	-	-	(124,767,361)
Machinery, Equipment and Vehicles	(5,403,408)	(375,744)	192,686	(18,400)	(5,604,866)
Water Allocation Rights	(242,403)	(59,363)	-	-	(301,766)
Total Accumulated Depreciation:	(129,246,721)	(13,345,533)	192,686	(18,400)	(142,417,968)
Total Capital Assets, Being Depreciated, Net	393,495,917	(4,827,113)	-	13,603	388,682,407
Business-Type Activities Capital Assets, Net	\$ 407,182,617	\$ 260,396	\$ (7,385,399)	\$ 13,603	\$ 400,071,217

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General Government	\$ 1,165,230
Public Safety	1,053,012
Highways and Streets	1,613,497
Culture and Recreation	83,446
Tourism and Promotion	-
Transportation Services	114,690
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	465,816
Total Depreciation Expense	\$ 4,495,691

Business-type activities:

Refuse	\$ 1,175
Recreation/Aquatic Center	297,535
Irrigation and Drainage	2,326,681
Wastewater	9,994,166
Airport	725,973
Total Depreciation Expense	\$ 13,345,530

4. Construction Commitments

The City had active construction projects at June 30, 2015. The projects include various street projects, water system upgrades, and wastewater system upgrades. At fiscal year end the City's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-date	Remaining Commitment
General Government	\$ 208,925	\$ 11,652
Highways and Streets	15,399	23,813
Total Governmental Activities	\$ 224,324	\$ 35,465

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Construction Commitments (Continued)

Business-type Activities		
Project	Spent-to-date	Remaining Commitment
Water system	\$ 2,322,141	\$ 340,635
Wastewater system	710,893	284,481
Total business-type activities	<u>\$ 3,033,034</u>	<u>\$ 625,115</u>

B. Interfund Receivables, Payables and Transfers

As of June 30, 2015 interfund receivables and payables were as follows:

Due To	Due From Nonmajor Governmental Funds
General Fund	<u>\$ 334,066</u>

The above interfund receivables and payables reflect short-term loans from the General Fund to the Grants Fund, CDBG/Home Fund, and Metropolitan Planning Organization Fund for negative ending cash balances of the contribution due to the outside agency from the Tourism/Economic Development Fund. All interfund balances are expected to be paid within one year.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfers to	Transfers From						Total
	General Fund	Capital Projects	Refuse	Irrigation & Drainage	Wastewater	Nonmajor Governmental Funds	
HURF	\$ -	\$ -	\$ -	\$ 550,000	\$ -	\$ -	\$ 550,000
Debt Service	244,000	-	-	-	-	-	244,000
General fund	-	500,000	-	2,001,904	1,638	3,546	2,507,088
Capital Projects	-	-	142,658	-	-	-	142,658
Nonmajor Business-Type Funds	1,247,828	-	-	-	-	-	1,247,828
Internal Service Funds	2,500,000	17,209	-	-	-	-	2,517,209
	<u>\$ 3,991,828</u>	<u>\$ 517,209</u>	<u>\$ 142,658</u>	<u>\$ 2,551,904</u>	<u>\$ 1,638</u>	<u>\$ 3,546</u>	<u>\$ 7,208,783</u>

Transfers were made for general operating purposes and to fund capital projects.

The principal purposes for the significant transfers, which are not routine, are:

- From the Irrigation & Drainage District Fund to the General Fund: \$2,000,000 for repayment of previous loan for construction of the Water Treatment Plant; \$1,904 for pavement rehabilitation.
- From the General Fund to the Internal Service Funds: \$2,500,000 to fund the Facilities Maintenance Fund.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Obligations Under Leases

The City has entered into lease agreements as a lessee for financing the acquisition of equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of their future minimum lease payments as of the inception date providing they meet the capitalization threshold.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
	<hr/>	<hr/>
Asset:		
Vehicles, Equipment, and Facility Improvements	\$ 5,695,204	\$ 807,508
Less: Accumulated Depreciation	(2,541,057)	(807,508)
Total	<hr/> <u>\$ 3,154,147</u>	<hr/> <u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	Governmental Activities	Business-Type Activities
	<hr/>	<hr/>
2016	\$ 1,049,399	\$ 196,679
2017	1,036,539	196,816
2018	845,886	197,138
2019	576,910	197,081
2020	433,736	196,629
2021-2026	1,860,453	1,160,036
Total Minimum Lease Payments	<hr/> 5,802,923	<hr/> 2,144,379
Less: Amount Representing Interest	(738,849)	(562,923)
Present Value of Minimum Lease Payments	<hr/> <u>\$ 5,064,074</u>	<hr/> <u>\$ 1,581,456</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The City has long-term bonds and loans payable issued to provide funds for the acquisition and construction of major capital facilities. The City has also issued debt to refund earlier obligations with higher interest rates. The debt is being repaid by the Debt Service, Irrigation and Drainage and Wastewater Funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund. Capital leases are paid by the applicable fund where the vehicles and equipment purchased will be used, primarily the General Fund, IDD Fund, Wastewater Fund, Recreation/Aquatic Fund and Airport Fund. The City's other postemployment benefits (OPEB) are paid by the applicable fund for each employee, primarily the General Fund.

The City has pledged revenue derived from an annual assessment and levy of taxes upon the real property of the Irrigation and Drainage District to repay \$4,120,000 at 6.63 percent in refunding bonds issued February 1993. Proceeds of the bonds were used to advance refund all of the District's outstanding bonds and payment of the costs of issuance of the Series 1993 bonds. The bonds are payable solely from tax assessments on the property owners and are payable through 2023. The total principal and interest remaining to be paid on the bonds is \$98,551. Principal and interest paid for the current year and total assessed taxes were \$15,300 and \$15,300, respectively.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay authorized wastewater system loans from the Water Infrastructure Financing Authority (WIFA). Proceeds from the loans provided financing for the construction of the Wastewater System Expansion Program. The loans are payable solely from wastewater customer revenues and are payable through 2040 with the exception of \$2,000,000, which was principal paid with ARRA funds directly to WIFA. The total principal and interest paid for the current year was \$16,810,551. The total principal and interest remaining to be paid on the WIFA loans is \$288,649,458.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay a \$58,070,000 wastewater system loan at 5.0 percent issued by Greater Arizona Development Authority (GADA) in August 2005. Proceeds from the loan provided financing for the Wastewater System Expansion Program. The loan is payable solely from wastewater customer net revenues and is payable through 2036. The total interest paid for the current year was \$2,903,500. The total principal and interest remaining to be paid on the loan is \$103,274,708.

Loan covenants on the wastewater debt (WIFA and GADA) require the City to maintain 1.2 times coverage of net revenues to current year debt service payments. Principal and interest paid for the current year and total customer revenues were \$19,618,793 (WIFA loans - \$16,810,551, GADA Loan - \$2,808,242) and \$23,722,951 respectively. In May 2007 City Council approved Resolution No. 07-2160 pledging a rate stabilization fund in the amount of \$5 million for debt coverage to ensure loan covenant requirements are met. In December 2010 Council approved Resolution No. 10-2505 increasing the rate stabilization fund by \$1.5 million for a total rate stabilization fund of \$6.5 million for additional pledged coverage. Debt coverage on the Senior Lien loans is 2.58 and debt coverage on the Junior Lien loans is 1.34.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$8,922,300 in authorized water system loans from the Water Infrastructure Financing Authority (WIFA) issued June 2007 (\$5,700,000) at 3.5 percent and July 2010 (\$11,400,000) at 2.8 percent. Proceeds from the loans provided financing for construction of water service line replacement and water main line replacement within the Wastewater System Expansion Program. The loans are payable solely from water customer net revenues and are payable through 2031 with the exception of \$8,177,700, which was principal paid directly to WIFA with Federal funds. Total principal and interest remaining to be paid on the WIFA loans is \$8,389,357. Principal and interest paid for the current year and total customer revenues were \$549,283 and \$10,585,562, respectively. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments. Debt coverage to current year debt service payments is 5.64.

The City has pledged future excise tax revenues, which include the City's sales and transaction privilege, franchise taxes, all license and permit fees and fines and forfeitures to repay \$2,615,000 at 4.50 percent in governmental excise tax revenue obligations in the form of a loan from GADA issued in April 2008. Proceeds of the loan were used to purchase a parcel of land from the Arizona State Land Department for the Freedom Bridge (the second bridge to the Island). The loan is payable solely from excise taxes and is payable through 2024. Loan covenants require the City to maintain 1.25 times coverage of excise tax revenues to current year debt service payments. Total principal and interest to be paid on the loan is \$2,123,347. Principal and interest paid for the current year and total excise taxes were \$239,096 and \$32,724,861, respectively. Debt coverage of revenues to current year debt service payments is 136.87.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Long-Term Obligations are comprised of the following:

Classified in Governmental Activities on the Government-wide Financial Statements

	Long Term Obligations Outstanding (in thousands)
Greater Arizona Development Authority (GADA) Bonds	
2008A GADA Infrastructure Revenue Bonds (issued April, 22 2008) due in annual installments of \$105,000 to \$235,000 through August 1, 2023; interest at 3 percent to 5 percent. Original issue amount \$2,615,000.	\$ 1,780
Total General Governmental Activities Long Term Obligations	\$ 1,780

Classified in the Business-Type on the Government-wide Financial Statements

	Long Term Obligations Outstanding (in thousands)
General Obligation Bonds	
1993 IDD Refunding Bonds (issued February 1, 1993) due in annual installments of \$10,000 to \$150,000 through July 1, 2022; interest at 6 percent to 6.625 percent. Original issue amount \$4,120,000.	\$ 80
Greater Arizona Development Authority (GADA) Bonds	
2005B Wastewater Revenue Bonds (issued August 31, 2005) due in installments of \$4,090,000 to \$6,660,000 through August 1, 2035; interest at 5 percent. Original issue amount \$58,070,000.	58,070
Water Infrastructure Financing Authority (WIFA) Loans	
2007 SR Drinking Water (issued June 25, 2007) due in annual installments of \$201,475 to \$387,621 through July 1, 2027; interest at 3.504 percent. Original issue amount \$5,700,000.	4,133
2010 SR Drinking Water (issued July 11, 2010) due in annual installments of \$122,690 to \$206,382 through July 1, 2030; interest at 2.775 percent. Original issue amount \$3,222,300.	1,305
2002 JR Wastewater (issued October 7, 2002) due in annual installments of \$357,774 to \$608,259 through July 1, 2022; interest at 3.171 percent. Original issue amount \$8,507,500.	4,374
2002 SR Wastewater (issued October 7, 2002) due in annual installments of \$357,774 to \$608,259 through July 1, 2022; interest at 3.171 percent. Original issue amount \$8,507,500.	4,374

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Classified in the Business-Type on the Government-wide Financial Statements (continued)

2004 SR Wastewater (issued March 12, 2004) due in annual installments of \$233,784 to \$406,431 through July 1, 2024; interest at 3.120 percent. Original issue amount \$5,940,000.	3,553
2004A JR Wastewater (issued December 17, 2004) due in annual installments of \$500,000 to \$3,300,000 through July 1, 2024; interest at 3.255 percent. Original issue amount \$32,290,000.	23,940
2004A SR Wastewater (issued December 17, 2004) due in annual installments of \$690,546 to \$1,229,115 through July 1, 2024; interest at 3.255 percent. Original issue amount \$17,775,000.	10,686
2006 JR Wastewater (Issue date October 24, 2006) due in annual installments of \$865,000 to \$3,550,000 through July 1, 2026; interest at 2.672 percent. Original issue amount \$48,405,000.	36,990
2006 SR Wastewater (issue date October 24, 2006) due in annual installments of \$510,000 to \$820,000 through July 1, 2026; interest at 2.672 percent. Original issue amount \$12,430,000.	8,555
2007 SR Wastewater (issue date August 17, 2007) due in annual installments of \$1,136,851 to \$2,716,780 through July 1, 2037; interest at 3.185 percent. Original issue amount \$52,703,467.	45,333
2008 JR Wastewater (issue date October 7, 2008) due in annual installments of \$599,073 to \$1,592,693 through July 1, 2038; interest at 3.750 percent. Original issue amount \$29,468,259.	26,053
2009 SR Wastewater (issue date July 9, 2009) due in annual installments of \$110,771 to \$147,312 through July 1, 2039; interest at 3.241 percent. Original issue amount \$4,900,833.	2,583
2009A SR Wastewater (issue date October 28, 2009) due in annual installments of \$1,390,851 to \$2,855,635 through July 1, 2039; interest at 3.098 percent. Original issue amount \$59,090,051.	51,787
Total Business-type Long Term Liabilities	\$ 281,816

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

Governmental Activities:	June 30, 2014	Increases	Decreases	June 30, 2015	Due Within One Year
Bonds and Loans Payable:					
GADA Loan Payable	\$ 1,940,000	\$ -	\$ (160,000)	\$ 1,780,000	\$ 165,000
Total Bonds and Loans Payable	1,940,000	-	(160,000)	1,780,000	165,000
Other Liabilities:					
Capital Leases	5,931,270	-	(866,746)	5,064,524	893,330
Compensated Absences	2,500,885	1,779,855	(1,791,176)	2,489,564	2,152,974
Other Postemployment Benefits	3,130,996	984,480	(593,098)	3,522,378	-
Net Pension Liability	54,805,342	11,471,978	-	66,277,319	-
Governmental Activities Long-term Liabilities	\$ 68,308,493	\$ 14,236,313	\$ (3,411,020)	\$ 79,133,786	\$ 3,211,305

Business-type Activities:	June 30, 2014	Increases	Decreases	June 30, 2015	Due Within One Year
Bonds, Notes, and Loans Payable:					
General Obligation Bonds	\$ 95,000	\$ -	\$ (15,000)	\$ 80,000	\$ 10,000
GADA Loan Payable	58,070,000	-	-	58,070,000	-
WIFA Loan Payable	232,365,405	1,651,008	(10,350,208)	223,666,205	10,748,358
Plus: Deferred Amount on Premium	2,000,419	-	(95,258)	1,905,161	-
Total Bonds, Notes and Loans Payable	292,530,824	1,651,008	(10,460,466)	283,721,366	10,758,358
Other Liabilities:					
Capital Leases	1,683,448	-	(101,992)	1,581,456	108,367
Compensated Absences	374,253	298,243	(304,408)	368,088	318,323
Other Postemployment Benefits	1,005,668	201,738	(86,840)	1,120,566	-
Net Pension Liability	6,996,595	-	(542,675)	6,453,920	-
Landfill Closure and Postclosure	2,838,673	120,791	-	2,959,464	-
Business-type Activities Long-term Liabilities	\$ 305,429,461	\$ 2,271,780	\$ (11,496,381)	\$ 296,204,860	\$ 11,185,048

Debt Service requirements on long-term debt at June 30, 2015 are as follows:

	Governmental Activities		Business-type Activities	
Year ending June 30,	Principal	Interest	Principal	Interest
2016	\$ 165,000	\$ 71,000	\$ 10,758,358	\$ 9,639,636
2017	175,000	63,896	11,191,819	9,295,589
2018	180,000	56,713	11,886,733	8,929,454
2019	185,000	47,633	12,393,311	8,547,385
2020	195,000	39,489	13,031,773	8,145,060
2021-2025	880,000	64,616	70,162,838	34,271,552
2026-2030	-	-	59,248,741	22,945,463
2031-2035	-	-	59,526,868	11,498,776
2036-2040	-	-	35,021,963	1,552,266
	<u>\$ 1,780,000</u>	<u>\$ 343,347</u>	<u>\$ 283,222,404</u>	<u>\$ 114,825,181</u>

The \$283,222,404 principal amount above includes \$1,406,205 of authorized WIFA loan proceeds not drawn down by the City as of June 30, 2015.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that Lake Havasu City, Arizona place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,959,463 as of June 30, 2015, which is based on 49 percent usage of the landfill. It is estimated that an additional \$3,019,771 will be recognized as closure and postclosure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2040). The estimated total current cost of the landfill closure and postclosure care (\$5,979,234) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. No assets have been restricted for the payment of closure and postclosure costs as of June 30, 2015.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Risk Management

Lake Havasu City, Arizona is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is insured by Travelers Indemnity Company for potential worker related accidents. Settlements have not exceeded the City's coverage for the past three fiscal years.

