



Annual Comprehensive Financial Report

**Lake Havasu City, AZ
Year Ended June 30, 2022**







Lake Havasu City

Prepared by the Administrative Services Department

Jill Olsen

Administrative Services Director

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Finance Division Manager



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INTRODUCTORY SECTION



December 19, 2022



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

We are pleased to submit the Annual Comprehensive Financial Report of Lake Havasu City, Arizona, for the fiscal year ending June 30, 2022. Arizona Revised Statutes, Section 9-481, requires that incorporated cities publish a complete set of financial statements annually. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a certified public accountant or a public accountant licensed by the Arizona Board of Accountancy. This report complies with these requirements.

The Annual Comprehensive Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. The City's comprehensive internal controls framework has been designed to provide reasonable, rather than an absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CliftonLarsonAllen LLP, a licensed, certified public accountants firm, audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2022, are free of material misstatement. Based upon their audit, the independent auditor concluded that the City's financial statements for the fiscal year ended June 30, 2022, are fairly presented in accordance with accounting principles generally accepted in the United States of America. This is the most favorable conclusion and is commonly referred to as an unmodified or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.



The independent audit of the City's financial statements was part of a broader, federal, and state-mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with particular emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available on the City's website.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of Lake Havasu City

History - Lake Havasu was created by constructing the Parker Dam in the 1930s. Before this, Lake Havasu was a remote section of the Colorado River. In 1963, Robert P. McCulloch purchased a 26-square-mile parcel of barren desert that would become the site for Lake Havasu City.

Lake Havasu City was founded as a master-planned community emphasizing recreation and residential retirement. Robert P. McCulloch captured the world's attention in 1967 when he purchased the London Bridge and relocated it from England to the stunning Colorado River. The bridge structure was dismantled brick by brick in London, transported to Lake Havasu City, and authentically reconstructed over three years. In addition, a mile-long bridge channel was dredged, which links an island in the Colorado River with the main part of Lake Havasu City. The bridge was completed, and the "rededication" of the London Bridge occurred on October 10, 1971.

In 1963, Lake Havasu City did not qualify for incorporation under state law and became a recognized Irrigation and Drainage District (IDD). The IDD's Board of Directors acted as City Councilmembers to run the City. In the early 1970s, the Board took steps toward incorporation. 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 was incorporated in 1978 by a vote of the residents.

Current Profile - Lake Havasu City is situated in the western part of Arizona in the fifth largest county in the United States, Mohave County. The sparkling Colorado River shores serve as the city's western border, while the Mohave Mountains lie to the east. Lake Havasu City is two hours south of the world-famous Hoover Dam and three-and-a-half hours southwest of the Grand Canyon, Arizona's own World Wonder. Lake Havasu City, the largest city in Mohave County, covers 46 square miles and has an estimated population of 57,974 as of July 1, 2021. Lake Havasu City ranks in the upper quartile for Population Density compared to other cities, towns, and Census Designated Places in Arizona. The area attracts 835,000 visitors annually with its historic London Bridge, pristine lake, friendly community, abundant sunshine, annual



events, ideal weather, and wide range of restaurants and lodging. Many of Lake Havasu City's residents are retired. The median age of City residents is 54 years old and has steadily increased over the last fifteen years. Boasting 300 days of sunshine, the City is also temporarily home to approximately 15,000 winter visitors from fall through the early spring. These seasonal visitors typically come from colder climates across North America. The influx of winter visitors increases the population of the City by approximately 25 percent. The City's top industries include retail, healthcare, social services, accommodations, and food service.

Government and Organization - Lake Havasu City has operated under the council-manager form of government since its incorporation in 1978. The Mayor and six City Council members are elected at large on a non-partisan ballot and serve overlapping four-year terms. The City Council sets the City's policy and direction. The Council appoints the City Manager, City Attorney, and Presiding Judge, responsible for carrying out City Council policies and administering day-to-day operations. Per the City Code, the Department Directors are appointed by the City Manager. The City provides a full range of municipal services, including police and fire protection, water and sewer services, construction and maintenance of streets, recreational activities, and other traditional support activities.

The City is empowered to levy a property tax on real and certain personal properties within its boundaries. It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Budgetary Controls - The annual budget is the foundation for Lake Havasu City's financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the City's various funds. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1st. The budget includes all proposed expenditures and the means to finance them. The City's budget includes contingency funds which can be authorized for unanticipated expenses and emergency events. The City Council must hold public hearings on the proposed budget and the tax levy to provide taxpayers an opportunity for comment. The City Council must adopt a tentative budget by the third Monday in July, but the City makes every effort to have the final budget adopted before the start of the new fiscal year.

The expenditure appropriations in the adopted budget are by department and fund; however, department appropriations may be amended during the year. On the recommendation of the City Manager and with the approval of the City Council: 1) transfers may be made from the appropriations for contingencies to departments, and 2) unexpended appropriations may be transferred from one department to another.



Local Economy

The information presented in the financial statements is best understood when it is considered from a broader perspective of the specific environment within which the City operates.

Lake Havasu City continues to emphasize recreation and residential retirement.

Business

An affordable housing study is being completed for Lake Havasu City. The scope of the study is to understand the problems from a third-party data perspective while focusing on private and public sector solutions. Demographic data and a forecast of population and employment growth for Lake Havasu City will be collected and evaluated. The analysis will consist of two subtasks evaluating the rental and ownership markets. The analysis team will review land use controls, impact fees, and development review procedures of Lake Havasu City to identify any restrictions or barriers that may impact affordable housing development. The study will assist with creating an action plan to best address the housing affordability issue and find ways in which both the public and private sectors could move forward.

Tourism and Visitation

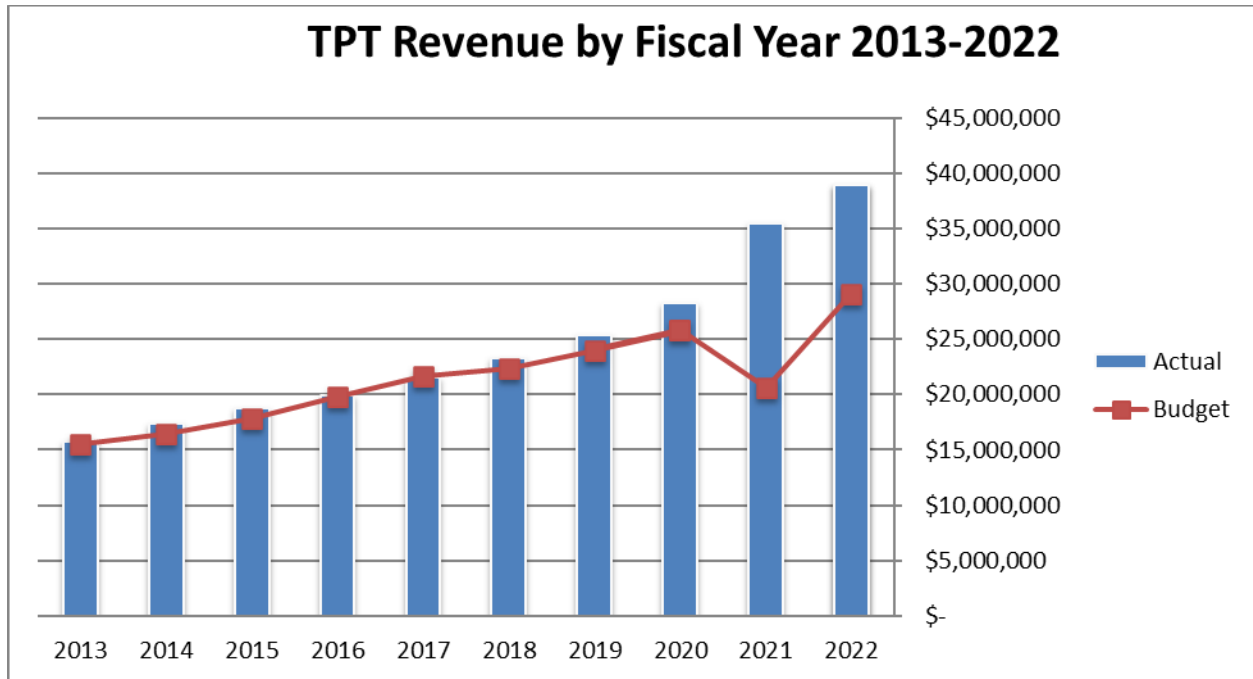
Tourism is Lake Havasu City's largest industry and a significant contributor to the City's economy. With great weather, a fantastic lake, and a calendar full of special events, Lake Havasu is a popular tourist destination in Arizona that welcomes around one million visitors annually. Lake Havasu City is Arizona's playground, from yoga at vortices to high-performance boating events. The city's profile of tourism amenities has grown to feature the most visited state park in Arizona, the Lake Havasu State Park, and the opening of the new public-private partnership of the Havasu Riviera, which features a new launch ramp, and marina and gas docks. Tourists are attracted to the city due to the natural beauty of the Colorado River and the Mojave Desert. During the summer months, boaters enjoy 60 miles of an uninterrupted navigable waterway that features 28 functional replica lighthouses, more than any other U.S. City, petroglyph rocks, and the stunning rock formations of Pilot Rock, Copper Canyon, and Topock Gorge. In the winter months, off-road Jeep, utility terrain vehicle (UTV), and dirt bike enthusiasts take advantage of the 1,800 miles of off-road trails surrounding the city. Lake Havasu City also proudly hosts more than 400 events annually, including one of the largest hot air balloon festivals in the nation, a yoga festival, and one of the largest classic car shows in the Southwest. In addition, Lake Havasu continues to draw top anglers and fishing tournaments for small and largemouth bass, as it features a world record for redear sunfish. Lake Havasu City visitors explore the desert, discover secret lake coves in kayaks, or lounging in the Bridgewater channel in high-performance luxury boats.