The City joined the Northwest Arizona Employee Benefit Trust (NAEBT) as the employee benefits pool to provide employee benefits to eligible employees of the City and their dependents effective July 1, 2012.

B. Contingent Liabilities

Lawsuits - The City is a defendant in various lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the City's attorney, such matters will not have a material adverse effect on the City's financial position at June 30, 2015.

C. Budgetary Basis of Accounting

The adopted budget of the City was prepared on a basis consistent with accounting principles generally accepted in the United States of America.

D. Subsequent Events

Debt Restructure

On July 1, 2015, the City paid the remaining principal balance on four Water Infrastructure Financing Authority (WIFA) loans. The proceeds of these loans were used for the Wastewater System Expansion Program. The payoffs were part of a greater plan to restructure and refinance the outstanding Wastewater Utility debt in order to make the annual debt service payments more affordable. Unlike the annual debt service payments, which are technically scheduled for July 1 but paid and recognized as of June 30, of the prior fiscal year, these payoffs were made and recognized in the 2015-2016 fiscal year. Principal on the following WIFA loans were paid in full: \$3,884,718 for 2002 JR; \$3,884,718 for 2002 SR; \$9,765,060 for the 2004A SR; and \$3,245,068 for 2004 SR.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Subsequent Events (Continued)

On September 15, 2015, the City refunded and refinanced the remaining outstanding debt for its Wastewater Utility. The City issued \$71,775,000 of Senior Lien Wastewater System Revenue General Obligation Refunding Bonds, Series 2015A; \$98,300,000 of Senior Lien Wastewater System Revenue Refunding Bonds, Series 2015B; \$58,969,432 for a Senior Lien Wastewater System Revenue General Obligation Refunding & Improvement Loan Agreement, Series 2015 (A-1); and \$1,300,000 Senior Lien Wastewater System Revenue General Obligation Loan Agreement, Series 2015 (A-2). The bonds in total were issued at an all-in true interest cost of 3.89 percent. Proceeds in the amount of \$245,203,804 from the issuances were used to refund the 2004 WIFA JRA Loan, the 2005 Greater Arizona Development Authority B (GADA) Loan, the 2006 WIFA JR Loan, the 2006 WIFA SR Loan, the 2007 WIFA SR Loan, the 2008 WIFA JR Loan, the 2009A WIFA SR Loan, and the 2009 WIFA SR Loan. The refunding allowed the City to extend the repayment of its Wastewater Debt from an average life of 11.77 years to an average life of 18.06 years. The City reduced its annual debt service by an average of \$4 million over the next ten years, thereby reducing the need to increase wastewater rates for City sewer customers. The final maturity is July 1, 2045.

Other Subsequent Event

In Fiscal Year 2015-2016 the Aquatic Center Fund was eliminated. The aquatic center became a General Fund program.

E. Retirement Plans

The City contributes to the pension plans described below. The plans are component units of the State of Arizona.

The City reported \$4.2 million of pension expenditures in the governmental funds and \$428,514 in enterprise funds related to all pension plans to which it contributes.

1. Arizona State Retirement System

Plan Description. City employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 month of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2015 were \$1.6 million.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The City contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

Year ending June 30,	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 88,174	\$ 17,986
2014	86,053	35,067
2013	96,566	35,625

Pension Liability. At June 30, 2015, the City reported a liability of \$24.3 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.16 percent, which was an increase of \$55,962 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$1.4 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,233,162	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,243,004
Changes in proportion and differences between contributions and proportionate share of contributions	-	437,047
Contributions made subsequent to the measurement date	1,627,479	
Total	<u>\$ 2,860,641</u>	<u>\$ 4,680,051</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (714,614)
2017	(714,614)
2018	(956,910)
2019	(1,060,751)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3.0-6.75%
Inflation	3%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed Income	25	3.20
Real Estate	8	4.75
Commodities	4	4.50
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
City's proportionate share of the net pension liability	\$ 30,668,305	\$ 24,263,884	\$ 20,789,164

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Beginning Net Position Restatement. The implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activities	
	Governmental Activities	Business-Type Activities
Net position, June 30, 2014, as previously reported	\$ 122,009,454	\$ 205,817,424
Net pension liability	(54,805,342)	(696,595)
Net position, July 1, 2014, as restated	<u>\$ 67,204,112</u>	<u>\$ 205,120,829</u>

2. Public Safety Personnel Retirement System

Plan Descriptions. City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 month of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms. At June 30, 2015, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Retirees and beneficiaries	42	42
Inactive, non-retired members	21	11
Active Members	66	76
Total	129	129

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension	11.05%	11.05%
City:		
Pension	33.01	30.64
Health Insurance	1.69	1.62

In addition, the City was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 1,516,860	\$ 1,510,027
Health insurance premium benefit:		
Annual OPEB cost	77,658	79,838
Contributions made	77,658	79,838

Pension Liability. At June 30, 2015, the City reported \$24,317,528 in net pension liability for police and \$24,149,826 net pension liability for fire. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	3.25%
Absolute return	4	6.75
Risk parity	4	6.04
Fixed income	7	4.75
Real assets	8	5.96
GTAA	10	5.73
Private equity	11	9.50
Real estate	11	6.50
Credit opportunities	13	8.00
Non-U.S. equity	14	8.63
U.S. equity	16	7.60
Total	<u>100%</u>	

Pension Discount Rates. The discount rate of 7.85% was used to measure the total pension liability.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the PSPRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PSPRS – Police	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 37,908,901	\$ 18,688,162	\$ 19,220,739
Changes for the year:			
Service cost	848,865		848,865
Interest on the total pension liability	2,915,368		2,915,368
Changes of benefit terms	703,355		703,355
Differences between expected and actual experience in the measurement of the pension liability	893,651		893,651
Changes of assumptions or other inputs	3,938,245		3,938,245
Contributions – employer		1,354,412	(1,354,412)
Contributions – employee		549,533	(549,533)
Net investment income		2,524,014	(2,524,014)
Benefit payments, including refunds of employee contributions	(2,389,772)	(2,389,772)	
Administrative expense		(20,328)	20,328
Other changes		(204,936)	204,936
Net changes	6,909,712	1,812,923	5,096,789
Balances at June 30, 2015	\$ 44,818,613	\$ 20,501,085	\$ 24,317,528

PSPRS – Fire	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 36,833,863	\$ 17,750,207	\$ 19,083,656
Changes for the year:			
Service cost	924,982		924,982
Interest on the total pension liability	2,837,439		2,837,439
Changes of benefit terms	952,334		952,334
Differences between expected and actual experience in the measurement of the pension liability	14,363		14,363
Changes of assumptions or other inputs	4,840,056		4,840,056
Contributions – employer		1,452,150	(1,452,150)
Contributions – employee		510,116	(510,116)
Net investment income		2,455,716	(2,455,716)
Benefit payments, including refunds of employee contributions	(2,301,260)	(2,301,260)	
Administrative expense		(19,778)	19,778
Other changes		104,800	(104,800)
Net changes	7,267,914	2,201,744	5,066,170
Balances at June 30, 2015	\$ 44,101,777	\$ 19,951,951	\$ 24,149,826

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

PSPRS – Police:	1% Decrease	Current Discount Rate	1% Increase
Rate	6.85%	7.85%	8.85%
Net pension liability	\$29,546,286	\$24,317,528	\$19,970,535

PSPRS – Fire:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$29,610,187	\$24,149,826	\$19,610,080

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2015, the City recognized the following as pension expense:

	Pension Expense
PSPRS – Police	\$3,418,606
PSPRS – Fire	3,135,398

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Pension Deferred Outflows/Inflows of Resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS – Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 713,563	\$ -
Changes of assumptions or other inputs	3,144,612	-
Net difference between projected and actual earnings on pension plan investments	-	825,580
Contributions subsequent to the measurement date	1,516,860	-
Total	<u>\$ 5,375,035</u>	<u>\$ 825,580</u>

PSPRS – Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,386	\$ -
Changes of assumptions or other inputs	4,173,776	-
Net difference between projected and actual earnings on pension plan investments	-	803,240
Contributions subsequent to the measurement date	1,510,027	-
Total	<u>\$ 5,696,189</u>	<u>\$ 803,240</u>

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PSPRS – Police</u>	<u>PSPRS - Fire</u>
Year Ending June 30,		
2016	\$767,326	\$467,447
2017	767,326	467,447
2018	767,326	467,447
2019	730,617	467,447
2020		668,257
Thereafter		844,877

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
PSPRS – Police:			
30-Jun-15	\$77,658	100%	-
30-Jun-14	77,576	100%	-
30-Jun-13	89,694	100%	-
PSPRS – Fire:			
30-Jun-15	79,838	100%	-
30-Jun-14	79,287	100%	-
30-Jun-13	80,270	100%	-

Agent Plan OPEB Actuarial Assumptions. Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as understood by the City and plan's members and include the types of benefits inforce at the valuation date, and (2) the pattern of sharing benefit costs between the City and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes	4.5%-8.5% (includes inflation at 4.5%)

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes	4%-8% (includes inflation at 4%)

Agent Plan OPEB Funded Status. The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2014.

	PSPRS – Police	PSPRS – Fire
Actuarial value of assets	\$ 978,025	\$ 1,399,991
Actuarial accrued liability	1,012,795	1,184,375
Unfunded actuarial accrued liability (funding excess)	34,770	(215,616)
Funded ratio	96.57%	118.21%
Annual covered payroll	4,534,608	5,018,226
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	0.77%	0%

F. Other Postemployment Benefits – Single Employer Plan

During the fiscal year ended June 30, 2015, the City complied with Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of June 30, 2015. The plan does not issue a separate financial report.

Plan Description – Lake Havasu City provides single employer postemployment benefit plans for retirees. Active employees, who started before July 1, 2004, are eligible for medical coverage for themselves and their eligible dependent(s) under the City's health benefits program for a period not longer than ten (10) years after the date of retirement, until age 65 or Medicare eligible, or a covered dependent ceases to be an eligible dependent as defined under the Northwest Arizona Employee Benefit Trust Plan (NAEBT).

**LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Other Postemployment Benefits – Single Employer Plan (Continued)

Pursuant to the provisions of the plan, employees hired before July 1, 2004 may be retained on the City's health insurance plan, provided they make required premium contributions and comply with all other provisions of the NAEBT, in accordance with the following provisions, with the condition that the employees have no vested rights:

- a) The employee must retire from Lake Havasu City, Arizona.
- b) Eligible employees have earned sixty (60) points, which is a combination of age and years of service with Lake Havasu City, Arizona.
- c) Eligible employees have worked a minimum of ten (10) years of full-time, benefit-eligible service with Lake Havasu City, Arizona.
- d) Eligible employees retire under the applicable Arizona State Retirement System and elect to receive the State health insurance subsidy.
- e) Retiree must elect to be retained on the Plan with no break in coverage following their retirement and must waive all rights to COBRA continuation coverage.

As of July 1, 2015, there were approximately 175 active participants and 72 retired participants receiving benefits from the City's health plans.

Other eligible active employees, who started on or after July 1, 2004, will be covered under a defined contribution Health Retirement Savings Plan adopted by Council on November 24, 2009. This plan will not generate any GASB 45 liability.

Funding Policy – The City funds its other postemployment benefits (OPEB) obligation on a pay as you go basis. For fiscal year 2015, the City contributed \$679,938 to the plan, funded primarily by the General Fund.

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Other Postemployment Benefits – Single Employer Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 1,292,063
Interest on Net OPEB Obligation	165,467
Adjustment to Annual Required Contribution	<u>(271,311)</u>
Annual OPEB Cost (Expense)	1,186,219
Contributions Made	<u>(679,939)</u>
Increase in Net OPEB Obligation	506,280
Net OPEB Obligation-Beginning of Year	<u>4,136,664</u>
Net OPEB Obligation-End of Year	<u><u>\$ 4,642,944</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	1,299,610	45.6%	3,425,850
2014	1,332,381	46.7%	4,136,664
2015	1,186,219	57.3%	4,642,944

LAKE HAVASU CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Other Postemployment Benefits – Single Employer Plan (Continued)

Funding Status and Funding Progress - As of June 30, 2015, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$13.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.1 million and the ratio of the UAAL to the covered payroll was 108.6 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the projected unit cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9.0 percent, reduced by decrements to an ultimate rate of 5 percent after eight years. Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2015, was 24 years.



Required Supplementary Information



**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

Lake Havasu City Other Postemployment Benefits

Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2010	-	\$12,465,566	-	(\$12,465,566)	\$17,025,507	(73.2%)
2012	-	12,595,322	-	(12,595,322)	14,077,743	(89.5%)
2014	-	13,174,513	-	(13,174,513)	12,133,203	(108.6%)

Schedule of Employer Contribution

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2013	\$ 592,444	\$ 1,360,964	43.5%
2014	621,567	1,414,642	43.9%
2015	679,939	1,292,063	52.6%

See accompanying notes to this schedule.

LAKE HAVASU CITY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

		<u>2015</u>
City's proportion of the net pension liability (asset)		0.16%
City's proportionate share of the net pension liability (asset)	\$	24,263,884
City's covered-employee payroll	\$	15,666,260
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		154.88%
Plan fiduciary net position as a percentage of the total pension liability		69.49%

See accompanying notes to this schedule.

**LAKE HAVASU CITY, ARIZONA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2015**

2015

Arizona State Retirement System:

Actuarially determined contribution	\$ 1,627,479
Contributions in relation to the actuarially determined contribution	<u>1,627,479</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 15,030,122
Contributions as a percentage of covered-employee payroll	10.83%

Public Safety Personnel Retirement System - Police:

Actuarially determined contribution	\$ 1,516,860
Contributions in relation to the actuarially determined contribution	<u>1,516,860</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 4,876,023
Contributions as a percentage of covered-employee payroll	31.11%

Public Safety Personnel Retirement System - Fire:

Actuarially determined contribution	\$ 1,510,027
Contributions in relation to the actuarially determined contribution	<u>1,510,027</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 5,162,923
Contributions as a percentage of covered-employee payroll	29.25%

See accompanying notes to this schedule.

**LAKE HAVASU CITY, ARIZONA
SCHEDULE OF FUNDING PROGRESS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE ACTUARIAL VALUATIONS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Public Safety Personnel Retirement System - Police:						
2014	\$ 978,025	\$ 1,012,795	\$ (34,770)	96.57	\$ 4,534,608	0.77%
2013		994,005	(994,005)	-	4,423,351	22.47
2012		1,007,722	(1,007,722)	-	4,343,430	23.20
Public Safety Personnel Retirement System - Fire:						
2014	\$ 1,399,991	\$ 1,184,375	\$ 215,616	118.21	\$ 5,018,226	(4.30)
2013		1,076,350	(1,076,350)	-	4,751,588	22.65
2012		1,089,979	(1,089,979)	-	4,358,509	25.01

See accompanying notes to this schedule.

LAKE HAVASU CITY, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE AND FIRE
YEAR ENDED JUNE 30, 2015

	POLICE	FIRE
Total pension liability		
Service cost	\$ 848,865	\$ 924,982
Interest	2,915,368	2,837,439
Changes of benefit terms	703,355	952,334
Differences between expected and actual	893,651	14,363
Changes of assumptions	3,938,245	4,840,056
Benefit payments, including refunds	(2,389,772)	(2,301,260)
Net change in total pension liability	6,909,712	7,267,914
Total pension liability—beginning	37,908,901	36,833,863
Total pension liability—ending	<u>\$ 44,818,613</u>	<u>\$ 44,101,777</u>
Plan fiduciary net position		
Contributions—employer	\$ 1,354,412	\$ 1,452,150
Contributions—employee	549,533	510,116
Net investment income	2,524,014	2,455,716
Benefit payments, including refunds	(2,389,772)	(2,301,260)
Administrative expense	(20,328)	(19,778)
Other	(204,936)	104,800
Net change in plan fiduciary net position	1,812,923	2,201,744
Plan fiduciary net position—beginning	18,688,162	17,750,207
Plan fiduciary net position—ending	<u>\$ 20,501,085</u>	<u>\$ 19,951,951</u>
Net pension liability—ending	<u>\$ 24,317,528</u>	<u>\$ 24,149,826</u>
Plan fiduciary net position as a percentage of the total pension liability	45.74%	45.24%
Covered-employee payroll	\$ 4,876,023	\$ 5,162,923
Net pension liability as a percentage of covered-employee payroll	498.72%	467.75%

See accompanying notes to this schedule.

LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The actuarial assumptions used in the June 30, 2014, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption from 4.5 percent to 4.0 percent.

Combining and Individual Fund Statements and Schedules



NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Tourism/Economic Development Fund – To account for expenditures made to promote, develop and enhance the tourism industry and economic development in the City. Financing is from a 3% citywide “Bed Tax” imposed on local hotel/motel establishments and a 1% restaurant and bar tax.

Havasut Area Transit Fund – To account for federal grants and City contributions to provide a low-cost, door-to-door demand response transportation and scheduled bus route services for the general public.

Metropolitan Planning Organization Fund (MPO) - This fund was established to account for funding derived from the area’s status as a designated Metropolitan Planning Organization (MPO).

Grants Fund – To account for the activity of the miscellaneous federal and state grants.

Community Development Block Grant (CDBG)/State Home Fund (Home) – To account for Community Development Block Grants and State Home Fund monies, which are federal and state funds to be used for the development of viable urban communities, decent housing and a suitable living environment, and expanded economic opportunities.

Improvement Districts Fund – To account for the maintenance and improvements to Improvement District No. 2, the London Bridge shopping area and Improvement District No. 4 for the gas lights, utility service, and median center for the lower McCulloch Boulevard Business District. Financing is provided to all districts through the assessment of property taxes.

Special Programs Fund – To account for the activity of various City programs funded with program generated revenues and outside agency contributions.

**LAKE HAVASU CITY, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue							
	Tourism/ Economic Development	Havasu Area Transit	Metropolitan Planning Org.	Grants	CDBG/Home	Improvement Districts	Special Programs	Total Nonmajor Governmental Funds
Assets								
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,689	\$ 463,554	\$ 478,243
Receivables								
Accounts Receivable	-	-	-	-	-	339	3,668	4,007
Taxes Receivable	-	-	-	-	-	14,166	-	14,166
Intergovernmental Receivable	-	-	86,454	239,956	35,582	-	13,313	375,305
Interest Receivable	-	-	-	-	-	48	370	418
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,454</u>	<u>\$ 239,956</u>	<u>\$ 35,582</u>	<u>\$ 29,242</u>	<u>\$ 480,905</u>	<u>\$ 872,139</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts Payable	\$ -	\$ -	\$ 14,655	\$ -	\$ 8,891	\$ 750	\$ 10,028	\$ 34,324
Accrued Wages and Benefits	-	-	3,760	-	87	-	1,077	4,924
Intergovernmental Payable	-	-	-	533	-	-	8,411	8,944
Due to Other Funds	-	-	68,039	239,423	26,604	-	-	334,066
Unearned Revenue	-	-	-	-	-	-	10,420	10,420
Total Liabilities	<u>-</u>	<u>-</u>	<u>86,454</u>	<u>239,956</u>	<u>35,582</u>	<u>750</u>	<u>29,936</u>	<u>392,678</u>
Deferred Inflows of Resources								
Unavailable Revenues - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	28,492	391,626	420,118
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	59,343	59,343
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,492</u>	<u>450,969</u>	<u>479,461</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,454</u>	<u>\$ 239,956</u>	<u>\$ 35,582</u>	<u>\$ 29,242</u>	<u>\$ 480,905</u>	<u>\$ 872,139</u>

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Tourism/ Economic Development	Havasu Area Transit	Metropolitan Planning Org.	Grants	CDBG/Home	Improvement Districts	Special Programs	Total Nonmajor Governmental Funds
Revenues								
Taxes								
Sales Taxes	\$ 1,628,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,628,426
Property Taxes	-	-	-	-	-	93,236	-	93,236
Intergovernmental Revenue	-	-	268,773	438,004	329,089	-	302,384	1,338,250
Fines and Forfeitures	-	-	-	-	-	-	69,612	69,612
Charges for Services	-	-	-	-	-	-	12,300	12,300
Contributions and Donations	-	-	-	-	-	-	5,309	5,309
Investment Earnings	-	-	-	-	-	125	3,528	3,653
Other	-	-	38	-	-	-	5,234	5,272
Total Revenue	<u>1,628,426</u>	<u>-</u>	<u>268,811</u>	<u>438,004</u>	<u>329,089</u>	<u>93,361</u>	<u>398,367</u>	<u>3,156,058</u>
Expenditures								
Current								
General Government	-	-	-	15,360	329,089	83,932	48,284	476,665
Public Safety	-	-	-	238,983	-	-	292,482	531,465
Highways and Streets	-	-	-	179,786	-	-	-	179,786
Tourism and Promotion	1,628,426	-	-	-	-	-	-	1,628,426
Transportation Services	-	-	268,980	3,875	-	-	-	272,855
Total Expenditures	<u>1,628,426</u>	<u>-</u>	<u>268,980</u>	<u>438,004</u>	<u>329,089</u>	<u>83,932</u>	<u>340,766</u>	<u>3,089,197</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>-</u>	<u>-</u>	<u>(169)</u>	<u>-</u>	<u>-</u>	<u>9,429</u>	<u>57,601</u>	<u>66,861</u>
Other Financing Sources (Uses)								
Transfers Out	<u>-</u>	<u>(3,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,546)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,546)</u>
Net Change in Fund Balance	-	(3,546)	(169)	-	-	9,429	57,601	63,315
Fund Balance								
Beginning of Year	<u>-</u>	<u>3,546</u>	<u>169</u>	<u>-</u>	<u>-</u>	<u>19,063</u>	<u>393,368</u>	<u>416,146</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,492</u>	<u>\$ 450,969</u>	<u>\$ 479,461</u>

LAKE HAVASU CITY, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original and Final Budget</u>	<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues			
Investment Earnings	\$ 1,050	\$ 824	\$ (226)
Total Revenue	<u>1,050</u>	<u>824</u>	<u>(226)</u>
Expenditures			
Debt Service			
Principal Retirement	160,000	160,000	-
Interest on Long-Term Debt	<u>79,996</u>	<u>79,518</u>	<u>478</u>
Total Expenditures	<u>239,996</u>	<u>239,518</u>	<u>478</u>
Excess (Deficiency) of Revenue Over Expenditures	(238,946)	(238,694)	252
Other Financing Sources (Uses)			
Transfers In	<u>244,000</u>	<u>244,000</u>	<u>-</u>
Net Change in Fund Balance	5,054	5,306	252
Fund Balance			
Beginning of Year	<u>168,213</u>	<u>168,225</u>	<u>12</u>
End of Year	<u>\$ 173,267</u>	<u>\$ 173,531</u>	<u>\$ 264</u>

**LAKE HAVASU CITY, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amount	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Intergovernmental Revenue	\$ 2,191,263	\$ 2,191,263	\$ 1,501,131	\$ (690,132)
Contributions and Donations	81,767	81,767	-	(81,767)
Investment Earnings	76,000	76,000	70,041	(5,959)
Other	<u>3,258,000</u>	<u>3,258,000</u>	<u>115,000</u>	<u>(3,143,000)</u>
Total Revenue	5,607,030	5,607,030	1,686,172	(3,920,858)
Expenditures				
General Government	3,000	3,000	3,000	-
Capital Outlay	<u>11,235,443</u>	<u>10,845,443</u>	<u>625,523</u>	<u>10,219,920</u>
Total Expenditures	<u>11,238,443</u>	<u>10,848,443</u>	<u>628,523</u>	<u>10,219,920</u>
Excess (Deficiency) of Revenue Over Expenditures	(5,631,413)	(5,241,413)	1,057,649	6,299,062
Other Financing Sources (Uses)				
Transfers In	2,972,983	2,972,983	142,658	(2,830,325)
Transfers Out	<u>(524,712)</u>	<u>(524,712)</u>	<u>(517,209)</u>	<u>7,503</u>
Total Other Financing Sources (Uses)	2,448,271	2,448,271	(374,551)	(2,822,822)
Net Change in Fund Balance	(3,183,142)	(2,793,142)	683,098	3,476,240
Fund Balance				
Beginning of Year	<u>8,525,154</u>	<u>8,525,154</u>	<u>8,562,017</u>	<u>36,863</u>
End of Year	<u>\$ 5,342,012</u>	<u>\$ 5,732,012</u>	<u>\$ 9,245,115</u>	<u>\$ 3,513,103</u>

LAKE HAVASU CITY, ARIZONA
TOURISM/ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Taxes				
Sales Taxes	\$ 1,775,000	\$ 1,775,000	\$ 1,628,426	\$ (146,574)
Total Revenue	1,775,000	1,775,000	1,628,426	(146,574)
Expenditures				
Current				
Tourism and Promotion	1,775,000	1,875,000	1,628,426	246,574
Excess (Deficiency) of Revenue Over Expenditures	-	(100,000)	-	100,000
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ (100,000)	\$ -	\$ 100,000

**LAKE HAVASU CITY, ARIZONA
HAVASU AREA TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Other	-	-	-	-
Total Revenue	-	-	-	-
Expenditures				
Current				
Transportation Services	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	(3,547)	(3,546)	1
Capital Leases	-	-	-	-
Total Other Financing Sources (Uses)	-	(3,547)	(3,546)	1
Net Change in Fund Balance	-	(3,547)	(3,546)	1
Fund Balance				
Beginning of Year	-	3,547	3,546	(1)
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE HAVASU CITY, ARIZONA
METROPOLITAN PLANNING ORGANIZATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental Revenue	\$ 527,835	\$ 268,773	\$ (259,062)
Other	-	38	38
Total Revenue	527,835	268,811	(259,024)
Expenditures			
Current			
Transportation Services	527,835	268,980	258,855
Excess (deficiency) of revenues over expenditures	-	(169)	(169)
Fund Balance			
Beginning of Year	-	169	169
End of Year	\$ -	\$ -	\$ -

LAKE HAVASU CITY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Intergovernmental Revenue	\$ 1,601,934	\$ 1,601,934	\$ 438,004	\$ (1,163,930)
Total Revenue	<u>1,601,934</u>	<u>1,601,934</u>	<u>438,004</u>	<u>(1,163,930)</u>
Expenditures				
Current				
General Government	366,910	169,410	15,360	154,050
Public Safety	1,053,919	1,053,919	238,983	814,936
Highways and Streets	179,905	269,905	179,786	90,119
Transportation Services	<u>1,200</u>	<u>8,700</u>	<u>3,875</u>	<u>4,825</u>
Total Expenditures	<u>1,601,934</u>	<u>1,501,934</u>	<u>438,004</u>	<u>1,063,930</u>
Excess (Deficiency) of Revenues Over Expenditures	-	100,000	-	(100,000)
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>

LAKE HAVASU CITY, ARIZONA
CDBG/HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Intergovernmental Revenue	\$ 1,038,313	\$ 329,089	\$ (709,224)
Expenditures			
Current			
General Government	1,038,313	329,089	709,224
Excess (Deficiency) of Revenue Over Expenditures	-	-	-
Fund Balance			
Beginning of Year	-	-	-
End of Year	\$ -	\$ -	\$ -

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Property Taxes	\$ 82,200	\$ 93,236	\$ 11,036
Investment Earnings	273	125	(148)
Total Revenue	82,473	93,361	10,888
Expenditures			
Current			
General Government	85,926	83,932	1,994
Excess (Deficiency) of Revenue Over Expenditures	(3,453)	9,429	12,882
Fund Balance			
Beginning of Year	16,547	19,063	2,516
End of Year	\$ 13,094	\$ 28,492	\$ 15,398

**LAKE HAVASU CITY, ARIZONA
SPECIAL PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2015**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental Revenue	\$ 516,394	\$ 302,384	\$ (214,010)
Fines and Forfeitures	72,000	69,612	(2,388)
Charges for Services	13,000	12,300	(700)
Contributions and Donations	5,000	5,309	309
Investment Earnings	3,485	3,528	43
Other	4,596	5,234	638
Total Revenue	<u>614,475</u>	<u>398,367</u>	<u>(216,108)</u>
Expenditures			
Current			
General Government	68,968	48,284	20,684
Public Safety	524,315	292,482	231,833
Culture and Recreation	10,000	-	10,000
Total Expenditures	<u>603,283</u>	<u>340,766</u>	<u>262,517</u>
Excess of Revenues Over Expenditures	<u>11,192</u>	<u>57,601</u>	<u>46,409</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Uses	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(13,808)	57,601	46,409
Fund Balance			
Beginning of Year	<u>376,238</u>	<u>393,368</u>	<u>17,130</u>
End of Year	<u>\$ 362,430</u>	<u>\$ 450,969</u>	<u>\$ 63,539</u>

**NONMAJOR BUSINESS-TYPE ACTIVITIES FUNDS
ENTERPRISE FUNDS**

Recreation/Aquatic Center Fund – To account for the operation of the City's aquatic center.

Airport Fund – To account for the activities of the City's airport.