Overnight visitors have two resorts, 20 hotels or motels, five recreational vehicle (RV) parks, or shoreline campsites to sleep under the gazing stars. In Lake Havasu City, white sandy beaches mingle with breathtaking red-rock mountains and breezy palm trees to give you an experience unlike any other. This is Arizona's Playground. The City experienced significant tourism revenues resulting from post-pandemic demand for travel. The City projects revenue growth from tourism to continue in the fiscal year 2023.



Transaction Privilege (Sales) Tax

Lake Havasu City's most significant general fund revenue source is sales tax generated from various business categories, including automotive, retail stores, hotels, restaurants, utilities, and rentals. Sales tax is generated directly from the City's own applied tax rate and indirectly as the City receives its share of sales tax from the State of Arizona's applied tax rate. Overall local sales tax collections increased by 10.0% percent from the fiscal year 2021 to 2022. This is a continuing trend of recovery for the City, which has experienced steady growth in sales tax revenue since the fiscal year 2010. The City's three-cent hotel/motel tax (bed tax) decreased by 1.5%, and the restaurant and bar one-cent tax increased by 1.8% from the fiscal year 2021. In April 2022, the City began to see the economy's effects on the sales tax numbers. Although sales tax increased for the fiscal year, the higher inflation indicates consumers are buying less at a higher price.



Economic Development

Residential permits saw an overall increase of 13% over the prior year, with single-family housing permits down by 29% and multi-family housing permits increasing by 100%. Residential valuations decreased 18%, from \$140 million in the fiscal year 2021 down to \$118 million in the fiscal year 2022. There was an overall increase of 6% in commercial permits, and commercial valuations were also up 52% over the previous year. Revenue generated from residential and commercial building permits decreased by 19%, from \$2.5 million in the fiscal year 2021 down to \$2.1 million in the fiscal year 2022. Residential and commercial growth has continued to be supported by development code changes, rezones, and general plan amendments, such as requiring minimum densities in the downtown area and allowing high-density residential on Retail Centre Blvd and Swanson Ave.

Multi-Family and Commercial development in Lake Havasu City has continued to thrive. Numerous multi-family developments have been final platted, constructed, or are in the building process. Some of these developments include Havasu Life South, Havasu Life North, Ivy Court Estates, Alianza, and Ocotillo Ridge. Some more noticeable commercial projects include Surf-thru Carwash, Maverik Convenience Store, Hilton Home 2 Suites, and Havasu Community Health Center.



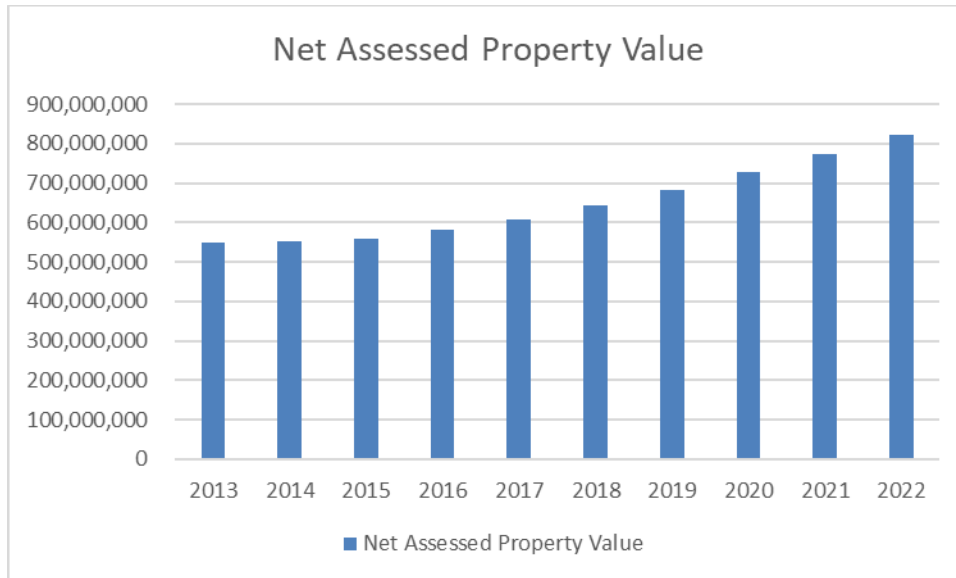
Hilton Home 2 Suites – Currently Under Construction



Riverwalk (Built Well Construction – Currently Under Construction)

Property Values

Lake Havasu City's primary assessed property tax values increased by 6.2% in the fiscal year 2022 and 6.9% in the fiscal year 2023. New construction accounted for \$20.8 million of the \$57.7 million assessed valuation increase. The City is statutorily allowed to set the primary property tax rate at a 2% annual revenue growth plus new construction.



Long-Term Financial Planning

As part of the annual budget process, the City prepares a five-year financial forecast incorporating the ongoing revenues and expenditure projections for each of the City's major operating funds. The City also prepares a five-year Capital Improvement Plan (CIP) to ensure sustainable construction of projects upon commencement. The forecast provides a long-term view of current-year budget decisions affecting the City. It estimates fund balance and sensitivity to revenue and expenditure changes over the forecasted period.

A key financial goal of the City is to maintain healthy reserve levels. Other financial practices followed are designed to avoid the funding of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding and long-term debt for capital needs.

Major Accomplishments

The following highlights some of the accomplishments achieved by the City in the fiscal year 2022:

- System and software improvements and enhancements:
 - Implementation of a new utility billing system
 - Implemented a vacation rental and tracking system
 - Continued migration to Microsoft 365
 - Disaster Recovery site completed
 - Improved security standards
 - Implemented a new City intranet
 - Implemented lease accounting in Oracle
 - Implemented Justice Web Interface in Dispatch Center
- Community Outreach
 - Increased social media platforms, posting, and followers
- Implemented the 2018 International Building Code



- Established a Career Technical Education (CTE) program in Fire Service in conjunction with the local high school.
- Added eight new pickleball courts

The City completed several large Capital Improvement Plan projects, including reconstructing the Airport Taxiway. This project cost \$7.1 million, and the City received grant funding for about 98% of the cost. The McCulloch Boulevard pavement project was also completed and came in approximately \$370,000 under budget. The City also implemented two new transit services, Flex and Go Direct. Flex is a shared ride service by appointment only and offers transit services for seniors, the disabled, and veterans. Go Direct is an on-demand shared ride service provided to all citizens.

For the Future

Lake Havasu City's adopted fiscal year 2023 budget supports core services and the priorities and policy direction of the City Council. The combined capital and operating budget for the fiscal year beginning July 1, 2022, total \$211 million, excluding depreciation. The City has projected that tax revenues may decrease due to receiving higher than projected revenues during the pandemic. The challenges in balancing the budget include available resources in some funds and balancing ongoing budget expense requests with continued funding. The budget balances moderate projected revenue increases, supplemented with potential grant funding due to the pandemic, and additional expenditures in priority areas such as streets, public safety retirement, compensation programs, and employee healthcare, including:

- 6.9% or \$388,000 increase in property tax revenue for new construction and holding the tax levy rate.
- 8.7% or \$4.2 million increase in City Sales Tax and State Shared revenue in the FY 22-23 budget. This is mainly due to the state's delay in income tax collection due to the pandemic.
- 13.8% or \$7.8 million to fully staff and continue the citywide merit step increases, along with a 3% cost of living increase; approximately 7.1% increase for Police PSPRS rates and 11.7% increase for Fire PSPRS, 26 new full-time positions (11 of these positions are for firefight/paramedic and will only be added if grant dollars are received).
- 35.6% or \$2.6 million in public safety retirement expenses.

The 2023 capital budget includes new and continuing projects totaling \$46.8 million, including:

- \$9.0 million continuation exploratory well drilling for backup water supply, collector well development, and water main replacement
- \$3.4 million wash stabilization and drainage improvements
- \$11.4 million continuation of the Wastewater Island Treatment Plant Flow Equalization Basin, Vadose Well design and expansion, Mulberry Treatment Plant Aeration Basin repair, and North End Wastewater System Expansion
- \$9.1 million in airport runway improvements
- \$13.9 million in Parks, Courthouse, Public Safety, and Streets Improvements

Awards and Acknowledgments

The City has applied for the Government Finance Officers Association of the United States and Canada (GFOA) award Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021. This review is pending. The City has received this prestigious recognition for its Annual Comprehensive Financial Report since 1986. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is only valid for a period of one year. We believe our fiscal year ending June 30, 2021, and the current Annual Comprehensive Financial Report will continue to meet the Certificate of Achievement Program's requirements. Our current report will be submitted to the GFOA to determine its eligibility for another certificate.