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015

	Recreation/ Aquatic Center	Airport	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 263,553	\$ 73,669	\$ 337,222
Receivables, Net			
Accounts Receivable	2,137	17,027	19,164
Interest Receivable	589	116	705
Inventory	3,317	-	3,317
Prepaid Items	7,274	5,605	12,879
Restricted Assets	-	24,381	24,381
Total Current Assets	<u>276,870</u>	<u>120,798</u>	<u>397,668</u>
Noncurrent Assets			
Capital Assets			
Non-Depreciable	-	818,334	818,334
Depreciable (Net)	5,039,210	14,833,269	19,872,479
Total Noncurrent Assets	<u>5,039,210</u>	<u>15,651,603</u>	<u>20,690,813</u>
Total Assets	<u>5,316,080</u>	<u>15,772,401</u>	<u>21,088,481</u>
Deferred Outflows of Resources			
Pension Plan Items	<u>62,485</u>	<u>24,958</u>	<u>87,443</u>
Liabilities			
Current Liabilities			
Accounts Payable	32,648	2,061	34,709
Accrued Wages and Benefits	16,673	4,419	21,092
Intergovernmental Payable	40	-	40
Interest Payable	8,413	287	8,700
Unearned Revenue	10,710	9,869	20,579
Liabilities Payable from Restricted Assets	-	24,381	24,381
Compensated Absences	18,096	14,973	33,069
Capital Leases Payable	81,195	2,768	83,963
Total Current Liabilities	<u>167,775</u>	<u>58,758</u>	<u>226,533</u>
Noncurrent Liabilities			
Compensated Absences	2,829	2,341	5,170
Capital Leases Payable	1,103,736	37,622	1,141,358
Other Postemployment Benefits	54,021	-	54,021
Net Pension Liability	510,695	209,093	719,788
Total Noncurrent Liabilities	<u>1,671,281</u>	<u>249,056</u>	<u>1,920,337</u>
Total Liabilities	<u>1,839,056</u>	<u>307,814</u>	<u>2,146,870</u>

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Recreation/ Aquatic Center</u>	<u>Airport</u>	<u>Total Nonmajor Business-Type Activities</u>
Operating Revenue			
Charges for Services	\$ 407,357	\$ 461,354	\$ 868,711
Total operating revenues	<u>407,357</u>	<u>461,354</u>	<u>868,711</u>
Operating Expenses			
Costs of Sales and Services	1,307,479	632,817	1,940,296
Depreciation	<u>297,535</u>	<u>725,973</u>	<u>1,023,508</u>
Total Operating Expenses	<u>1,605,014</u>	<u>1,358,790</u>	<u>2,963,804</u>
Operating Loss	<u>(1,197,657)</u>	<u>(897,436)</u>	<u>(2,095,093)</u>
Nonoperating Revenues (Expenses)			
Interest Earnings	2,676	848	3,524
Interest Expense	(70,042)	(2,387)	(72,429)
Other Income	<u>17,468</u>	<u>25,828</u>	<u>43,296</u>
Total Nonoperating Revenue (Expenses)	<u>(49,898)</u>	<u>24,289</u>	<u>(25,609)</u>
Loss Before Contributions and Transfers	(1,247,555)	(873,147)	(2,120,702)
Capital Contributions	-	9,513	9,513
Transfers In	<u>1,065,948</u>	<u>181,880</u>	<u>1,247,828</u>
Change in Net Position	<u>(181,607)</u>	<u>(681,754)</u>	<u>(863,361)</u>
Net Position			
Beginning as Restated	<u>3,622,612</u>	<u>16,130,969</u>	<u>19,753,581</u>
Ending	<u>\$ 3,441,005</u>	<u>\$ 15,449,215</u>	<u>\$ 18,890,220</u>

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Recreation/ Aquatic Center</u>	<u>Airport</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from Customers	\$ 382,370	\$ 459,588	\$ 841,958
Payments to Suppliers	(661,136)	(451,033)	(1,112,169)
Payments to Employees	(626,652)	(184,506)	(811,158)
Other Nonoperating Receipts	17,468	25,828	43,296
Customer Deposits (Payments)	<u>-</u>	<u>851</u>	<u>851</u>
Net Cash Flows used by Operating Activities	<u>(887,950)</u>	<u>(149,273)</u>	<u>(1,037,223)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	<u>1,065,948</u>	<u>181,880</u>	<u>1,247,828</u>
Net Cash Flows from (used by) Noncapital Financing Activities	<u>1,065,948</u>	<u>181,880</u>	<u>1,247,828</u>
Cash Flows from Capital and Financing Activities			
Capital Grants and Contributions	-	9,513	9,513
Purchases of Capital Assets	(70,330)	-	(70,330)
Principal Paid on Capital Debt	(76,419)	(2,605)	(79,024)
Interest Paid on Capital Debt	<u>(70,585)</u>	<u>(2,405)</u>	<u>(72,990)</u>
Net Cash Flows from (used by) Capital and Financing Activities	<u>(217,334)</u>	<u>4,503</u>	<u>(212,831)</u>
Cash Flows from Investing Activities			
Interest and Dividends	<u>2,477</u>	<u>760</u>	<u>3,237</u>
Net Change in Cash and Cash Equivalents	(36,859)	37,870	1,011
Cash and Cash Equivalents, Beginning of Year	<u>300,412</u>	<u>60,180</u>	<u>360,592</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 263,553</u></u>	<u><u>\$ 98,050</u></u>	<u><u>\$ 361,603</u></u>

Note: Cash and Cash Equivalents, End of Year on Statement of Cash Flows in Airport reflects the total of Cash and Cash Equivalents (\$73,669) and Restricted Assets (\$24,381) on the Statement of Net Position.

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Recreation/ Aquatic Center</u>	<u>Airport</u>	<u>Totals</u>
(Continued)			
Reconciliation of Operating Income (Loss) to Net Cash from (used by) Operating Activities			
Operating Loss	\$ (1,197,657)	\$ (897,436)	\$ (2,095,093)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from (used by) Operating Activities			
Pension Expense	(6,923)	(2,209)	(9,132)
Depreciation	297,535	725,973	1,023,508
Other Nonoperating Receipts	17,468	25,828	43,296
Change in Assets/Liabilities			
Receivables, Net	(355)	(91)	(446)
Inventories	506	-	506
Prepaid Items	(50)	(191)	(241)
Accounts Payable	14,256	(4,042)	10,214
Intergovernmental Payable	(47)	(690)	(737)
Accrued Wages and Benefits	267	661	928
Compensated Absences	3,536	3,749	7,285
Unearned Revenue	(24,555)	(1,676)	(26,231)
Customer Deposits Payable	-	851	851
Other Postemployment Benefits	<u>8,069</u>	<u>-</u>	<u>8,069</u>
Net Cash used by Operating Activities	<u>\$ (887,950)</u>	<u>\$ (149,273)</u>	<u>\$ (1,037,223)</u>



INTERNAL SERVICE FUNDS

Vehicle Replacement Fund – To account for the City's vehicle and equipment replacement program.

Facilities Maintenance Fund – To account for the City's facilities maintenance program.

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Vehicle Replacement	Facilities Maintenance	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 2,348,238	\$ 1,199,456	\$ 3,547,694
Receivables, Net			
Interest Receivable	4,036	-	4,036
Total Current Assets	<u>2,352,274</u>	<u>1,199,456</u>	<u>3,551,730</u>
Noncurrent Assets			
Capital Assets			
Depreciable (net)	1,282,621	-	1,282,621
Total Noncurrent Assets	<u>1,282,621</u>	<u>-</u>	<u>1,282,621</u>
Total Assets	<u>3,634,895</u>	<u>1,199,456</u>	<u>4,834,351</u>
Liabilities			
Current Liabilities			
Accounts Payable	<u>42,151</u>	<u>29,522</u>	<u>71,673</u>
Total Current Liabilities	<u>42,151</u>	<u>29,522</u>	<u>71,673</u>
Total Liabilities	<u>42,151</u>	<u>29,522</u>	<u>71,673</u>
Net Position			
Net Investment in Capital Assets	1,282,621	-	1,282,621
Unrestricted	<u>2,310,123</u>	<u>1,169,934</u>	<u>3,480,057</u>
Total Net Position	<u>\$ 3,592,744</u>	<u>\$ 1,169,934</u>	<u>\$ 4,762,678</u>

**LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Totals</u>
Operating Revenue			
Premiums	\$ -	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses			
Cost of Sales and Services	-	1,347,275	1,347,275
Administration	4,514	-	4,514
Depreciation	465,816	-	465,816
Total Operating Expenses	<u>470,330</u>	<u>1,347,275</u>	<u>1,817,605</u>
Operating Loss	<u>(470,330)</u>	<u>(1,347,275)</u>	<u>(1,817,605)</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	27,064	-	27,064
Other Income	44,258	-	44,258
Total Nonoperating Revenues	<u>71,322</u>	<u>-</u>	<u>71,322</u>
Income (Loss) Before Transfers	(399,008)	(1,347,275)	(1,746,283)
Transfers In	<u>-</u>	<u>2,517,209</u>	<u>2,517,209</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(399,008)	1,169,934	770,926
Net Position			
Beginning of Year	<u>3,991,752</u>	<u>-</u>	<u>3,991,752</u>
End of Year	<u>\$ 3,592,744</u>	<u>\$ 1,169,934</u>	<u>\$ 4,762,678</u>

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Vehicle Replacement	Facilities Maintenance	Totals
Cash Flows from Operating Activities			
Payments to Suppliers	\$ (1,133)	\$ (1,317,753)	\$ (1,318,886)
Other Operating Receipts	-	-	-
Net Cash Flows from (used by)			
Operating Activities	<u>(1,133)</u>	<u>(1,317,753)</u>	<u>(1,318,886)</u>
Cash Flows from Noncapital			
Financing Activities			
Transfers In	-	2,517,209	2,517,209
Cash Flows from Capital and Related			
Financing Activities			
Sale of Capital Assets	93,260	-	93,260
Purchases of Capital Assets	<u>(690,489)</u>	<u>-</u>	<u>(690,489)</u>
Net Cash Flows used by			
Financing Activities	(597,229)	-	(597,229)
Cash Flows from Investing Activities			
Interest and Dividends	<u>26,615</u>	<u>-</u>	<u>26,615</u>
Net Change in Cash and Cash Equivalents	(571,747)	(1,317,753)	627,709
Cash and Cash Equivalents, Beginning of			
Year	<u>2,919,985</u>	<u>-</u>	<u>2,919,985</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,348,238</u></u>	<u><u>\$ (1,317,753)</u></u>	<u><u>\$ 3,547,694</u></u>
Reconciliation of Operating Income (Loss)			
to Net Cash from (used by) Operating			
Activities			
Operating Loss	\$ (470,330)	\$ (1,347,275)	\$ (1,817,605)
Adjustments to Reconcile Operating Loss			
to Net Cash from (used by)			
Operating Activities:			
Depreciation	465,816	-	465,816
Change in Assets/Liabilities:			
Accounts Payable	<u>3,381</u>	<u>29,522</u>	<u>32,903</u>
Net Cash from (used by) Operating			
Activities	<u><u>\$ (1,133)</u></u>	<u><u>\$ (1,317,753)</u></u>	<u><u>\$ (1,318,886)</u></u>

STATISTICAL SECTION

This part of the Lake Havasu City, Arizona's, Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**LAKE HAVASU CITY, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (As Restated)	2012 (As Restated)	2013 (1) (As Restated)	2014	2015 (2)
Governmental Activities										
Net Investment in Capital Assets	\$ 49,705,688	\$ 69,549,691	\$ 84,717,176	\$ 89,771,829	\$ 86,672,300	\$ 87,690,122	\$ 87,049,507	\$ 87,401,644	\$ 87,718,006	\$ 86,704,197
Net Position-Restricted	10,075,093	9,473,106	7,502,504	7,913,264	12,583,976	10,279,119	8,223,996	8,485,744	8,971,642	9,629,813
Net Position-Unrestricted	24,154,802	30,241,127	25,019,618	19,192,814	18,837,995	21,634,832	24,258,422	24,692,309	25,319,806	(30,958,540)
Total Governmental Activities Net Position	<u>\$ 83,935,583</u>	<u>\$ 109,263,924</u>	<u>\$ 117,239,298</u>	<u>\$ 116,877,907</u>	<u>\$ 118,094,271</u>	<u>\$ 119,604,073</u>	<u>\$ 119,531,925</u>	<u>\$ 120,579,697</u>	<u>\$ 122,009,454</u>	<u>\$ 65,375,470</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 143,521,523	\$ 135,934,350	\$ 147,265,013	\$ 120,519,205	\$ 128,661,852	\$ 113,244,315	\$ 111,325,222	\$ 112,402,345	\$ 112,968,345	\$ 114,768,401
Net Position-Restricted	-	-	-	-	-	-	-	-	-	-
Net Position-Unrestricted	8,508,879	32,101,132	33,854,356	71,808,903	81,173,618	91,498,031	96,661,045	92,463,831	92,849,079	83,956,728
Total Business-type Activities Net Position	<u>\$ 152,030,402</u>	<u>\$ 168,035,482</u>	<u>\$ 181,119,369</u>	<u>\$ 192,328,108</u>	<u>\$ 209,835,470</u>	<u>\$ 204,742,346</u>	<u>\$ 207,986,267</u>	<u>\$ 204,866,176</u>	<u>\$ 205,817,424</u>	<u>\$ 198,725,129</u>
Primary Government										
Net Investment in Capital Assets	\$ 193,227,211	\$ 205,484,041	\$ 231,982,189	\$ 210,291,034	\$ 215,334,152	\$ 200,934,437	\$ 198,374,729	\$ 199,803,989	\$ 200,686,351	\$ 201,472,598
Net Position-Restricted	10,075,093	9,473,106	7,502,504	7,913,264	12,583,976	10,279,119	8,223,996	8,485,744	8,971,642	9,629,813
Net Position-Unrestricted	32,663,681	62,342,259	58,873,974	91,001,717	100,011,613	113,132,863	120,919,467	117,156,140	118,168,885	52,998,188
Total Primary Government Net Position	<u>\$ 235,965,985</u>	<u>\$ 277,299,406</u>	<u>\$ 298,358,667</u>	<u>\$ 309,206,015</u>	<u>\$ 327,929,741</u>	<u>\$ 324,346,419</u>	<u>\$ 327,518,192</u>	<u>\$ 325,445,873</u>	<u>\$ 327,826,878</u>	<u>\$ 264,100,599</u>

(1) Government Accounting Standards Board (GASB) Statement 63 was implemented by the City in fiscal year ended June 30, 2013. Net position was reported as net assets prior to GASB 63 implementation.

(2) Government Accounting Standards Board (GASB) Statement 68 was implemented by the City in fiscal year ended June 30, 2015. As a result Beginning Net Position was restated and reduced Net Position by \$55,501,937.

Source: Lake Havasu City, Arizona's Administrative Services Department.