The City also received the *Distinguished Budget Presentation Award* for the fiscal year beginning July 1, 2021, from the GFOA for conformity in budget presentation. Our current budget continues to conform to the program requirements, and we expect to receive this award again for the fiscal year beginning July 1, 2022.

The preparation of this report would not have been possible without the skill, effort, and dedication of the City's Administrative Services Department, particularly the Finance Division. It is also appropriate to thank the Mayor, City Council Members, and the City Manager for making possible the excellent financial position of the City through their interest and support in planning and conducting the City's financial affairs.

Respectfully submitted,

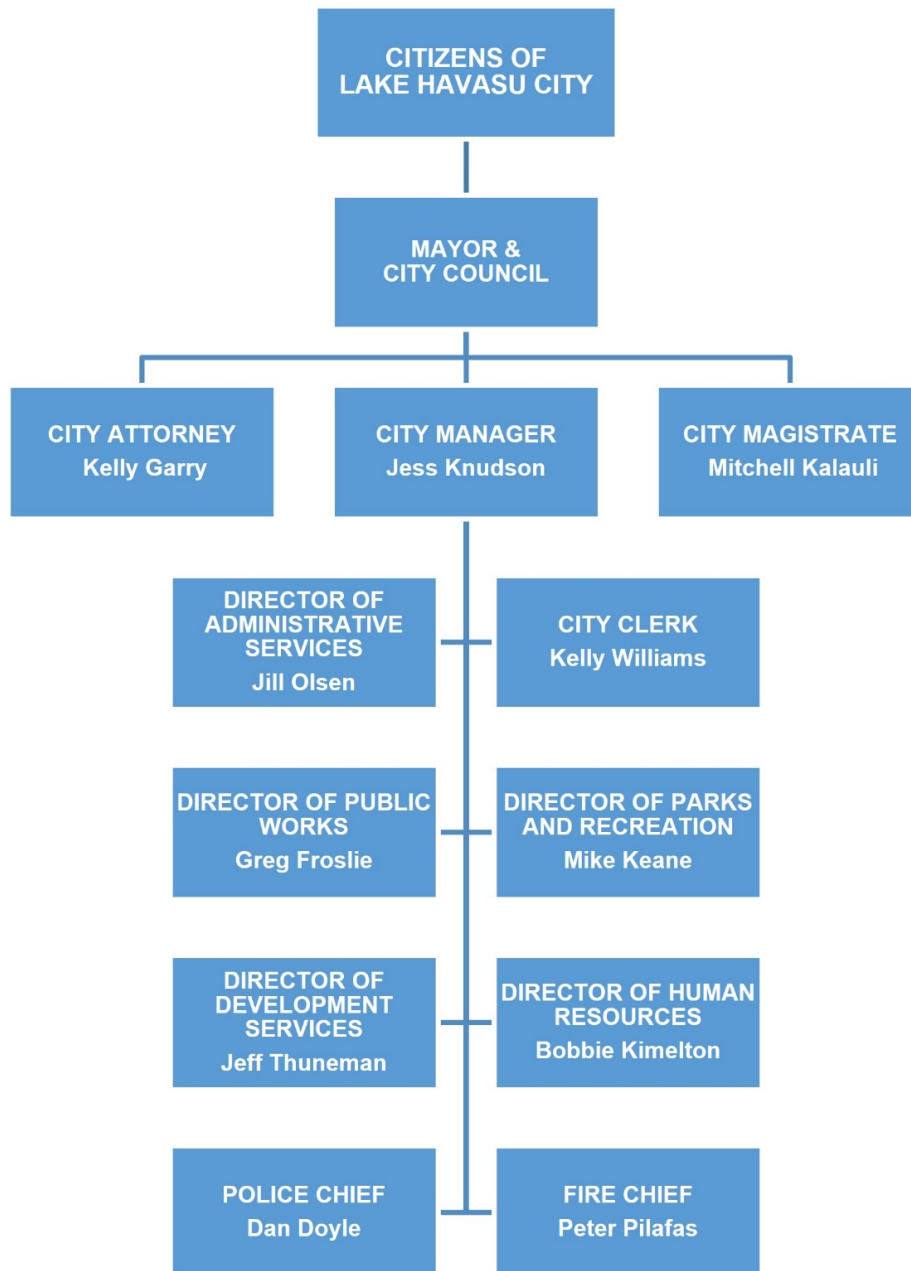


Jill Olsen
Administrative Services Director



Trinna Ware
Finance Division Manager, MBA

ORGANIZATIONAL CHART



City Council



Pictured from left to right:

Jeni Coke, Councilmember

Jim Dolan, Vice Mayor

Nancy Campbell, Councilmember

Cal Sheehy, Mayor

Michele Lin, Councilmember

David Lane, Councilmember

Cameron Moses, Councilmember



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FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
Lake Havasu City, Arizona

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway User Revenue (HURF) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources and lessees to recognize a right to use asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in the City's Net OPEB Liability and Related Ratios, the Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of City Pension Contributions, and Schedule of Changes in the City's Net Pension Liability and Related Ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and City Council
Lake Havasu City, Arizona

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the City'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 solely 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 effectiveness of the City's 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 City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
December 19, 2022

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Management's Discussion and Analysis

This section of the Lake Havasu City, Arizona's (the City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal years ended June 30, 2022, and 2021. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal, and other portions of this Annual Comprehensive Financial Report.

- 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 2022 by \$333.3 million (net position). Of this amount, \$67.8 million represents an unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase in the unrestricted net position of 14.2 million from the fiscal year 2021.
- As of June 30, 2022, the City's governmental funds had a combined ending fund balance of \$88.5 million, an increase of \$15.6 million (21.4%) compared with the prior fiscal year. The increase in fund balance was primarily due to an increase in revenue for sales tax of \$3.8 million and \$1.4 million in state shared revenues.
- At the close of the fiscal year, the General Fund had an ending fund balance of \$72.4 million, representing a \$13.0 million increase from the prior fiscal year. Of that amount, the unassigned fund balance for the General Fund was \$70.2 million or 120.3% of the total General Fund expenditures of \$58.4 million.
- The City's total liabilities decreased by \$15.2 million to \$343.7 million during the current fiscal year. This decrease was primarily due to scheduled debt payments of \$5.6 million and a reduction in the City's net pension liability of \$14.5 million. This was offset with increased liabilities in unearned revenue of \$4.3 million due to unspent ARPA funds received.

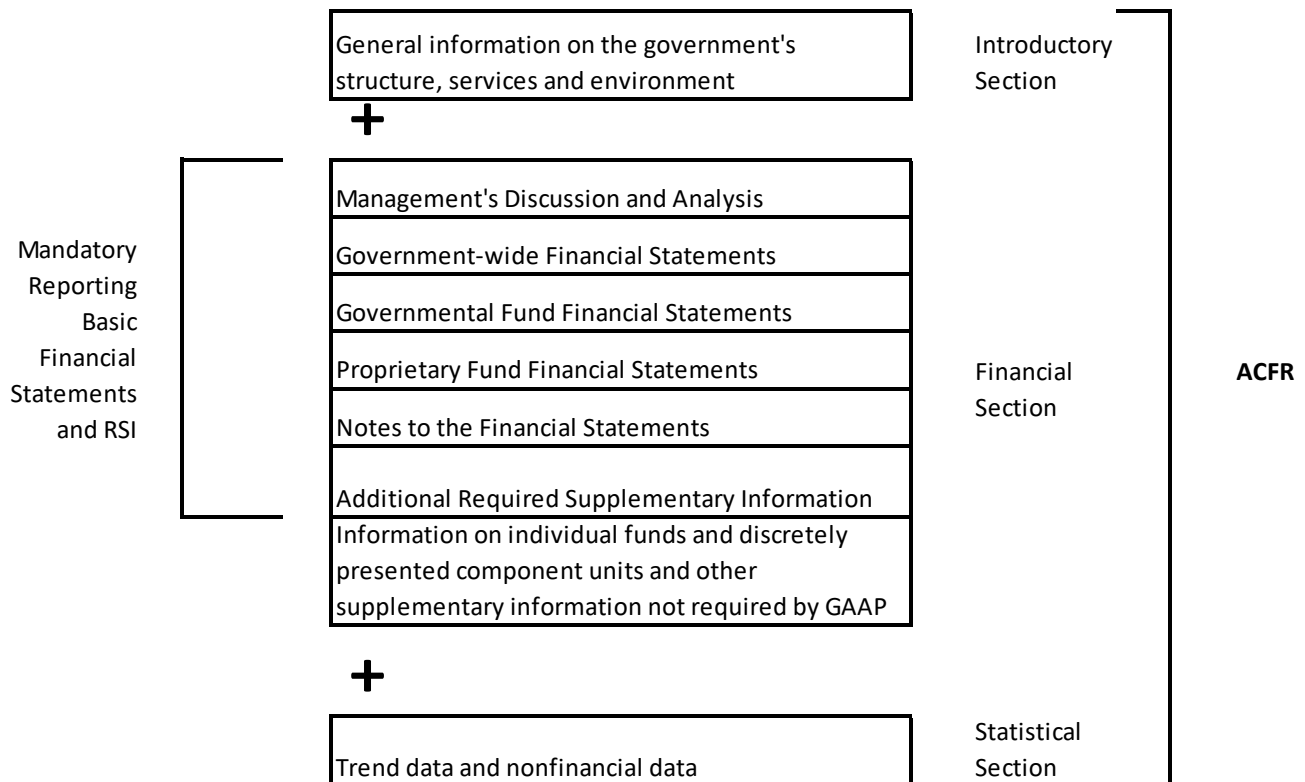
**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves.

**The Annual Comprehensive Financial Report (ACFR) and
Relationship to the Basic Financial Statements and Required
Supplementary Information (RSI)**



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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being 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 deteriorating.

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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, and the airport. 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 immediately following the Management's Discussion and Analysis in 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 the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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*.

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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, and Highway User Revenue Fund (HURF) 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 nonmajor 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 immediately follow the government-wide financial statements in 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), and airport 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 is provided in the nonmajor business-type activities column of the Proprietary Fund financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements in 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 basic financial statements immediately follow the proprietary fund financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits for eligible city employees hired before July 1, 2004. The required and supplementary information immediately follows the notes to the basic financial statements in this report.

Combining Statements. 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 in this report.

Statistical Information. The statistical section, found immediately following the combining and individual fund statements and schedules in this report, presents detailed information as a context for understanding what the information in the financial statements, notes, disclosures, and required supplementary information indicates about the City's overall financial health.

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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. These statements use the accrual basis of accounting similar to the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

As noted earlier, net position may serve, over time, as a valuable indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$333.3 million at the close of the fiscal year 2022 and \$307.6 million at the close fiscal year 2021.

The following table is a condensed summary of the City's net position for governmental and business-type activities:

Condensed Statement of Net Position
June 30, 2022 and 2021
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Current and Other Assets	\$ 104,682	\$ 82,264	\$ 106,758	\$ 106,050	\$ 211,440	\$ 188,314	12.3 %
Capital Assets							
Non-depreciable	29,672	31,632	26,071	15,306	55,743	46,938	18.8
Depreciable	77,027	75,698	332,295	338,994	409,321	414,692	(1.3)
Total Assets	<u>211,381</u>	<u>189,594</u>	<u>465,124</u>	<u>460,350</u>	<u>676,505</u>	<u>649,944</u>	
Deferred Outflows of Resources	<u>19,533</u>	<u>20,870</u>	<u>1,346</u>	<u>1,280</u>	<u>20,879</u>	<u>22,150</u>	(5.7)
Other Liabilities	13,728	8,998	10,097	8,120	23,825	17,118	39.2
Non-current Liabilities							
Due Within One Year	4,605	4,901	6,325	6,004	10,930	10,905	0.2
Due in More Than One Year	93,515	107,390	215,469	223,480	308,984	330,870	(6.6)
Total Liabilities	<u>111,849</u>	<u>121,289</u>	<u>231,891</u>	<u>237,605</u>	<u>343,739</u>	<u>358,893</u>	
Deferred Inflows of Resources	<u>16,055</u>	<u>3,821</u>	<u>4,254</u>	<u>1,780</u>	<u>20,308</u>	<u>5,601</u>	262.6
Net Positions:							
Net Investment in Capital Assets	104,702	103,715	140,440	131,836	245,142	235,552	4.1
Restricted	11,521	9,704	8,830	8,684	20,351	18,389	10.7
Unrestricted	(13,213)	(28,065)	81,057	81,725	67,844	53,660	26.4
Total Net Positions	<u>\$ 103,010</u>	<u>\$ 85,354</u>	<u>\$ 230,326</u>	<u>\$ 222,245</u>	<u>\$ 333,336</u>	<u>\$ 307,600</u>	

LAKE HAVASU CITY, ARIZONA
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The most significant portion of the City's net position in the fiscal year 2022 and fiscal year 2021, \$245.1 million (73.5%) and \$235.6 million (76.6%), respectively, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire these assets are 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 \$20.4 million (6.1%) in the fiscal year 2022, represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$67.8 million (20.4%), may be used to meet the government's ongoing obligations to citizens and creditors. In the fiscal year 2021, \$18.4 million (6.0%) of the City's net position was subject to external restrictions, and \$53.7 million (17.4%) was available to meet the government's ongoing obligations to citizens and creditors.

Analysis of Changes in Net Position

Total revenues exceeded total expenses in the current year, resulting in an increase in the City's total net position of \$25.7 million in the fiscal year 2022 compared to an increase in net position of \$26.8 million during the fiscal year 2021. These changes are explained in the government and business-type activities discussion.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Statement of Activities
Fiscal Years Ended June 30, 2022 and 2021
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
REVENUES							
Program Revenues:							
Charges for Services	\$ 5,855	\$ 5,678	\$ 44,822	\$ 44,270	\$ 50,677	\$ 49,948	1.5 %
Operating Grants and Contributions	8,645	15,056	-	-	8,645	15,056	(42.6)
Capital Grants and Contributions	535	403	10,859	3,714	11,394	4,117	176.8
General Revenues:							
Property Taxes	5,684	5,302	5,714	5,701	11,398	11,003	3.6
Business Taxes	39,540	35,735	20	14	39,560	35,749	10.7
Other Taxes and State Shared Revenues	22,292	21,343	-	-	22,292	21,343	4.4
Investment Earnings	(1,402)	117	(2,653)	252	(4,054)	369	(1198.7)
Other	564	823	191	173	754	996	(24.3)
Total Revenues	<u>81,713</u>	<u>84,458</u>	<u>58,953</u>	<u>54,125</u>	<u>140,666</u>	<u>138,583</u>	
EXPENSES							
General Government	14,160	15,174	-	-	14,160	15,174	(6.7)
Public Safety	34,091	33,965	-	-	34,091	33,965	0.4
Highways and Streets	6,144	6,277	-	-	6,144	6,277	(2.1)
Culture and Recreation	6,929	5,843	-	-	6,929	5,843	18.6
Tourism and Promotion	2,093	2,867	-	-	2,093	2,867	(27.0)
Transportation	1,018	906	-	-	1,018	906	12.4
Interest on Long-term Debt	13	19	-	-	13	19	(32.7)
Refuse	-	-	7,195	6,871	7,195	6,871	4.7
Irrigation and Drainage	-	-	12,944	12,715	12,944	12,715	1.8
Wastewater	-	-	28,561	25,493	28,561	25,493	12.0
Airport	-	-	1,781	1,614	1,781	1,614	10.4
Total Expenses	<u>64,448</u>	<u>65,053</u>	<u>50,482</u>	<u>46,695</u>	<u>114,930</u>	<u>111,748</u>	
CHANGE IN NET POSITIONS BEFORE TRANSFERS	17,265	19,405	8,471	7,430	25,736	26,835	(4.1)
Transfers	390	471	(390)	(471)	-	-	
CHANGE IN NET POSITIONS	<u>17,655</u>	<u>19,875</u>	<u>8,081</u>	<u>6,960</u>	<u>25,736</u>	<u>26,835</u>	
NET POSITIONS - BEGINNING, AS RESTATED	<u>85,355</u>	<u>65,480</u>	<u>222,245</u>	<u>215,285</u>	<u>307,600</u>	<u>280,765</u>	
NET POSITIONS - END OF YEAR	<u>\$ 103,010</u>	<u>\$ 85,355</u>	<u>\$ 230,326</u>	<u>\$ 222,245</u>	<u>\$ 333,336</u>	<u>\$ 307,600</u>	

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities. Compared to the beginning balance, Governmental activities increased the City's net position by \$17.7 million (20.7%) in the fiscal year 2022 and increased the City's net position by \$19.9 million (30.4%) in the fiscal year 2021.

Total revenue for Governmental activities decreased by \$2.7 million (3.2%) over the previous fiscal year. Program revenues represent fees and charges on those who directly benefit from these fee-based programs, such as permit and inspection fees and charges for recreation and aquatic classes and programs. General revenues fund the cost of services not covered by program revenues. General revenues consist primarily of tax revenues such as sales taxes (also referred to as transaction privilege taxes), property taxes, and state-shared taxes.