**LAKE HAVASU CITY, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (As Restated)	2012 (As Restated)	2013 (As Restated)	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 8,659,589	\$ 8,939,846	\$ 11,443,459	\$ 11,587,628	\$ 11,523,143	\$ 9,621,283	\$ 8,476,893	\$ 10,853,502	\$ 12,152,114	\$ 13,730,439
Public Safety	18,067,192	21,061,456	24,929,038	24,101,607	22,048,520	22,372,576	21,686,997	24,589,053	25,670,858	29,639,702
Highways and Streets	6,167,089	8,150,105	7,785,062	7,212,143	5,425,314	5,918,563	6,233,637	6,489,355	6,844,661	7,581,803
Transportation Services	1,888,322	1,841,324	2,236,456	2,081,649	1,820,974	1,461,976	1,879,024	2,084,097	1,602,639	590,799
Tourism and Promotion	1,529,094	1,577,687	1,582,985	1,357,250	1,357,407	1,390,134	1,496,816	1,485,300	1,651,955	1,614,399
Culture and Recreation	4,566,607	5,005,653	5,708,732	5,560,189	4,590,764	4,722,202	4,073,659	1,818,542	1,860,313	2,069,458
Interest on Long-Term Debt	450,892	314,557	192,875	126,647	115,351	108,188	99,411	92,090	85,885	79,518
Total Governmental Activities	41,328,785	46,890,628	53,878,607	52,027,113	46,881,473	45,594,922	43,946,437	47,411,939	49,868,425	55,306,118
Business-type Activities:										
Refuse	437,916	432,118	796,755	788,325	1,081,376	1,085,990	5,410,612	5,368,384	5,267,207	5,376,827
Recreation / Aquatic Center	1,182,535	1,293,160	1,421,768	1,238,856	1,079,224	1,079,984	1,246,005	1,329,378	1,518,700	1,675,056
Irrigation and Drainage	9,852,891	10,545,850	12,082,578	11,865,294	10,220,643	10,523,588	10,044,185	9,845,794	10,173,601	9,961,106
Wastewater	9,426,955	9,824,124	12,244,284	14,776,656	15,205,648	24,963,122	25,793,737	27,266,517	26,965,114	26,687,095
Airport	1,518,477	1,578,872	1,569,121	1,638,496	1,391,318	1,356,632	1,364,933	1,332,327	1,358,396	1,361,177
Total Business-type Activities	22,418,774	23,674,124	28,114,506	30,307,627	28,978,209	39,009,316	43,859,472	45,142,400	45,283,018	45,061,261
Total Primary Government Expenses	<u>\$ 63,747,559</u>	<u>\$ 70,564,752</u>	<u>\$ 81,993,113</u>	<u>\$ 82,334,740</u>	<u>\$ 75,859,682</u>	<u>\$ 84,604,238</u>	<u>\$ 87,805,909</u>	<u>\$ 92,554,339</u>	<u>\$ 95,151,443</u>	<u>\$ 100,367,379</u>
Program Revenues										
Governmental Activities:										
Fines, Fees and Charges for Services:										
General Government	\$ 5,419,483	\$ 4,591,229	\$ 3,803,583	\$ 2,714,374	\$ 2,883,613	\$ 2,697,578	\$ 2,496,454	\$ 3,069,608	\$ 3,274,126	\$ 3,820,613
Public Safety	150,248	131,148	161,717	110,643	138,856	131,855	107,777	534,871	422,645	264,639
Highways and Streets	23,773	105,697	7,880	105,763	26,885	22,861	21,023	189,775	26,621	9,897
Culture and Recreation	635,464	654,523	670,950	535,640	639,748	570,009	565,388	597,730	613,049	717,178
Transportation Services	354,059	171,779	91,617	102,469	103,165	106,000	119,262	106,528	100,508	10,507
Interest	-	16,040	29,091	3,201	7,308	5,765	2,086	-	-	-
Operating Grants and Contributions	6,938,568	8,737,113	9,255,906	7,093,164	7,656,464	7,755,856	6,522,104	6,837,670	6,419,567	6,486,534
Capital Grants and Contributions	643,939	17,022,840	6,215,355	7,088,714	3,672,012	3,264,826	1,525,462	2,930,409	2,263,972	1,501,131
Total Governmental Activities Program Revenues	<u>14,165,534</u>	<u>31,430,369</u>	<u>20,236,099</u>	<u>17,753,968</u>	<u>15,128,051</u>	<u>14,554,750</u>	<u>11,359,556</u>	<u>14,266,591</u>	<u>13,120,488</u>	<u>12,810,499</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activities:										
Charges for Services:										
Refuse	\$ 967,991	\$ 1,042,200	\$ 1,269,783	\$ 1,180,596	\$ 1,193,935	\$ 1,198,732	\$ 5,589,465	\$ 5,725,669	\$ 5,645,063	\$ 5,762,381
Recreation / Aquatic Center	429,222	497,842	433,782	376,044	349,804	332,304	388,600	372,160	373,728	424,825
Irrigation and Drainage	12,322,158	12,690,337	11,590,238	11,000,962	11,299,977	10,970,391	10,792,533	10,490,751	10,586,519	10,320,272
Wastewater	7,333,204	11,071,344	13,331,015	14,514,990	16,836,789	21,241,682	21,865,171	22,047,663	22,408,732	22,529,002
Airport	551,921	557,926	581,215	534,797	1,125,623	521,022	510,311	492,185	490,596	487,182
Operating Grants and Contributions	1,908,002	85,129	1,000	46,076	25,000	86,000	88,717	51,853	112,131	96,035
Capital Grants and Contributions	7,320,449	6,569,117	9,196,982	7,112,526	10,373,301	13,547,954	3,161,306	2,159,379	3,103,082	629,838
Total Business-type Activities Program Revenues	<u>30,832,947</u>	<u>32,513,895</u>	<u>36,404,015</u>	<u>34,765,991</u>	<u>41,204,429</u>	<u>47,898,085</u>	<u>42,396,103</u>	<u>41,339,660</u>	<u>42,719,851</u>	<u>40,249,535</u>
Total Primary Government Program Revenues	<u>\$ 44,998,481</u>	<u>\$ 63,944,264</u>	<u>\$ 56,640,114</u>	<u>\$ 52,519,959</u>	<u>\$ 56,332,480</u>	<u>\$ 62,452,835</u>	<u>\$ 53,755,659</u>	<u>\$ 55,606,251</u>	<u>\$ 55,840,339</u>	<u>\$ 53,060,034</u>
 Net (Expense)/Revenue										
Governmental Activities	\$ (27,163,251)	\$ (15,460,259)	\$ (33,642,508)	\$ (34,273,145)	\$ (31,753,421)	\$ (31,040,172)	\$ (32,586,881)	\$ (33,145,348)	\$ (36,747,937)	\$ (42,495,619)
Business-type Activities	8,414,173	8,839,771	8,289,509	4,458,364	12,226,220	8,888,769	(1,463,369)	(3,802,740)	(2,563,167)	(4,811,726)
Total Primary Government Net Expense	<u>\$ (18,749,078)</u>	<u>\$ (6,620,488)</u>	<u>\$ (25,352,999)</u>	<u>\$ (29,814,781)</u>	<u>\$ (19,527,201)</u>	<u>\$ (22,151,403)</u>	<u>\$ (34,050,250)</u>	<u>\$ (36,948,088)</u>	<u>\$ (39,311,104)</u>	<u>\$ (47,307,345)</u>
 General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales Taxes	\$ 22,880,568	\$ 21,552,577	\$ 18,825,309	\$ 15,366,885	\$ 13,979,108	\$ 14,379,370	\$ 14,400,439	\$ 14,157,677	\$ 15,185,171	\$ 18,442,101
Property Taxes	4,042,201	4,442,505	4,659,276	4,875,880	5,106,364	4,135,595	4,150,569	4,194,203	4,231,510	4,237,577
Franchise Taxes	227,038	746,815	1,733,704	1,921,624	1,687,909	1,722,878	1,684,173	1,705,943	1,795,899	2,300,347
Impact Fees	-	185,562	10,674	97,045	318,232	295,355	-	-	-	-
State Revenue Sharing	4,390,884	6,066,778	7,519,909	7,979,307	6,899,020	5,200,976	4,433,318	5,365,520	5,854,801	6,358,718
State Sales Tax Revenue Sharing	4,520,559	5,078,851	4,910,888	4,251,458	3,921,350	4,081,876	4,104,475	4,299,431	4,572,096	4,800,376
Auto Lieu Tax Revenue Sharing	3,008,101	3,244,184	3,102,207	2,840,324	2,665,669	2,621,452	2,451,516	2,423,003	2,506,953	2,666,247
Investment Earnings (Loss)	1,066,812	1,198,654	1,193,238	467,629	253,403	187,740	(81,420)	400,393	439,967	355,158
Other	71,692	18,705	14,912	12,590	16,124	78,417	119,074	47,499	114,948	58,081
Transfers	(1,721,662)	(1,746,031)	561,289	(3,900,988)	(1,877,395)	(153,685)	1,252,589	1,599,452	3,476,349	1,448,372
Total Governmental Activities	<u>38,486,193</u>	<u>40,788,600</u>	<u>42,531,406</u>	<u>33,911,754</u>	<u>32,969,784</u>	<u>32,549,974</u>	<u>32,514,733</u>	<u>34,193,120</u>	<u>38,177,694</u>	<u>40,666,977</u>
 Business-type activities:										
Property Taxes	2,034,044	2,111,867	2,156,284	2,134,068	3,237,149	4,460,402	5,703,105	5,675,383	5,953,459	5,392,116
Investment Earnings (Loss)	3,438,833	3,757,572	2,285,859	715,319	200,593	266,125	256,774	669,737	1,037,304	772,282
Transfers	1,721,662	1,746,031	(561,289)	3,900,988	1,877,395	153,685	(1,252,589)	(1,599,452)	(3,476,349)	(1,448,372)
Total Business-type Activities	<u>7,194,539</u>	<u>7,615,470</u>	<u>3,880,854</u>	<u>6,750,375</u>	<u>5,315,137</u>	<u>4,880,212</u>	<u>4,707,290</u>	<u>4,745,668</u>	<u>3,514,414</u>	<u>4,716,026</u>
Total Primary Government	<u>\$ 45,680,732</u>	<u>\$ 48,404,070</u>	<u>\$ 46,412,260</u>	<u>\$ 40,662,129</u>	<u>\$ 38,284,921</u>	<u>\$ 37,430,186</u>	<u>\$ 37,222,023</u>	<u>\$ 38,938,788</u>	<u>\$ 41,692,108</u>	<u>\$ 45,383,003</u>
 Change in Net Position										
Governmental Activities	\$ 11,322,942	\$ 25,328,341	\$ 8,888,898	\$ (361,391)	\$ 1,216,364	\$ 1,509,802	\$ (72,148)	\$ 1,047,772	\$ 1,429,757	\$ (1,828,642)
Business-type Activities	15,608,712	16,455,241	12,170,363	11,208,739	17,541,357	13,768,981	3,243,921	942,928	951,248	(95,700)
Total Primary Government	<u>\$ 26,931,654</u>	<u>\$ 41,783,582</u>	<u>\$ 21,059,261</u>	<u>\$ 10,847,348</u>	<u>\$ 18,757,721</u>	<u>\$ 15,278,783</u>	<u>\$ 3,171,773</u>	<u>\$ 1,990,700</u>	<u>\$ 2,381,005</u>	<u>\$ (1,924,342)</u>

LAKE HAVASU CITY, ARIZONA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government	\$ 6,051,764	\$ 5,442,971	\$ 6,070,080	\$ 4,553,454	\$ 4,369,104	\$ 3,726,647	\$ 3,535,789	\$ 3,995,491	\$ 3,932,496	\$ 4,574,380
Public Safety	416,702	1,467,555	667,438	545,061	1,033,934	1,155,283	941,184	1,538,204	1,045,352	902,861
Highways and Streets	6,038,682	22,362,852	10,788,458	10,370,964	7,734,943	6,984,204	5,084,235	7,081,241	6,490,956	6,223,620
Culture and Recreation	647,903	1,057,891	697,866	1,188,244	654,545	693,518	707,343	708,112	668,427	827,472
Transportation Services	1,010,483	1,083,060	1,983,166	1,093,044	1,328,218	1,989,333	1,088,919	943,543	983,257	282,166
Interest on Long-term Debt	-	16,040	29,091	3,201	7,308	5,765	2,086	-	-	-
Subtotal Governmental Activities	14,165,534	31,430,369	20,236,099	17,753,968	15,128,052	14,554,750	11,359,556	14,266,591	13,120,488	12,810,499
Business-type Activities:										
Refuse	967,991	1,064,929	1,269,783	1,180,596	1,193,935	1,198,732	5,589,465	5,725,669	5,645,063	5,762,381
Recreation/Aquatic Center	429,222	497,842	433,782	501,550	349,804	332,304	388,600	372,160	373,728	424,825
Irrigation and Drainage	14,230,160	12,752,737	11,591,238	12,469,059	11,750,407	13,875,204	12,496,186	11,824,048	13,161,156	10,429,386
Wastewater	12,107,493	17,636,027	22,055,956	19,416,038	26,728,765	31,611,051	23,241,431	22,693,769	23,009,681	23,136,248
Airport	3,098,081	562,360	1,053,256	1,198,748	1,181,518	880,794	680,421	724,014	530,223	496,695
Subtotal Business-type Activities	30,832,947	32,513,895	36,404,015	34,765,991	41,204,429	47,898,085	42,396,103	41,339,660	42,719,851	40,249,535
Total Primary Government	<u>\$ 44,998,481</u>	<u>\$ 63,944,264</u>	<u>\$56,640,114</u>	<u>\$52,519,959</u>	<u>\$ 56,332,481</u>	<u>\$ 62,452,835</u>	<u>\$ 53,755,659</u>	<u>\$ 55,606,251</u>	<u>\$ 55,840,339</u>	<u>\$ 53,060,034</u>

LAKE HAVASU CITY, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 221,242	\$ 239,771	\$ 289,716	\$ 245,625	\$ 510,785	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,938,201	22,381,025	15,770,483	10,941,973	12,028,929	-	-	-	-	-
Nonspendable	-	-	-	-	-	461,612	349,232	280,021	285,386	244,483
Restricted	-	-	-	-	-	8,663	16,815	43,053	68,775	79,848
Committed	-	-	-	-	-	1,199,646	533,133	73,885	398,755	95,764
Assigned	-	-	-	-	-	2,708,530	-	1,705,874	2,122,957	1,413,446
Unassigned	-	-	-	-	-	8,616,221	14,476,034	17,920,187	23,222,099	25,280,515
Total General Fund	<u>\$ 2,159,443</u>	<u>\$ 22,620,796</u>	<u>\$ 16,060,199</u>	<u>\$ 11,187,598</u>	<u>\$ 12,539,714</u>	<u>\$ 12,994,672</u>	<u>\$ 15,375,214</u>	<u>\$ 20,023,020</u>	<u>\$ 26,097,972</u>	<u>\$ 27,114,056</u>
All Other Governmental Funds										
Reserved	\$ 866,633	\$ 777,537	\$ 260,745	\$ 161,487	\$ 161,447	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	2,016,653	2,023,123	1,337,693	1,307,293	2,951,892	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	7,312,618	6,883,115	5,904,066	6,444,484	9,470,637	-	-	-	-	-
Total Unreserved	9,329,271	8,906,238	7,241,759	7,751,777	12,422,529	-	-	-	-	-
Nonspendable	-	-	-	-	-	116,394	123,655	126,163	130,823	128,761
Restricted	-	-	-	-	-	10,166,279	8,100,341	8,359,581	8,840,988	9,549,965
Committed	-	-	-	-	-	2,654,787	153,466	1,228,334	277,375	219,487
Assigned	-	-	-	-	-	496,230	3,028,968	2,010,336	2,531,132	2,659,010
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 10,195,904</u>	<u>\$ 9,683,775</u>	<u>\$ 7,502,504</u>	<u>\$ 7,913,264</u>	<u>\$ 12,583,976</u>	<u>\$ 13,433,690</u>	<u>\$ 11,406,430</u>	<u>\$ 11,724,414</u>	<u>\$ 11,780,318</u>	<u>\$ 12,557,223</u>