The significant changes in revenues are:

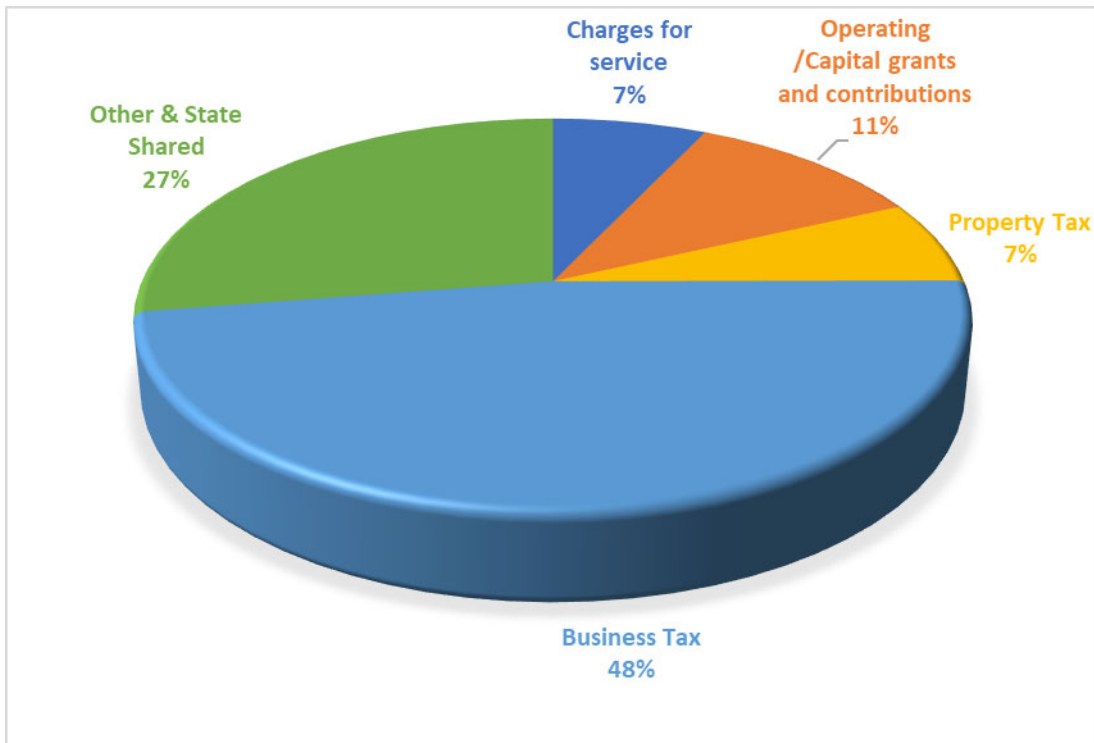
The City experienced a decrease in total revenues from Governmental activities over the prior year primarily due to the following:

- Business tax revenue is the single largest source of general government revenue and includes sales and use taxes. Business tax revenue increased by \$3.8 million (10.6%) over the previous fiscal year. Retail sales tax increased by \$1.5 million (7.3%), construction increased by \$640.8 thousand (22.4%), and restaurant and bar sales tax increased by \$625.3 thousand (12.1%). The retail and restaurant growth is attributed to increased consumer pricing and post-pandemic visitors to our community. The construction increase is due to commercial construction growth during the fiscal year.
- Other taxes and state-shared revenues increased by \$949.2 thousand (4.4%) from the previous fiscal year. The state-shared revenues in this category were up \$886.8 thousand (4.6%). This increase was due to strong state sales tax, while state shared income tax was down. Franchise taxes are included in this category and increased by \$62.4 thousand (3.0%).
- Operating and capital grants and contributions revenue decreased by \$6.4 million (42.6%). HURF revenues in this category increased by \$249.3 thousand (4.4%). Public safety grants decreased by \$6.5 million (87.2%). The decrease in public safety grants was the AZCares revenue in the prior fiscal year. Culture and recreation increased by \$252.6 thousand due to receiving a significant contribution for pickleball courts. Transportation increased due to transit grants.
- Charges for services, including fees and fines, increased by \$176.8 thousand (3.1%) from the previous fiscal year. This increase is primarily due to building and development fees.

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

**Governmental Activities Revenues
Fiscal Year 2021-22**



The total cost of programs and services for governmental activities decreased by \$603.1 thousand (.9%) over the previous fiscal year to \$64.4 million. Notable changes in the costs of programs and services are:

- Public Safety, comprised of the Police and Fire Departments, is the most significant governmental cost (52.9%). Public Safety costs increased by \$125.7 thousand (.4%) over the previous year. Although the overall expense remained relatively flat, the wages and benefits were up \$2.8 million, while OPEB and pension liabilities decreased by \$2.7 million. General Government is the second largest governmental cost (22.0%). General Government includes Public Works, Municipal Court, Development Services (Building and Planning Divisions), and the City Administrative Departments. General Government decreased \$1.0 million (6.7%) over the previous year. Most decreases include outside fees related to covid assistance, general insurance claims, and development fees.
- Highways and Streets costs decreased by \$132.7 thousand (2.1%) over the previous fiscal year.

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- Tourism and Promotion are 3.2% of the governmental cost. Tourism and Promotion decreased by \$774.2 thousand (27.0%). This decrease in cost is directly related to renegotiated contracts with Lake Havasu Partnership for Economic Development (PED) and the Lake Havasu Convention and Visitors Bureau (Go Lake Havasu). Previously payments were directly tied to the additional 1% restaurant and bar tax and 3% accommodation sales tax. In the future, a portion of the taxes collected will be paid to these organizations to support economic growth and tourism.

Business-Type Activities. Business-type activities increased the City's net position in the fiscal year 2022 by \$8.1 million (3.6%), bringing the total net position to \$230.3 million, and increased the City's net position in the fiscal year 2021 by \$7.0 million.

Total revenue for Business-type activities increased by \$4.8 million (8.9%). The increase is in grants and charges for services, which increased by \$7.1 million and \$552.0 thousand this fiscal year, respectively.

- Water fees, fines, and charges for services decreased by \$1.0 million (8.0%) over the previous fiscal year, which was driven by changes in user rates.
- Wastewater fees, fines, and charges for services increased by \$1.3 million (5.3%). A change in user rates drove this increase.
- Refuse charges for services increased by \$242.9 thousand (3.4%). This is due to a 3% rate increase.
- Airport charges for services did not have a significant change from prior fiscal year.

Total costs of programs and services for Business-type activities increased by \$3.8 million (8.1%) over the previous fiscal year. Significant changes in costs of programs and services include:

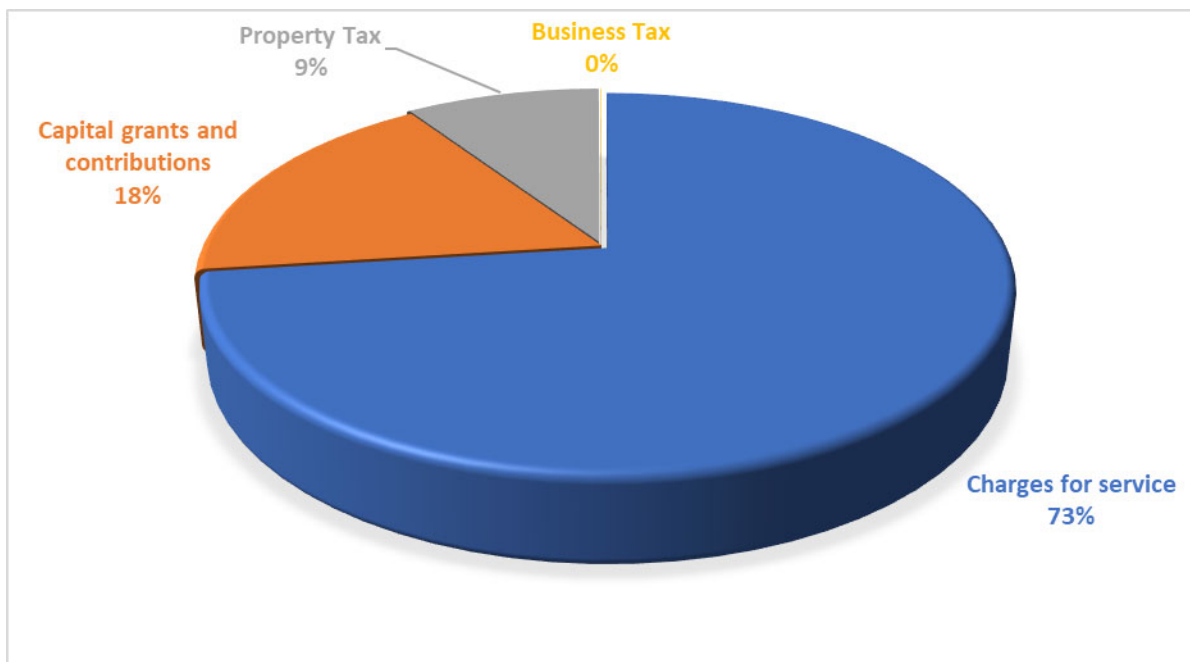
- Expenses in the Irrigation Drainage Fund increased by \$228.7 thousand (1.8%) this fiscal year. The increase results from utility rates increasing by \$186.3 thousand, and professional services increased by \$204.5 thousand due to two projects field leak detection survey and collector well redevelopment.
- Expenses in the Wastewater Fund increased by \$3.1 million (12.0%) this fiscal year. The cost of a number of operating items increased during the fiscal year. Wage and benefits increased by \$208.8 thousand, a combination of higher salaries for retention and increased medical costs. Utility rates increased, resulting in a \$198.0 thousand increase. A few major maintenance and repair items increased expenses by \$259.2 thousand. Supply costs increased, due to inflation, by \$262.4 thousand over the year. A master plan project increased costs by \$500.0 thousand. Finally, an increase of \$1.0 million in interest expense.
- The collection of residential trash is contracted to a third party based on the number of trash accounts billed by the City. Expenses increased in the Refuse Fund by \$323.6 thousand (4.7%) over the prior fiscal year. The cost is primarily due to a 3.0% increase in the city's rate to the contractor for trash collection.

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- Expenses in the Airport Fund increased by \$167.0 thousand (10.3%) this fiscal year. Wage and benefits increased by \$42.9 thousand, a combination of higher salaries for retention and increased medical costs. A few major building maintenance and ground splys repair items increased expenses by \$88.6 thousand.

As shown in the “Business-type Activities Revenues by Source” chart, charges for services provided the largest share of revenues (73.0%), followed by capital grants and contributions (18.0%).

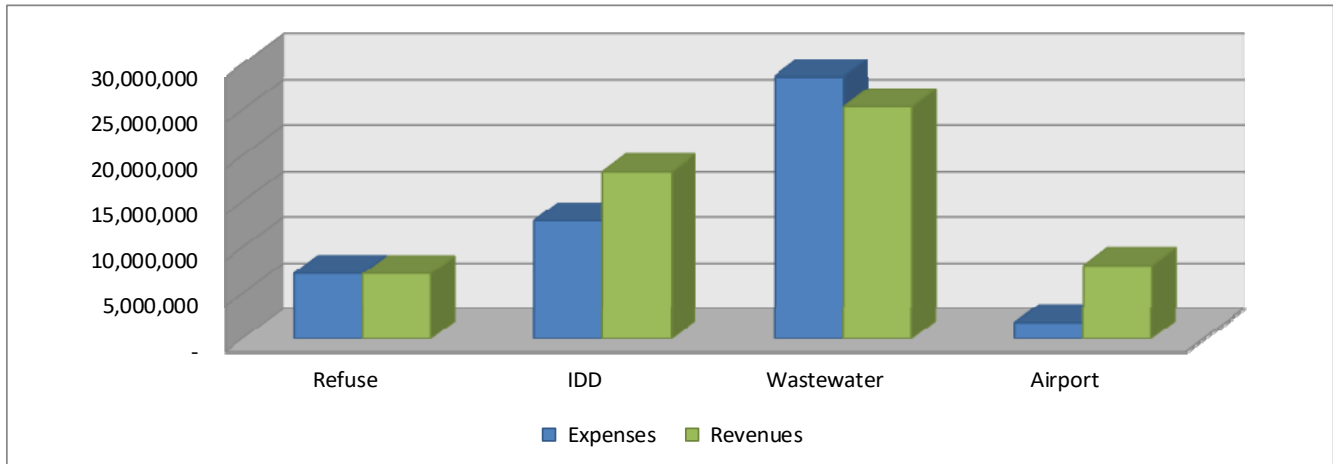
**Business-type Activities Revenues by Source
Fiscal Year 2021-22**



As shown in the “Business-type Activities Program Revenues and Expenses” chart below, the largest of Lake Havasu City’s business-type activities, Wastewater, had program expenses of \$28.6 million in the fiscal year 2022, followed by Irrigation and Drainage (IDD) with \$12.9 million.

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**Business-type Activities Program Revenues and Expenses
Fiscal Year 2021-22**



The City's Wastewater Division is responsible for the collection and treatment of all sewage generated in the City that 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, which resides in the Irrigation and Drainage Fund (IDD), 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 connections and meters 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, and Capital Project Funds.

As of the end of the fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$88.5 million, an increase of \$15.6 million (21.4%) compared with the fiscal year 2021 fund balance of \$72.9 million. The majority of the fund balance, \$70.2 million (79.4%), is unassigned and available for use at the government's discretion. Approximately \$9.9 million (11.2%) is restricted in its usage by externally enforceable limitations. Approximately \$6.8 million (7.7%) is assigned by management for specifically identified uses. The remaining \$1.6 million (1.8%) is non spendable and is the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

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The General Fund is the chief operating fund of the City. At the end of the fiscal year 2022, the total fund balance of the General Fund reached \$72.4 million, a 21.9% increase over the prior year. The non spendable portion of the fund balance is \$1.6 million (2.1%), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$87.5 thousand (0.1%). The amount assigned is \$534.8 thousand (0.7%), and the unassigned fund balance is \$70.2 million (97.0%), which is available at the City's discretion. At the end of the fiscal year 2021, the total fund balance was \$59.4 million. Of that fund balance, \$476.2 thousand (0.8%) was non-spendable, \$115.7 thousand (0.1%) was restricted, \$923.4 thousand (1.6%) was assigned, and \$57.9 million (97.4%) was unassigned

The City's General Fund balance increased by \$13.0 million (21.9%) during the fiscal year 2022. Key factors for this increase are:

- Overall, total revenues in the fiscal year 2022 reflected a decrease of \$2.4 million (3.2%). Revenues decreased primarily due to fewer grant funds received and reduced investment earnings. A \$6.4 million AZCares grant was received in the prior year. Investment earnings decreased by \$1.3 million due to maturing or early-called investments.
- Sales tax revenue in the General Fund increased by \$3.8 million (10.6%) in the fiscal year 2022 compared to the fiscal year 2021. The increase was due primarily to retail and restaurant growth attributed to increased consumer pricing and post-pandemic visitors to our community. The construction sale tax collection increase is due to commercial construction growth during the fiscal year.
- All other major revenues only showed slight changes. Property tax, franchise taxes, fines and forfeitures, charges for services, rents, and royalties increased, while licenses, permits, contributions, and donations decreased.
- General Fund expenditures reflected an increase of \$3.9 million (7.1%) in the fiscal year 2022. General Government decreased by \$295.1 thousand (2.1%), Public Safety increased by \$3.3 million (10.7%), Tourism and Promotion decreased by \$774.4 thousand, and Culture and Recreation increased by \$579.5 thousand (10.4%). Debt service payments increased by \$843.6 thousand. The Public Safety increase is primarily due to additional salary increases of \$1.0 million and pension contribution expenses of \$1.4 million. The increase in debt service payments resulted from the early retirement of the court-building debt. The decrease in tourism is related to re-negotiated contracts.

The HURF Fund, which accounts for the City's highway and street activities, had a net increase in fund balance of \$735.6 thousand (8.8%) in the fiscal year 2022. Total revenues decreased by \$309.0 thousand (4.8%) due to a decrease of \$403.1 thousand in street payback from lot sales in a new subdivision. Total gasoline tax revenues from the Arizona Department of Revenue increased by \$249.2 thousand (4.2%) over 2021. The total cost of programs and services increased by \$629.8 thousand (13.3%). Internal wages and benefits decreased while capital expenditure increased.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

At the end of the fiscal years 2022 and 2021, the unrestricted net position for the Irrigation Drainage District Fund was \$49.6 million and \$51.3 million, respectively; the Wastewater Fund was \$25.2 million and \$25.8 million, respectively; the Refuse Fund was \$4.8 million and \$4.8, respectively; the Total Nonmajor was \$1.5 million and negative \$179.4 thousand, respectively. 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

The City adopts an annual appropriated budget for its General Fund. A Budgetary Comparison Statement has been provided for the General Fund to demonstrate compliance with this budget. General Fund revenues for the fiscal year were \$397.4 thousand more than projected. The most significant differences between final estimated revenues and actual revenues were as follows (in thousands):

Revenue Source	Actual Revenues	Estimated Revenues	Difference
Taxes	\$ 47,283	\$ 37,139	\$ 10,145
Investments	(1,204)	238	(1,442)
Intergovernmental Revenues	20,953	28,529	(7,576)

The increase in taxes resulted from transaction privilege taxes exceeding projections due to the positive local economy and growth in retail, restaurants, and construction. The decrease in investments resulted from reduced interest rates creating early calls and unrealized gains and losses. The decreased intergovernmental revenues were less than anticipated grant funding for covid related recovery.

Cost of programs and services was \$19.1 million less than revised fiscal year 2022 budget, largely due to the following:

- Non-Departmental expenses were \$13.9 million less; additional funds were budgeted for unknown economic recovery funds due to the COVID-19 pandemic.
- The Magistrate Court expenses were \$581.7 thousand less than projected. Most of this is a delay in furniture expenses for the new courthouse.
- Public Safety expenses were \$1.8 million less than projected. \$1.1 million is due to supply chain issues in purchasing fire trucks. Police are down \$456.8 thousand due to fewer expenses in supplies, uniforms, ammunition, and county jail contract expenses.
- Culture and Recreation were \$1.0 million less than projected. This was due to wages of \$505.0 thousand less than projected due to a lack of staffing after the pandemic and a \$370.0 thousand delay in vehicle purchases and building improvements.
- Administrative services were \$813.3 thousand less than projected. This is due to fewer expenses in Information technology networks and software. Information technology has also experienced recruiting challenges; therefore, wages and benefits were \$363.0 thousand less than projected.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, and 2021, totaled \$465.1 million and \$462.0 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, highways, and the right to use for leases. The change in the City's capital assets (net of accumulated depreciation) between fiscal years 2022 and 2021 was an increase of 0.7%.

**Capital Assets, Net of Depreciation
June 30, 2022 and 2021
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Land	\$ 28,771	\$ 28,771	\$ 3,298	\$ 3,298	\$ 32,068	\$ 32,069	(0.0)%
Improvements to Land	13,451	13,158	-	-	13,451	13,158	2.2
Buildings, Structures and							
Improvements	18,728	19,919	15,029	15,750	33,757	35,670	(5.4)
Furniture, Machinery and Equipment	11,122	7,801	7,415	4,581	18,538	12,382	49.7
Construction in Progress	902	2,861	15,188	4,423	16,089	7,284	120.9
Infrastructure	33,195	34,820	308,194	316,946	341,388	351,767	(3.0)
Water Allocation Rights	-	-	9,241	9,301	9,241	9,301	(0.6)
Right-to-Use Lease Assets	530	383	-	-	530	383	38.7
Total Capital Assets	<u>\$ 106,699</u>	<u>\$ 107,713</u>	<u>\$ 358,366</u>	<u>\$ 354,300</u>	<u>\$ 465,064</u>	<u>\$ 462,014</u>	

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

- McCulloch Boulevard pavement project, Smoketree to Acoma
- Avalon Drain 2 and Havasupai Wash 3 drainage improvements
- Influent Pump Station Improvements
- Water Tank replacements and improvements
- Airport taxiway pavement

Additional information on the City's capital assets can be found in Note 3 A.3.