Notes: Beginning in FY 2011, GASB Statement No. 54 was implemented. See Note 1.D.10. of the Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 27,243,475	\$ 26,745,506	\$ 25,069,101	\$ 22,251,293	\$ 20,752,317	\$ 20,303,864	\$ 20,226,164	\$ 20,058,886	\$ 21,169,738	\$ 25,075,151
Intergovernmental	19,487,017	25,771,964	28,683,671	26,413,424	24,711,004	22,707,886	18,727,568	21,694,328	21,368,041	21,639,174
Fines and Forfeitures	1,373,678	1,501,738	1,491,271	1,369,529	1,486,805	1,368,057	1,309,072	1,344,452	1,405,615	1,343,136
Licenses and Permits	3,925,346	2,913,384	1,961,920	992,742	1,193,690	1,033,320	1,072,635	1,434,927	1,645,593	1,850,142
Charges for Services	1,131,132	970,168	836,573	711,345	931,886	817,168	803,069	1,233,163	1,122,442	991,026
Rents and Royalties	28,006	22,958	27,732	58,785	51,889	46,494	64,824	88,445	89,409	106,506
Contributions and Donations	15,034	11,921	6,910	11,018	6,939	142,715	112,576	117,678	206,306	113,472
Impact Fees	-	185,562	10,674	97,045	318,232	295,355	137,207	-	-	-
Special Assessments	155,733	106,040	124,318	131,602	68,996	66,283	65,357	-	-	-
Investment Earnings (Loss)	910,746	960,145	801,582	325,534	212,547	169,181	(53,402)	346,455	347,167	331,702
Other	124,865	246,128	418,251	436,488	224,576	337,648	119,827	426,502	237,210	602,595
Total Revenues	54,395,032	59,435,514	59,432,003	52,798,805	49,958,881	47,287,971	42,584,897	46,744,836	47,591,521	52,052,904
Expenditures										
General Government	9,096,156	10,184,269	12,752,567	10,778,205	9,320,011	9,511,503	9,806,857	10,971,201	11,552,268	13,842,743
Public Safety	18,909,689	22,896,305	24,966,721	24,280,422	20,448,619	21,230,032	20,867,623	23,587,259	27,492,419	25,466,301
Highways and Streets	5,628,498	6,936,589	6,668,408	5,203,661	3,821,793	4,418,689	4,522,249	4,721,183	5,130,647	5,331,664
Culture and Recreation	4,637,482	5,490,982	6,075,524	5,307,096	4,038,440	3,835,394	3,707,822	1,703,534	1,835,350	1,943,385
Transportation Services	1,775,815	1,865,392	2,951,865	1,919,213	1,605,268	1,847,708	1,649,359	1,570,998	1,427,796	479,373
Tourism and Promotion	1,528,433	1,577,026	1,582,324	1,356,589	1,356,746	1,389,473	1,496,155	1,484,639	1,651,955	1,628,426
Capital Outlay	2,838,789	5,935,886	11,727,752	4,147,830	1,187,425	3,345,613	2,288,782	3,278,455	3,638,147	259,668
Debt Service										
Principal Retirement	3,375,000	3,480,000	3,605,000	240,000	165,000	200,000	200,000	145,000	150,000	160,000
Interest on Long-term Debt	450,892	314,557	192,875	126,647	115,351	108,188	99,411	92,090	85,885	79,518
Total Expenditures	48,240,754	58,681,006	70,523,036	53,359,663	42,058,653	45,886,600	44,638,258	47,554,359	52,964,467	49,191,078
Excess of Revenues over (under) Expenditures	6,154,278	754,508	(11,091,033)	(560,858)	7,900,228	1,401,371	(2,053,361)	(809,523)	(5,372,946)	2,861,826

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses)										
Transfers In	\$ 10,214,298	\$ 8,227,998	\$ 9,977,784	\$ 2,107,983	\$ 2,395,347	\$ 2,210,751	\$ 4,160,552	\$ 6,837,490	\$ 10,589,871	\$ 3,443,746
Transfers Out	(11,935,960)	(10,060,429)	(9,416,495)	(6,008,971)	(4,272,742)	(2,364,436)	(2,907,963)	(2,738,038)	(2,961,494)	(4,512,583)
Issuance of Debt	1,934,849	3,582,747	2,615,000	-	-	56,986	1,154,054	1,675,861	3,875,428	-
Total Other Financing Sources (uses)	213,187	1,750,316	3,176,289	(3,900,988)	(1,877,395)	(96,699)	2,406,643	5,775,313	11,503,805	(1,068,837)
Net Change in Fund Balance	<u>\$ 6,367,465</u>	<u>\$ 2,504,824</u>	<u>\$ (7,914,744)</u>	<u>\$ (4,461,846)</u>	<u>\$ 6,022,833</u>	<u>\$ 1,304,672</u>	<u>\$ 353,282</u>	<u>\$ 4,965,790</u>	<u>\$ 6,130,859</u>	<u>\$ 1,792,989</u>
Debt Service as a Percentage of Noncapital Expenditures	8.4%	7.2%	6.5%	0.8%	0.7%	0.7%	0.7%	0.5%	0.5%	0.5%

Note: Proceeds from sale of capital assets are classified as miscellaneous revenues and are included in the Other revenue total.

**LAKE HAVASU CITY, ARIZONA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Sales Taxes</u>	<u>Property Taxes</u>	<u>Franchise Taxes</u>	<u>Transient Occupancy Tax</u>	<u>Bar and Restaurant Tax</u>	<u>Total</u>
2006	\$ 21,337,895	\$ 4,135,869	\$ 227,038	\$ 699,405	\$ 843,268	\$ 27,243,475
2007	19,945,157	4,446,114	746,815	751,122	856,298	26,745,506
2008	17,305,120	4,510,088	1,733,704	645,782	874,407	25,069,101
2009	14,030,536	4,962,784	1,921,624	574,442	761,907	22,251,293
2010	12,627,628	5,085,300	1,687,909	557,900	793,580	20,752,317
2011	12,992,151	4,201,614	1,722,878	550,922	836,299	20,303,864
2012	12,872,154	4,141,509	1,684,173	637,377	890,951	20,226,164
2013	12,718,932	4,195,266	1,705,943	626,398	812,347	20,058,886
2014	13,796,859	4,188,668	1,795,899	701,073	950,882	21,433,381
2015	16,813,675	4,332,703	2,300,347	674,532	953,894	25,075,151
Change, 2006-2015	(21.2%)	4.8%	913.2%	(3.6%)	13.1%	(8.0%)

Source: Lake Havasu City, Arizona's Administrative Services Department.

LAKE HAVASU CITY, ARIZONA TAXABLE SALES BY CATEGORY LAST TEN FISCAL YEARS

Sales Category	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 (Restated) (2)	2014	2015
Mining	\$ 2,649,142	\$ 1,637,109	\$ 2,238,146	\$ 1,502,091	\$ 957,338	\$ 679,224	\$ 947,593	\$ 1,114,700	\$ 1,112,000	\$ 1,539,450
Communications & Utilities	107,586,616	85,848,353	43,192,822	45,438,961	43,187,392	44,157,693	43,354,901	32,645,950	42,705,200	41,628,700
Transportation & Warehousing	1,297,067	1,719,521	1,370,195	825,406	610,037	476,664	287,021	425,100	660,650	407,250
Construction	210,074,556	203,114,606	174,759,818	104,429,178	59,267,145	69,777,264	60,465,951	69,294,750	81,212,300	81,495,650
Manufacturing	40,484,661	38,529,152	32,292,739	27,051,299	25,263,121	22,203,330	25,536,642	26,772,800	21,970,500	26,450,800
Wholesale Trade	16,112,220	16,468,758	18,348,808	12,097,298	10,438,461	10,563,544	14,791,777	16,101,650	16,867,550	21,172,150
Retail Trade	472,769,867	461,287,506	416,971,743	368,990,071	368,767,470	367,590,435	384,360,559	407,590,250	452,488,100	489,855,200
Finance & Insurance	857,392	1,967,267	2,213,297	1,563,165	1,295,523	868,042	958,820	1,267,800	1,654,700	2,187,300
Real Estate, Rental & Leasing	22,929,529	19,808,226	21,511,506	18,474,750	13,903,727	15,116,990	13,944,336	16,928,100	18,065,200	17,439,600
Restaurant & Bars	107,735,614	109,166,457	66,018,944	53,496,452	55,204,958	57,201,379	59,414,264	62,593,716	68,661,174	75,714,800
Hotels & Other Lodging (1)	23,807,000	24,080,294	26,786,943	27,752,236	28,709,923	26,843,295	28,080,440	26,672,157	24,140,964	32,229,300
Public Administration	308,237	146,659	310,450	493,218	318,627	(185,615)	83,740	(32,000)	30,250	(55,850)
Services	34,582,787	35,897,971	32,340,521	27,984,637	23,674,619	22,870,852	26,771,435	29,469,450	33,204,800	34,146,000
Arts & Entertainment	15,291,189	15,650,494	12,128,912	7,334,109	7,783,062	7,176,416	6,590,677	7,156,600	6,481,000	6,178,200
All Others	30,838,124	27,361,014	18,575,934	12,616,449	11,544,005	16,950,308	16,782,553	13,789,750	15,735,850	19,215,750
Transportation, Communications & Utilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire, Insurance & Real Estate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>\$ 1,087,324,001</u>	<u>\$ 1,042,683,387</u>	<u>\$ 869,060,778</u>	<u>\$ 710,049,320</u>	<u>\$ 650,925,408</u>	<u>\$ 662,289,821</u>	<u>\$ 682,370,709</u>	<u>\$ 711,790,773</u>	<u>\$ 784,990,238</u>	<u>\$ 849,604,300</u>
City Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

(1) In fiscal year 2011-12 the Arizona Department of Revenue took over collections of Transient Occupancy Tax. This was previously collected in-house by Lake Havasu City and is not reflected in fiscal years 2003-2011.

(2) The activity for FY 2012/2013 was restated due to the 3% collections for Transient Occupancy Tax initiated and processed by the Arizona Department of Revenue were corrected.

Source: Arizona Department of Revenue

**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
RATES AS OF JUNE 30, 2015**

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>City Restaurant and Bar Tax</u>	<u>(2) City Transient Occupancy Tax</u>	<u>(1) Mohave County</u>	<u>(1) State of Arizona</u>
2006	2.00	1.00	3.00	0.25	5.60
2007	2.00	1.00	3.00	0.25	5.60
2008	2.00	1.00	3.00	0.25	5.60
2009	2.00	1.00	3.00	0.25	5.60
2010	2.00	1.00	3.00	0.25	6.60
2011	2.00	1.00	3.00	0.25	6.60
2012	2.00	1.00	3.00	0.25	6.60
2013	2.00	1.00	3.00	0.25	5.60
2014	2.00	1.00	3.00	0.25	5.60
2015	2.00	1.00	3.00	0.25	5.60

(1) For most Business Classifications. Shown here is the retail rate.

Due to an absence of change in law, the temporary sales tax increase of 1% ended effective May 31, 2013.

(2) The State of Arizona began collecting the Transient Occupancy Tax on February 1, 2012.

Source: Arizona Department of Revenue (www.azdor.gov) and Arizona Secretary of State (www.azsos.gov)

LAKE HAVASU CITY, ARIZONA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Total		Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
	Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value		
2006	P \$ 469,199,441	\$ 4,501,675,755	\$ 12,485,845	\$ 63,701,806	\$ 481,685,286	\$ 4,565,377,561	0.7958	10.55
	S 572,701,653	6,001,328,492	12,485,845	63,701,806	585,187,498	6,065,030,298	-	plus \$ 100.74 per acre
2007	P 554,952,080	4,489,089,206	15,071,124	72,940,245	570,023,204	4,562,029,451	0.7310	12.49
	S 735,930,709	5,989,310,731	15,071,124	72,940,245	751,001,833	6,062,250,976	-	plus \$ 100.74 per acre
2008	P 658,147,759	5,340,068,133	11,375,884	57,452,096	669,523,643	5,397,520,229	0.6704	12.40
	S 918,338,959	7,419,032,491	11,375,884	57,452,096	929,714,843	7,476,484,587	-	plus \$ 100.74 per acre
2009	P 760,861,319	6,233,527,611	16,515,213	86,520,314	777,376,532	6,320,047,925	0.6038	12.30
	S 1,021,911,138	8,397,863,760	16,515,213	86,520,314	1,038,426,351	8,484,384,074	-	plus \$ 100.74 per acre
2010	P 825,515,085	6,795,625,244	16,137,850	85,087,121	841,652,935	6,880,712,365	0.5834	12.23
	S 911,190,948	7,429,703,446	16,137,850	85,087,121	927,328,798	7,514,790,567	-	plus \$ 156.78 per acre
2011	P 687,352,145	5,655,648,551	14,778,091	80,768,628	702,130,236	5,736,417,179	0.5834	12.24
	S 697,590,433	5,725,231,881	14,778,091	80,768,628	712,368,524	5,806,000,509	-	plus \$ 212.75 per acre
2012	P 553,723,386	4,632,576,319	10,215,877	58,066,238	563,939,263	4,690,642,557	0.7264	12.02
	S 557,526,241	4,660,114,966	10,215,877	58,066,238	567,742,118	4,718,181,204	-	plus \$ 268.85 per acre
2013	P 549,921,360	4,642,019,040	13,932,103	79,171,973	563,853,463	4,721,191,013	0.7332	11.94
	S 559,962,410	4,720,897,913	13,932,103	79,171,973	573,894,513	4,800,069,886	-	plus \$ 268.85 per acre
2014	P 552,871,353	4,686,326,717	13,209,135	77,033,222	566,080,488	4,763,359,939	0.7381	11.88
	S 561,609,279	4,754,265,718	13,209,135	77,033,222	574,818,414	4,831,298,940	-	plus \$ 268.85 per acre
2015	P 558,881,781	4,801,310,125	12,490,419	74,105,983	571,372,200	4,875,416,108	0.7408	11.72
	S 565,654,277	4,853,951,631	12,490,419	74,105,983	578,144,696	4,928,057,614	-	plus \$ 268.85 per acre

**LAKE HAVASU CITY, ARIZONA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

		City Direct Rate			Special Districts						Overlapping Rates				
Fiscal Year		Operating Rate	Debt Service Rate	Total City Rate	Irrigation Drainage District	Sanitary District	Improvement District #1	Improvement District #2	Improvement District #3	Improvement District #4	Improvement District #5	Total County Rate	Total School Rate	Total State Rate	Rate Total
2006	P	0.7958	-	0.7958	-	-	-	-	-	-	-	2.6904	3.4288	0.4358	7.3508
	S	-	-	-	\$ 100.74/acre	-	0.4595	1.0855	1.9907	0.3536	-	1.0103	1.2740	-	6.1736 plus \$ 100.74/acre
2007	P	0.7310	-	0.7310	-	-	-	-	-	-	-	2.5759	3.3079	-	6.6148
	S	-	-	-	\$ 100.74/acre	-	0.5360	1.1091	1.9907	0.3538	-	1.0103	0.8625	-	5.8624 plus \$ 100.74/acre
2008	P	0.6704	-	0.6704	-	-	-	-	-	-	-	2.3519	3.0141	-	6.0364
	S	-	-	-	\$ 100.74/acre	-	0.3216	0.4672	-	0.2788	-	1.0103	0.8567	-	2.9346 plus \$ 100.74/acre
2009	P	0.6038	-	0.6038	-	-	-	-	-	-	-	1.3309	2.8005	-	4.7352
	S	-	-	-	\$ 100.74/acre	-	0.3113	0.5425	-	0.2840	-	1.0103	0.7547	-	2.9028 plus \$ 100.74/acre
2010	P	0.5834	-	0.5834	-	-	-	-	-	-	-	1.2637	2.7367	0.3306	4.9144
	S	-	-	-	\$ 156.78/acre	-	0.4769	0.4661	-	0.3153	-	1.0103	0.8410	-	3.1096 plus \$ 156.78/acre
2011	P	0.5834	-	0.5834	-	-	-	-	-	-	-	1.4637	2.7462	0.3564	5.1497
	S	-	-	-	\$ 212.75/acre	-	-	0.2719	-	0.4925	-	1.0103	0.8978	-	2.6725 plus \$ 212.75/acre
2012	P	0.7264	-	0.7264	-	-	-	-	-	-	-	1.8196	3.3785	0.4259	6.3504
	S	-	-	-	\$ 268.85/acre	-	-	0.1905	-	0.6095	-	1.0103	0.9888	-	2.7991 plus \$ 268.85/acre
2013	P	0.7332	-	0.7332	-	-	-	-	-	-	-	1.8196	3.2644	0.4717	6.2889
	S	-	-	-	\$ 268.85/acre	-	-	0.1942	-	0.5872	-	1.0103	0.7828	-	2.5745 plus \$ 268.85/acre
2014	P	0.7381	-	0.7381	-	-	-	-	-	-	-	1.8196	3.1962	0.5123	6.2662
	S	-	-	-	\$ 268.85/acre	-	-	0.4059	-	0.6458	-	1.0103	0.7828	-	2.8448 plus \$ 268.85/acre
2015	P	0.7408	-	0.7408	-	-	-	-	-	-	-	1.8196	4.1683	0.5089	7.9784
	S	-	-	-	\$268.85/acre	-	-	0.6014	-	0.6762	-	0.9936	0.7297	-	3.0009 plus \$268.85/acre