Long-term Debt. At the end of the fiscal year 2022, the City had total bonded debt outstanding of \$213.7 million, a decrease of \$6.4 million (2.9%). At the end of the fiscal year 2021, the bonded debt totaled \$220.1 million. Of the fiscal year 2022 total bonded debt, \$56.7 million is in general obligation bonds backed by the full faith and credit of the government; \$98.3 million is in revenue bonds pledging wastewater revenues for repayment, and \$49.6 million is in the form of loans from WIFA for loans associated with the water and wastewater systems.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

State statutes impose debt limitations on the City of 6% and 20% of the City's outstanding limited property assessed valuation. The City's available debt margin on June 30, 2022, is \$50.1 million in the 6% capacity and \$68.1 million in the 20% capacity. In the fiscal year 2021, the 6% capacity limit was \$47.2 million, and \$52.6 million was in the 20% capacity limit. Additional information on the debt limitations and capacities may be found in the statistical section of this report.

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the City's proportionate share of its unfunded pension liabilities for pension plans in which it participates is also included in its outstanding long-term liabilities. The City's net pension liabilities at the end of fiscal years 2022 and 2021 were \$87.5 million and \$102.0 million, respectively. This decrease was due to actuarial gains experienced in the Arizona State Retirement System and from changes in assumptions about future economic and demographic factors and differences between expected and actual experience for the Public Safety Personnel Retirement System. Additional information on the City's pensions can be found starting on page 73.

In 2022, in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, the City must also include other post-employment benefits which it provides in its outstanding long-term liabilities. The City's other post-employment benefits at the end of the fiscal year 2022 and 2021 were \$13.3 million and \$13.1 million, respectively. Additional information on the City's OPEB can be found starting on page 85.

Additional information on the City's capital leases and long-term bonds and loans can be found in Note 3.C and D. to the financial statements.

**Outstanding Obligations
June 30, 2022 and 2021
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent
	2022	2021	2022	2021	2022	2021	Change
General Obligation Bonds	\$ -	\$ -	\$ 56,685	\$ 59,090	\$ 56,685	\$ 59,090	(4.1)
Revenue Bonds	-	-	98,300	98,300	98,300	98,300	-
Bond Premium	-	-	9,133	9,908	9,133	9,908	(7.8)
WIFA Loans Payable	-	-	49,597	52,805	49,597	52,805	(6.1)
Financed Purchases Payable	1,185	3,016	-	-	1,185	3,017	(60.7)
Leases Payable	442	383	-	-	442	384	15.3
Compensated Absences	3,365	3,172	434	391	3,799	3,563	6.6
Other Postemployment Benefits	10,019	9,756	3,210	3,160	13,229	12,916	2.4
Total Long-term Liabilities	<u>\$ 15,011</u>	<u>\$ 16,327</u>	<u>\$ 217,359</u>	<u>\$ 223,654</u>	<u>\$ 232,370</u>	<u>\$ 239,982</u>	

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Economic Factors and Next Year's Budgets and Rates

The City's economy has continued to reflect a positive trend. Through the budget plans, City management and staff remain committed to providing Lake Havasu City citizens with a high-quality service at a reasonable cost. In June 2022, the City Council approved a \$225.7 million budget.

Highlights of the City's budget for the 2023 fiscal year include the following:

The 2023 combined budgets for operating and capital programs total \$225.7 million, representing a \$29.9 million or 15.3% increase over the 2022 combined budget.

The increase includes an \$18.9 million contingency if the City revenues are higher due to additional grant funding. In addition, a \$10 million increase in service and supplies for street repaving projects is included.

The primary revenue source, local tax, is budgeted at \$47.1 million, an increase of \$4.2 million (9.8%) over the 2022 budget.

The 2023 capital budget includes new and continuing projects totaling \$46.8 million, including projects for rehabilitation of the police facility, aquatic center HVAC, new municipal courthouse, and airport improvements.

Overall revenue projections are \$17.7 million more than the prior year's budget. The City has projected that tax revenue may decrease due to receiving higher than projected revenues during the pandemic.

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 88,769,084	\$ 82,430,177	\$ 171,199,261
Restricted Cash	3,601,189	15,529,916	19,131,105
Receivables, Net:			
Accounts Receivable	615,081	4,243,684	4,858,765
Property Taxes Receivable	30,759	126,362	157,121
Intergovernmental Receivable	7,125,893	2,350,489	9,476,382
Accrued Interest Receivable	102,682	200,628	303,310
Lease Receivable	986,033	1,386,587	2,372,620
Internal Balances	423,898	(423,898)	-
Inventories	166,790	-	166,790
Prepaid Items	1,389,508	25,767	1,415,275
Other Assets	-	728,605	728,605
Net Pension OPEB Asset	1,471,099	160,130	1,631,229
Capital Assets:			
Nondepreciable	29,672,151	26,071,017	55,743,168
Depreciable	77,026,502	332,294,522	409,321,024
Total Assets	211,380,669	465,123,986	676,504,655
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pension Liability	18,492,319	1,096,529	19,588,848
Deferred Outflows of Resources - Pension OPEB Liability	132,245	30,135	162,380
Deferred Outflows of Resources - OPEB Liability	907,988	219,745	1,127,733
Total Deferred Outflows of Resources	19,532,552	1,346,409	20,878,961
LIABILITIES			
Accounts Payable	2,763,382	3,662,207	6,425,589
Accrued Salaries and Fringes	2,822,498	352,559	3,175,057
Accrued Interest Payable	6,531	4,264,974	4,271,505
Intergovernmental Payable	171,239	142,141	313,380
Developer Agreements	3,054,090	-	3,054,090
Retainage Payable	195,283	550,109	745,392
Unearned Revenue	4,323,210	441,854	4,765,064
Performance Bonds Payable	392,049	-	392,049
Liabilities Payable from Restricted Assets	-	683,089	683,089
Noncurrent Liabilities:			
Due Within One Year	4,605,110	6,325,034	10,930,144
Due in More Than One Year	93,515,106	215,468,610	308,983,716
Total Liabilities	111,848,498	231,890,577	343,739,075
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pension Liability	13,361,913	1,436,825	14,798,738
Deferred Inflows of Resources - Pension OPEB Liability	1,071,835	137,918	1,209,753
Deferred Inflows of Resources - OPEB Liability	634,910	53,864	688,774
Deferred Inflows of Resources - Leases	986,033	1,386,587	2,372,620
Deferred Inflows of Resources - Bond Refinancing	-	1,238,355	1,238,355
Total Deferred Inflows of Resources	16,054,691	4,253,549	20,308,240
NET POSITIONS			
Net Investment in Capital Assets	104,701,620	140,439,906	245,141,526
Restricted for:			
Public Safety	310,124	-	310,124
Highways and Streets	9,112,910	-	9,112,910
Debt Service	-	8,669,614	8,669,614
OPEB Benefits	1,471,099	160,130	1,631,229
Other Purposes	627,339	-	627,339
Unrestricted	(13,213,060)	81,056,619	67,843,559
Total Net Positions	<u>\$ 103,010,032</u>	<u>\$ 230,326,269</u>	<u>\$ 333,336,301</u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 14,160,054	\$ 4,739,871	\$ 602,347	\$ 75,423
Public Safety	34,090,742	224,177	748,003	209,546
Highways and Streets	6,144,340	-	6,235,679	-
Culture and Recreation	6,928,950	858,477	17,053	250,000
Tourism and Promotion	2,092,764	-	-	-
Transportation Services	1,018,294	32,250	1,042,020	-
Interest on Long-term Debt	12,789	-	-	-
Total Governmental Activities	64,447,933	5,854,775	8,645,102	534,969
Business-Type Activities:				
Refuse	7,194,997	7,332,512	-	-
Irrigation and Drainage	12,944,039	11,368,009	-	2,672,515
Wastewater	28,561,097	25,532,009	-	775,891
Airport	1,781,468	589,232	-	7,410,737
Total Business-Type Activities	50,481,601	44,821,762	-	10,859,143
Total Primary Government	\$ 114,929,534	\$ 50,676,537	\$ 8,645,102	\$ 11,394,112
General Revenues:				
Taxes				
Sales Taxes				
Property Taxes				
Franchise Taxes				
Unrestricted State Revenue Sharing				
Unrestricted State Sales Tax Revenue Sharing				
Unrestricted Auto Lieu Tax Revenue Sharing				
Investment Earnings				
Other				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning of Year				
Net Position - End of Year				