**LAKE HAVASU CITY, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Unisource Energy Corporation	\$ 10,064,490	1	1.76%	\$ 8,212,498	2	1.70%
PHC Lake Havasu Inc	5,039,372	2	0.88%	9,194,016	1	1.91%
Citizens Utilities Inc	3,028,142	3	0.53%	4,300,792	3	0.89%
SFT Havasu LLC Etal	3,416,006	4	0.60%			
Walmart Stores Inc	1,774,566	5	0.31%	1,503,854	8	0.31%
London Bridge Resort	1,520,680	6	0.27%	2,009,951	5	0.42%
Anderson Family LLC	1,465,103	7	0.26%			
Sterilite Corporation	1,462,304	8	0.26%	2,303,118	4	0.48%
Lowes HIW Inc	1,354,143	9	0.24%			
Island Development Group LLC	1,292,000	10	0.23%			
Grace Investment Co				1,874,177	6	0.39%
Lake Havasu City Hotel Partners LLC				1,663,296	7	0.35%
Havasu Mart Long Heine LLC (1)				1,352,836	9	0.28%
Palo Verde Investments LLC				1,254,069	10	0.26%
TOTALS	<u>\$ 30,416,806</u>		5.34%	<u>\$ 33,668,607</u>		6.99%
Net Assessed Value	\$ 571,372,200			\$ 481,685,286		

(1) Formerly named Havasu Plaza (Kmart) in 1997

NOTE: 2005 principal property taxpayers data not available, 2006 earliest information available.

Source: Abstract for the County of Mohave

**LAKE HAVASU CITY, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 3,836,086	\$ 3,750,741	97.78	\$ 84,673	\$ 3,835,414	99.98
2007	4,152,633	4,031,318	97.08	121,295	4,152,613	100.00
2008	4,505,493	4,302,624	95.50	202,780	4,505,404	100.00
2009	4,674,836	4,510,022	96.47	164,749	4,674,771	100.00
2010	4,885,663	4,701,200	96.22	184,330	4,885,530	100.00
2011	4,078,121	3,952,993	96.93	124,485	4,077,477	99.98
2012	4,080,039	3,965,111	97.18	114,219	4,079,330	99.98
2013	4,126,230	4,011,502	97.22	114,077	4,125,579	99.98
2014	4,153,208	4,032,532	97.09	116,389	4,148,921	99.90
2015	4,228,687	4,135,746	97.80	-	4,135,746	97.80

(1) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IRRIGATION AND DRAINAGE DISTRICT (1)
PROPERTY TAX LEVIES AND COLLECTIONS (2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 2,029,901	\$ 2,009,295	98.98	\$ 20,183	\$ 2,029,478	99.98
2007	2,071,502	2,027,101	97.86	42,487	2,069,588	99.91
2008	2,091,005	1,993,102	95.32	97,709	2,090,811	99.99
2009	2,092,838	2,037,986	97.38	54,589	2,092,575	99.99
2010	3,259,052	3,167,426	97.19	89,823	3,257,249	99.94
2011	4,423,441	4,330,276	97.89	89,016	4,419,292	99.91
2012	5,589,949	5,408,979	96.76	175,453	5,584,432	99.90
2013	5,582,326	5,409,765	96.91	168,394	5,578,159	99.93
2014	5,650,203	5,442,107	96.32	200,111	5,642,218	99.86
2015	5,666,100	5,517,668	97.38	-	5,517,668	97.38

(1) Lake Havasu Irrigation and Drainage District was organized on September 30, 1963. The District was to be dissolved in fiscal year 2004 upon the retirement of all outstanding obligations of the District. However, on February 1, 1993, \$4,120,000 in general obligation refunding bonds were issued. The District will be dissolved in fiscal year 2022 upon the retirement of this general obligation debt.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 1 - SPECIAL ASSESSMENT (1)
PROPERTY TAX LEVIES AND COLLECTIONS (2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 102,660	\$ 100,719	98.11	\$ 1,941	\$ 102,660	100.00
2007	149,059	145,447	97.58	3,612	149,059	100.00
2008	109,984	105,526	95.95	4,458	109,984	100.00
2009	109,338	107,041	97.90	2,297	109,338	100.00
2010	149,612	145,722	97.40	3,890	149,612	100.00
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 1 operates the gas lights in the golf course area tracts. This Improvement District was dissolved on April 13, 2010.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 2 - SPECIAL ASSESSMENT (1)
PROPERTY TAX LEVIES AND COLLECTIONS (2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 22,993	\$ 20,939	91.07	\$ 2,054	\$ 22,993	100.00
2007	36,939	33,293	90.13	3,646	36,939	100.00
2008	18,035	16,472	91.33	1,563	18,035	100.00
2009	16,710	14,902	89.18	1,808	16,710	100.00
2010	15,006	14,057	93.67	949	15,006	100.00
2011	8,066	7,275	90.19	791	8,066	100.00
2012	3,826	3,647	95.33	179	3,826	100.00
2013	3,966	3,589	90.49	377	3,966	100.00
2014	8,000	7,419	92.74	581	8,000	100.00
2015	10,771	10,035	93.16	-	10,035	93.16

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 2 maintains and operates the parking lot, utilities, landscaping and related capital improvements in the London Bridge Shopping Center.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 3 - SPECIAL ASSESSMENT (1)
PROPERTY TAX LEVIES AND COLLECTIONS (2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 23,455	\$ 22,771	97.08	\$ 684	\$ 23,455	100.00
2007	27,935	26,511	94.90	1,424	27,935	100.00
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 3 was established for the purpose of maintaining and operating the gas lights and landscape strips in the Lakeview Mobile Home Park. This improvement District was dissolved on January 8, 2008.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 4 - SPECIAL ASSESSMENT (1)
PROPERTY TAX LEVIES AND COLLECTIONS (2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 61,716	\$ 61,420	99.52	\$ 296	\$ 61,716	100.00
2007	64,323	63,878	99.31	445	64,323	100.00
2008	55,294	53,644	97.02	1,650	55,294	100.00
2009	55,600	55,053	99.02	547	55,600	100.00
2010	54,981	54,003	98.22	959	54,962	99.97
2011	68,435	67,831	99.12	604	68,435	100.00
2012	68,649	68,007	99.06	642	68,649	100.00
2013	68,267	65,770	96.34	2,497	68,267	100.00
2014	74,937	73,649	98.28	1,288	74,937	100.00
2015	71,350	69,229	97.03	-	69,229	97.03

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 4 maintains the gas lights on Civic Center Boulevard and median landscaping on McCulloch Boulevard from Smoketree to Lake Havasu Avenue.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Special Assessment Bonds	Revenue Bonds	Capital Leases	Sewer Bonds	Irrigation and Drainage District	General Obligation Bonds	Capital Leases			
2006	\$ 610,000	\$ 6,900,000	\$ 3,768,074	\$ 139,685,545 (1)	-	\$ 195,000	\$ 1,286,112	\$ 152,444,731	13.57%	\$ 2,853
2007	520,000	3,510,000	6,032,598	169,865,746 (1)	1,103,163	175,000	1,995,812	183,202,319	15.68	3,355
2008	425,000	2,615,000	4,485,455	218,411,503 (1)	3,462,247	155,000	1,669,632	231,223,837	19.36	4,184
2009	185,000	2,615,000	3,009,616	243,266,488 (1)	4,582,821	145,000	1,236,248	255,040,173	17.55	4,601
2010	125,000	2,510,000	1,951,828	276,829,369 (1)	5,253,043	135,000	812,444	287,616,684	24.11	5,182
2011	60,000	2,375,000	1,181,330	306,508,389 (1)	5,074,148	125,000	422,469	315,746,336	22.65	6,011
2012	-	2,235,000	1,610,207	306,394,210 (1)	4,728,052	115,000	1,432,240	316,514,709	23.94	6,040
2013	-	2,090,000	2,786,873	296,762,325 (1)	4,496,819	105,000	1,795,066	308,036,083	21.15	5,843
2014	-	1,940,000	5,931,270	288,268,940 (1)	4,131,389	95,000	1,683,448	302,050,047	21.26	5,709
2015	-	1,780,000	5,064,524	276,299,222 (1)	5,436,978	80,000	1,581,455	290,242,179	N/A	5,456

(1) Net of related premium

(2) Unable to calculate Percentage of Personal Income without Per Capita Income, which is unavailable for 2015.

Note: Balances reflect reduction for principal payment made on July 1, 2015.

**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2015**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt			
Lake Havasu City Direct Debt	\$ 5,951,192	100.00%	\$ 5,951,192
Lake Havasu City, Arizona Direct Debt			<u>5,951,192</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,951,192</u></u>

- (1) Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Havasu City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

LAKE HAVASU CITY, ARIZONA LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>20% Limitation (1)</u>										
Debt Limit	\$ 117,037,500	\$ 150,200,367	\$ 185,942,969	\$ 207,685,270	\$ 185,465,760	\$ 142,473,705	\$ 113,548,424	\$ 114,778,903	\$ 114,963,683	\$ 115,628,939
Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt)	94,688,680	141,365,953	140,113,909	182,493,498	155,003,212	146,343,638	140,427,574	136,101,397	126,686,249	120,719,896
Legal Debt Margin (Available Borrowing Capacity)	\$ 22,348,820	\$ 8,834,414	\$ 45,829,060	\$ 25,191,772	\$ 30,462,548	\$ (3,869,933)	\$ (26,879,150)	\$ (21,322,494)	\$ (11,722,566)	\$ (5,090,957)
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	80.90%	94.12%	75.35%	87.87%	83.58%	102.72%	123.67%	118.58%	110.20%	104.40%
<u>6% Limitation (2)</u>										
Debt Limit	\$ 35,111,250	\$ 45,060,110	\$ 55,782,891	\$ 62,305,581	\$ 55,639,728	\$ 42,742,111	\$ 34,064,527	\$ 34,433,671	\$ 34,489,105	\$ 34,688,682
Total Net Debt Applicable to 6% Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (Available Borrowing Capacity)	\$ 35,111,250	\$ 45,060,110	\$ 55,782,891	\$ 62,305,581	\$ 55,639,728	\$ 42,742,111	\$ 34,064,527	\$ 34,433,671	\$ 34,489,105	\$ 34,688,682
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-	-	-	-	-	-	-

(1) Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for supplying such services as water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interest therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency service facilities and streets and transportation facilities.

(2) The Arizona Constitution states that for general municipal purposes a municipality cannot incur a debt exceeding 6% of the assessed valuation of taxable property.

**LAKE HAVASU CITY, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2015**

Net secondary assessed valuation (1)	<u>\$ 578,144,696</u>
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Water, Sewer, Light, Parks, Open Space Preserves, Playgrounds,
Recreational Facilities, Public Safety, Law Enforcement, Fire and
Emergency Facilities, and Streets and Transportation Facilities

Debt limit - 20% of secondary net assessed valuation	\$ 115,628,939
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Debt applicable to limit

General Obligation bonds outstanding	\$ 149,426,858
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Less amount set aside for repayment of debt	<u>(28,706,962)</u>
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Net debt applicable to limit	<u>120,719,896</u>
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20% legal debt margin	<u>(5,090,957)</u>
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All other general obligation bonds

Debt Limit - 6% of secondary net assessed valuation	34,688,682
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Debt applicable to limit

General Obligation bonds outstanding	\$ -
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Less amount set aside for repayment of debt	<u>-</u>
---	----------

Net debt applicable to limit	<u>-</u>
------------------------------	----------

All other general obligation bonds debt margin	<u>34,688,682</u>
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Total legal debt margin	<u>\$ 29,597,725</u>
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(1) Source: Mohave County Assessor's Office.

**LAKE HAVASU CITY, ARIZONA
PLEDGED-REVENUE COVERAGE
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

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Fiscal Year	Excise Tax (1)	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections (2)	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 36,991,755	\$ 3,290,000	\$ 414,500	9.99	\$ 155,733	\$ 85,000	\$ 33,441	1.31
2007	37,021,321	3,390,000	282,900	10.08	106,040	90,000	28,956	0.89
2008	34,612,756	3,510,000	143,910	9.47	124,319	95,000	24,216	1.04
2009	29,875,827	-	110,005	271.59	131,602	240,000	15,631	0.51
2010	27,395,795	105,000	106,675	129.42	68,996	60,000	7,944	1.02
2011	25,979,260	135,000	102,700	109.29	66,283	65,000	4,741	0.95
2012	25,248,684	140,000	97,229	106.43	65,357	60,000	1,538	1.06
2013	26,526,205	145,000	91,446	112.19	-	-	-	-
2014	27,854,065	150,000	85,463	118.30	-	-	-	-
2015	32,724,861	160,000	79,096	136.87	-	-	-	-

(1) Excise Tax revenues are pledged for the Excise Tax Bonds.

(2) D7 Special Assessment Bonds were retired in Fiscal Year 2011-12.

LAKE HAVASU CITY, ARIZONA PLEDGED-REVENUE COVERAGE ENTERPRISE FUNDS LAST TEN FISCAL YEARS

Fiscal Year	Sewer Revenue Bonds												
	(1) Operating Revenue	(2) Plus: Rate Stabilization	Less: Operating Expenses	Net Available Revenue for SR Debt	Senior Debt Principal	Senior Debt Interest	Total Senior Debt Service	(2) Senior Debt Coverage	Net Available Revenue for Junior Debt	Junior Debt Principal	Junior Debt Interest	Total Junior Debt Service	(2) Junior Debt Coverage
2006	\$ 15,055,202	\$ -	\$ 4,323,846	\$ 10,731,356	\$ 357,774	\$ 687,803	\$ 1,045,577	10.26	\$ 9,685,779	\$ 357,774	\$ 3,743,753	\$ 4,101,527	2.36
2007	20,593,753	-	4,028,938	16,564,815	1,293,449	1,034,328	2,327,777	7.12	14,237,038	4,429,119	4,209,600	8,638,719	1.65
2008	23,703,017	5,000,000	6,955,929	21,747,088	1,334,925	1,292,596	2,627,521	8.28	19,119,567	6,205,823	5,016,735	11,222,558	1.70
2009	19,916,120	5,000,000	7,272,649	17,643,471	1,887,732	2,384,482	4,272,214	4.13	13,371,257	8,277,899	5,346,758	13,624,657	0.98
2010	26,810,286	5,000,000	6,710,135	25,100,151	5,083,762	2,683,741	7,767,503	3.23	17,332,648	2,285,358	5,993,530	8,278,888	2.09
2011	31,765,529	6,500,000	7,409,668	30,855,861	3,244,183	3,557,825	6,802,008	4.54	24,053,853	3,308,953	6,210,561	9,519,514	2.53
2012	23,380,304	6,500,000	6,303,028	23,577,276	5,249,416	4,226,331	9,475,747	2.49	14,101,529	3,120,546	6,117,489	9,238,035	1.53
2013	23,072,178	6,500,000	6,705,193	22,866,985	5,404,372	4,220,890	9,625,262	2.38	13,241,723	4,566,798	5,980,474	10,547,272	1.26
2014	23,635,466	6,500,000	7,134,366	23,001,100	5,572,168	4,839,966	10,412,134	2.21	12,588,966	4,694,038	5,839,593	10,533,631	1.20
2015	23,722,951	6,500,000	7,034,913	23,188,038	5,046,707	3,957,947	9,004,654	2.58	14,183,384	4,922,593	5,691,546	10,614,139	1.34

Water Revenue Bonds						
	(1)	Less:				
	Operating Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 12,594,163	\$ 8,257,603	\$ 4,336,560	\$ 20,000	\$ 12,500	133.43
2007	12,876,316	8,597,673	4,278,643	20,000	11,200	137.14
2008	11,841,750	10,025,454	1,816,296	20,000	61,578	22.26
2009	10,917,741	9,632,388	1,285,353	211,475	130,486	3.76
2010	11,081,387	7,890,122	3,191,265	218,535	169,680	8.22
2011	10,898,753	8,080,253	2,818,500	225,842	185,363	6.85
2012	12,158,839	7,558,432	4,600,407	356,095	177,258	8.63
2013	11,797,191	7,503,781	4,293,410	357,328	161,868	8.27
2014	13,193,838	7,833,935	5,359,903	368,929	153,481	10.26
2015	10,585,562	7,488,995	3,096,567	380,912	168,371	5.64

(1) Includes investment income and contributed capital.

(2) In May 2007 City Council approved Resolution No. 07-2160 pledging a rate stabilization fund in the amount of \$5 million for debt coverage to ensure loan covenant requirements are met. In December 2010 Council approved Resolution No. 10-2505 increasing the rate stabilization fund by \$1.5 million for a total rate stabilization fund of \$6.5 million for additional pledged coverage.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Bond covenants may include revenue for purposes of debt service coverage.

**LAKE HAVASU CITY, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(5) Personal Income</u>	<u>(2) Per Capita Personal Income</u>	<u>(2) Median Age</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2006	\$ 53,435	\$ 1,123,471,000	\$ 21,025	48.3	6,453	4.3
2007	54,610	1,168,053,000	21,389	47.9	6,463	4.3
2008	55,263	1,194,068,000	21,607	48.0	6,227	6.6
2009	55,429	1,453,293,000	26,219	47.7	6,175	9.8
2010	55,502	1,192,960,000	21,494	47.8	6,163	8.1
2011	52,527	1,394,014,000	26,539	51.4	5,833	8.3
2012	52,406	1,321,889,000	25,224	50.2	5,677	10.3
2013	52,720	1,456,548,000	27,628	50.7	5,622	10.7
2014	52,908	1,420,686,000	26,852	51.0	5,561	9.4
2015	53,193	N/A	N/A	51.4	5,559	7.6

(1) Fiscal year 2011 from the U.S. Census.

All other years from the Arizona Economic Estimates Commission and the Arizona Office of Employment and Population Statistics www.azstats.gov

(2) Demographics Now estimates used until 2014. Per Capita Personal Income unavailable for 2015. Began using report from Mohave County Economic Development in 2015 for Median Age.

(3) Lake Havasu Unified School District No. 1

(4) Fiscal year 2012 to present Arizona Department of Administration, Office of Employment & Population Statistics
All other years from Arizona Workforce Informer.

(5) Unable to calculate Personal Income without Per Capita Income, which is unavailable for 2015.

LAKE HAVASU CITY, ARIZONA PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Havasu Regional Medical Center	700	1	3.08%	695	1	2.85%
Lake Havasu School District	645	2	2.84%	671	2	2.75%
Lake Havasu City	642	3	2.83%	530	3	2.17%
Sterilite Corporation	406	4	1.79%	425	4	1.74%
Walmart	367	5	1.62%	259	6	1.06%
Shugrue's Restaurants	325	6	1.43%	250	7	1.03%
London Bridge Resort	250	7	1.10%	315	5	1.29%
Bashas' (2 locations)	200	8	0.88%			
Anderson Auto Group	170	9	0.75%			
River Medical	160	10	0.70%			
Mohave Community College				183	9	0.75%
Mission of Nevada, Inc.				200	8	0.82%
Bradley Chevrolet & Ford				160	10	0.66%
New Horizons Center				160	10	0.66%
TOTAL	<u>3,865</u>		<u>17.02%</u>	<u>3,848</u>		<u>15.78%</u>

Total Employees in Lake Havasu City

22,718 (1)

24,375 (2)

(1) Arizona Department of Administration-Office of Employment and Population Statistics www.azstats.gov.

(2) Arizona Workforce Informer.

Note: 2005 principal employers data not available for comparison, 2006 earliest information available.

Source: Lake Havasu Partnership for Economic Development.

**LAKE HAVASU CITY, ARIZONA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Authorized Positions as of Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	77.0	81.0	83.0	83.0	70.0	62.0	59.0	67.0	71.0	71.0
Community Development	30.0	29.0	29.0	29.0	25.0	22.0	21.0	19.0	13.0	16.0
Public Safety										
Police	108.0	123.0	127.0	127.0	123.0	123.0	116.0	117.0	121.0	121.0
Fire	80.0	95.0	95.0	95.0	85.0	93.0	86.0	85.0	85.0	85.0
Operations										
Administration/Engineering (3)	22.0	22.0	26.0	26.0	22.0	17.0	18.0	19.0	4.0	3.0
Airport	5.0	5.0	5.0	5.0	5.0	5.0	5.0	2.0	2.0	2.0
Maintenance Services (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54.0	54.0
Transportation	19.0	19.0	19.0	19.0	15.0	15.0	14.0	12.0	11.0	N/A
Street Maintenance	32.0	32.0	32.0	32.0	29.5	31.0	30.0	25.0	N/A	N/A
Buildings and Grounds (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28.0	N/A	N/A
Vehicle Maintenance	12.0	12.0	12.0	12.0	8.5	8.0	9.0	7.0	8.0	9.0
Wastewater	21.5	25.5	25.5	26.0	26.0	26.0	26.0	24.0	28.0	29.0
Water	41.5	42.5	40.5	40.0	39.0	43.0	42.0	38.0	39.0	39.0
Culture and Recreation (1)	41.0	44.0	45.0	45.0	39.0	39.0	34.0	6.0	9.0	9.0
Total	<u>489.0</u>	<u>530.0</u>	<u>539.0</u>	<u>539.0</u>	<u>487.0</u>	<u>484.0</u>	<u>460.0</u>	<u>449.0</u>	<u>445.0</u>	<u>438.0</u>

(1) Parks Division moved from Culture and Recreation to Operations-Building and Grounds

(2) Street Maintenance and Buildings and Grounds moved to Operations-Maintenance Services

(3) Operations- Engineering moved to Maintenance Services, Water and Wastewater

Source: Lake Havasu City, Arizona's Administrative Services.

LAKE HAVASU CITY, ARIZONA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Police</u>										
Number of Sworn Officers	95	96	96	92	91	91	83	83	77	83
Number of Incidents Handled	60,440	59,951	76,759	77,014	67,189	64,024	58,652	60,940	54,843	53,897
Number of Report Numbers Issued	10,316	9,612	8,740	8,637	7,441	8,242	7,001	7,788	7,126	7,100
Response Time, Priority 1 Calls (Minutes)	6:10	5:54	5:26	5:17	5:32	5:51	5:56	6:23	6:39	7:02
<u>Fire</u>										
Number of Field Suppression Personnel	60	72	78	72	69	85	72	75	76	75
Number of Structural Fires	68	43	53	41	36	35	37	57	35	25
Number of Emergency Responses	6,234	6,113	6,457	6,996	7,311	7,487	7,542	8,358	7,811	8,154
Response Time (Minutes)	5:16	5:14	5:34	5:26	5:24	5:25	5:27	5:29	6:16	6:06
Inspections	4,224	4,496	4,924	5,443	4,418	4,055	3,102	1,880	1,280	2,751
<u>Highways and streets</u>										
Street Resurfacing (Miles)	23.00	51.50	31.50	11.50	5.00	11.00	15.00	37.00	96.00	40.00
Utility Patches	699	645	494	468	269	219	380	224	211	174
Skin Patches	526	187	270	178	98	39	211	52	35	97
Crackfilling (Miles)	41.05	30.00	35.50	18.00	13.00	26.20	40.50	15.00	63.00	27.00
<u>Wastewater</u>										
Total Active Sewer Connections (1)	8,874	11,983	14,901	16,759	20,192	24,750	25,673	25,826	26,129	26,351
Average Daily Flowage (mg)	2.33	2.50	3.08	3.03	3.38	3.64	3.69	3.60	3.71	3.73
<u>Municipal Parks</u>										
Park Uses	3,849	3,025	3,969	3,684	2,587	2,410	2,311	2,418	3,238	3238
<u>Water</u>										
Miles of Line	500	500	500	500	500	500	500	500	500	500
New Connections	889	308	388	216	245	127	130	230	277	298
Main Breaks	49	47	52	57	60	44	55	71	69	51
Service Line Leaks	915	723	612	510	366	280	225	239	205	194
Average Daily Consumption (Gallons) per Capita	240	230	250	250	250	199	199	199	183	182
<u>Airport</u>										
Based Aircraft	243	240	234	180	180	159	153	138	120	110
Operations	53,892	55,844	51,900	60,000	60,000	60,000	60,000	55,000	40,000	40,000
Fuel Flowage	314,501	502,137	536,175	627,628	704,175	659,121	522,144	447,599	302,690	491,262
<u>Transit</u>										
Total Ridership (2)	137,658	82,803	82,955	115,070	122,500	123,999	114,548	110,414	87,884	8,348
Miles Driven	571,279	448,267	412,270	443,900	438,003	404,497	347,841	342,391	257,190	41,932
<u>General</u>										
Building Permits Issued	2,916	2,124	1,485	894	908	871	895	1,573	1,907	2,210
Building Inspections Conducted	26,658	19,513	15,687	10,849	7,486	5,812	5,432	7,605	9,574	11,078
Land Use Actions	405	333	370	229	210	202	75	65	102	206

- (1) "Total Active Sewer Connections" previously included water connections and average annual connections. These figures are now amended from 2006-2014 to only show active sewer connection as of June 30th.
 (2) "Total Ridership" decreased significantly in 2015 due to discontinued fix route bus service and transition to Havasu Mobility services (door-to-door) as an alternative.

Source: Lake Havasu City, Arizona departments.

**LAKE HAVASU CITY, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Public Safety</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Cars	32	38	34	37	37	37	40	34	42	44
Boats	4	4	4	4	4	5	3	3	3	3
Quads/UTV	6	6	6	7	7	5	5	5	5	5
Fire:										
Stations	6	6	6	6	6	6	6	6	6	6
Apparatus										
Fire Trucks	11	12	10	11	11	11	11	11	16	11
Vehicles	22	21	21	27	24	23	23	23	23	25
Boats	1	2	2	1	1	1	1	1	1	1
<u>Highways and Streets</u>										
Streets (Miles)	425.0	426.0	428.0	428.0	428.0	435.0	435.0	435.0	435.0	435.0
Streetlights	84	84	84	84	84	84	84	84	84	84
Traffic Signals	12	12	12	12	12	13	13	13	13	13
<u>Culture and Recreation</u>										
Parks Acreage	85.0	108.7	123.7	125.0	125.0	125.0	125.0	125.0	130.0	130.0
Parks Acreage - Sara Park	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082
Parks	10	14	15	15	15	15	15	15	15	15
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water Launching Facility	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
<u>Water</u>										
Water Mains (Miles)	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Total Active Water Meters (1)	28,424	28,889	28,913	28,864	29,300	29,329	29,508	29,737	30,072	30,358
Fire Hydrants	2,645	2,684	2,684	2,695	2,708	2,708	2,708	2,676	2,676	2,676
Available Acre Feet	25,180	25,180	25,180	27,319	21,271	28,318	28,318	28,318	28,318	28,582
<u>Sewer</u>										
Sanitary Sewers (Miles)	175.3	203.4	237.8	267.0	292.4	352.9	352.9	352.9	352.9	352.9
<u>Transportation</u>										
Transit Buses (2)	19	15	16	18	19	19	23	21	17	5
<u>Airport</u>										
Enclosed Hangars	78	78	101	78	78	78	78	78	78	78
Shade Ports	27	27	25	16	16	16	16	16	16	16

(1) Figures for "Total Active Water Meters" were previously estimated. Figures from 2006 to 2014 were amended to show true total active water meters as of June 30 of the respective year.

(2) Total number of transit buses decreased significantly in 2015 due to transition from traditional bus services to Havasu Mobility services.

Source: Lake Havasu City, Arizona departments.

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS
JUNE 30, 2015**

Date of Incorporation	October 2, 1978
Form of Government	Council-Manager
Area	46 square miles
Education	
Number of Schools:	
Public Elementary	6
Public Middle School	1
Public High School	1
Alternative Schools	3
Private	2
Charter Schools	2
Community College (Mohave)	1
State University (NAU)	1
State University (ASU)	1
Number of Students	
L.H.C. Unified School District	5,559
Alternative	89
Private	179
Charter	758
Community College (MCC)	2,082
State University (NAU/ASU)	252
Employees as of June 30, 2015	
Full-Time	413
Part-Time	229
Elected Officials	7
Total Payroll Wages for Fiscal Year 2015	\$ 27,517,186
Elections	
Last Municipal General Election - November 2014	
Number of Registered Voters	33,420
Number of Votes Cast	16,372
Percentage of Registered Voters	48.99%
Last Municipal Primary Election - August 2012	
Number of Registered Voters	32,831
Number of Votes Cast	9,796
Percentage of Registered Voters	29.84%
At the time of incorporation	
Number of Registered Voters	6,053
Active Business Licenses	4,539
Economy:	
Number of Annual Visitors (Estimate by the Convention and Visitors Bureau)	775,000
Lake Havasu City Municipal Airport (2013 Arizona Airport of the Year)	
Fixed Based Operators	3
Runway Length (in Feet)	8,001

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS
JUNE 30, 2015**

Census Population Count (Calendar Year)

2014***	53,193
2013***	52,908
2012***	52,720
2011***	52,406
2010**	52,527
2009*	55,502
2008*	55,429
2007*	55,263
2006*	54,610
2005*	53,435
2004*	51,700
1990**	24,363
1980**	15,926

*Arizona Department of Economic Security

**United States Census

***Arizona Office of Employment and Population Statistics

2010 Census Information:

Age Distribution of Population

1-4 Years	2,354	4.5%
5-19 Years	8,079	15.4%
20-29 Years	4,578	8.7%
30-44 Years	7,530	14.3%
45-64 Years	15,878	30.2%
65+ Years	14,108	26.9%
	<u>52,527</u>	100.0%

Median Age 51.4

Median Household Income \$ 42,688

2010 Census information available at the following websites: <http://factfinder2.census.gov>

Median Age / Median Household Income: Mohave County Economic Development