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,742,413)	\$ -	\$ (8,742,413)
(32,909,016)	-	(32,909,016)
91,339	-	91,339
(5,803,420)	-	(5,803,420)
(2,092,764)	-	(2,092,764)
55,976	-	55,976
(12,789)	-	(12,789)
(49,413,087)	-	(49,413,087)
-	137,515	137,515
-	1,096,485	1,096,485
-	(2,253,197)	(2,253,197)
-	6,218,501	6,218,501
-	5,199,304	5,199,304
(49,413,087)	5,199,304	(44,213,783)
39,539,774	20,434	39,560,208
5,683,917	5,713,605	11,397,522
2,135,944	-	2,135,944
7,495,130	-	7,495,130
8,059,064	-	8,059,064
4,602,177	-	4,602,177
(1,401,638)	(2,652,521)	(4,054,159)
563,519	190,594	754,113
390,302	(390,302)	-
67,068,189	2,881,810	69,949,999
17,655,102	8,081,114	25,736,216
85,354,930	222,245,155	307,600,085
\$ 103,010,032	\$ 230,326,269	\$ 333,336,301

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	HURF	Nonmajor Funds	Totals
ASSETS				
Cash and Investments	\$ 68,784,196	\$ 8,894,819	\$ 11,090,069	\$ 88,769,084
Restricted Cash	3,496,753	-	104,436	3,601,189
Receivables:				
Accounts Receivable	613,908	1,173	-	615,081
Taxes Receivable	30,754	-	5	30,759
Intergovernmental Receivable	5,988,310	624,715	512,868	7,125,893
Leases Receivable	986,033	-	-	986,033
Interest Receivable	87,823	11,107	3,752	102,682
Due from Other Funds	442,337	-	-	442,337
Inventories	166,790	-	-	166,790
Prepaid Items	1,384,736	-	4,772	1,389,508
Total Assets	<u>\$ 81,981,640</u>	<u>\$ 9,531,814</u>	<u>\$ 11,715,902</u>	<u>\$ 103,229,356</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,155,387	\$ 153,148	\$ 454,847	\$ 2,763,382
Accrued Wages and Benefits	2,742,151	70,473	9,874	2,822,498
Interest Payable	6,531	-	-	6,531
Intergovernmental Payable	170,662	-	577	171,239
Developer Agreements	3,054,090	-	-	3,054,090
Due to Other Funds	-	-	18,439	18,439
Unearned Revenue	59,056	-	4,264,154	4,323,210
Retainage Payable	-	195,283	-	195,283
Performance Bonds Payable	392,049	-	-	392,049
Total Liabilities	<u>8,579,926</u>	<u>418,904</u>	<u>4,747,891</u>	<u>13,746,721</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Leases	986,033	-	-	986,033
FUND BALANCE				
Nonspendable	1,551,526	-	4,772	1,556,298
Restricted	87,549	9,112,910	694,864	9,895,323
Assigned	534,760	-	6,273,147	6,807,907
Unassigned	70,241,846	-	(4,772)	70,237,074
Total Fund Balance	<u>72,415,681</u>	<u>9,112,910</u>	<u>6,968,011</u>	<u>88,496,602</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 81,981,640</u>	<u>\$ 9,531,814</u>	<u>\$ 11,715,902</u>	<u>\$ 103,229,356</u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances for Governmental Funds	\$ 88,496,602
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital and Right-to-Use Assets	233,757,389
Less: Accumulated Depreciation and Amortization	(127,058,736)
Capital and Right-to-Use Assets Used in Governmental Activities	106,698,653

Net pension OPEB assets are not current financial resources and therefore are not reported in the governmental funds.	1,471,099
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Deferred outflows relating to deferred amounts on pensions and OPEB are not financial resources; therefore are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	18,492,319
Deferred Outflows of Resources Related to Pension OPEB	132,245
Deferred Outflows of Resources Related to OPEB	907,988

Deferred inflows relating to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.

Deferred Inflows of Resources Related to Pensions	(13,361,913)
Deferred Inflows of Resources Related to Pension OPEB	(1,071,835)
Deferred Inflows of Resources Related to OPEB	(634,910)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Leases	(1,185,311)
Compensated Absences	(3,364,647)
Other Postemployment Benefits	(10,019,314)
Net Pension OPEB Liability	(24,026)
Net Pension Liability	(83,085,556)

Total Net Position of Governmental Activities	\$ 103,010,032
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See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>HURF</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
REVENUE				
Taxes:				
Sales Taxes	\$ 39,539,774	\$ -	\$ -	\$ 39,539,774
Property Taxes	5,607,383	-	76,528	5,683,911
Franchise Taxes	2,135,944	-	-	2,135,944
Intergovernmental Revenue	20,952,705	6,235,679	1,777,155	28,965,539
Fines and Forfeitures	1,554,073	-	83,702	1,637,775
Licenses and Permits	2,941,949	-	-	2,941,949
Charges for Services	1,115,217	-	-	1,115,217
Rents and Royalties	159,834	-	-	159,834
Contributions and Donations	44,650	-	326,233	370,883
Investment Earnings (Loss)	(1,203,669)	(152,875)	(45,094)	(1,401,638)
Other	318,970	10,911	233,663	563,544
Total Revenue	<u>73,166,830</u>	<u>6,093,715</u>	<u>2,452,187</u>	<u>81,712,732</u>
EXPENDITURES				
Current:				
General Government	13,828,918	-	667,242	14,496,160
Public Safety	34,380,456	-	979,175	35,359,631
Highways and Streets	-	5,358,088	-	5,358,088
Culture and Recreation	6,150,320	-	-	6,150,320
Tourism and Promotion	2,092,764	-	-	2,092,764
Transportation Services	1,008,346	-	245,667	1,254,013
Debt Service:				
Principal Retirement	925,126	-	-	925,126
Interest on Long-Term Debt	12,789	-	-	12,789
Capital Outlay	-	-	1,208,602	1,208,602
Total Expenditures	<u>58,398,719</u>	<u>5,358,088</u>	<u>3,100,686</u>	<u>66,857,493</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	14,768,111	735,627	(648,499)	14,855,239
OTHER FINANCING SOURCES (USES)				
Transfers In	547,951	-	2,500,000	3,047,951
Transfers Out	(2,649,698)	-	(7,951)	(2,657,649)
Issuance of Long-Term Debt	361,939	-	-	361,939
Total Other Financing Sources (Uses)	<u>(1,739,808)</u>	<u>-</u>	<u>2,492,049</u>	<u>752,241</u>
NET CHANGE IN FUND BALANCE	13,028,303	735,627	1,843,550	15,607,480
Fund Balance - Beginning of Year	<u>59,387,378</u>	<u>8,377,283</u>	<u>5,124,461</u>	<u>72,889,122</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 72,415,681</u></u>	<u><u>\$ 9,112,910</u></u>	<u><u>\$ 6,968,011</u></u>	<u><u>\$ 88,496,602</u></u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 15,607,480

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 and amortization expense.

Expenditures for Capital and Right-to-Use Assets	3,859,050
Less: Current Year Depreciation and Amortization	(4,872,337)
Excess Capital Expenditures Over Depreciation and Amortization	(1,013,287)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position. (838)

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	2,134,039
Proceeds from Debt	(361,939)

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	(192,319)
OPEB Expense	669,372
OPEB Pension Expense	177,885
Pension Expense	(9,061,944)

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	9,621,720
Current-Year OPEB Pension Contributions	74,933

Changes in Net Position of Governmental Activities \$ 17,655,102

**LAKE HAVASU CITY, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUE				
Taxes	\$ 37,138,595	\$ 37,138,595	\$ 47,283,101	\$ 10,144,506
Intergovernmental Revenue	28,529,035	28,529,035	20,952,705	(7,576,330)
Fines and Forfeitures	1,412,500	1,412,500	1,554,073	141,573
Licenses and Permits	2,988,041	2,988,041	2,941,949	(46,092)
Charges for Services	1,134,100	1,134,100	1,115,217	(18,883)
Rents and Royalties	110,000	110,000	159,834	49,834
Contributions and Donations	1,045,000	1,045,000	44,650	(1,000,350)
Investment Earnings (Loss)	238,183	238,183	(1,203,669)	(1,441,852)
Other	174,000	174,000	318,970	144,970
Total Revenue	72,769,454	72,769,454	73,166,830	397,376
EXPENDITURES				
Current:				
General Government:				
City Council	274,711	274,711	270,555	4,156
City Clerk	273,232	273,232	261,611	11,621
Magistrate Court	2,316,693	2,316,693	1,734,919	581,774
City Manager	494,683	494,683	466,299	28,384
Human Resources	526,183	526,183	498,980	27,203
Community Affairs	112,519	112,519	114,304	(1,785)
Administrative Services	5,109,702	5,109,702	4,296,443	813,259
City Attorney	1,123,655	1,123,655	938,048	185,607
NonDepartmental	16,086,447	16,086,447	2,144,364	13,942,083
Public Works	1,104,038	1,104,038	882,876	221,162
Vehicle Maintenance	629,658	629,658	634,458	(4,800)
Development Services	1,773,085	1,773,085	1,586,061	187,024
Total General Government	29,824,606	29,824,606	13,828,918	15,995,688
Public Safety:				
Police	19,326,593	19,326,593	18,869,784	456,809
Fire	16,883,607	16,883,607	15,510,672	1,372,935
Total Public Safety	36,210,200	36,210,200	34,380,456	1,829,744
Culture and Recreation:				
Recreation Department	7,191,166	7,191,166	6,150,320	1,040,846
Tourism and Promotion:				
Tourism/Economic Development	2,100,000	2,100,000	2,092,764	7,236
Transportation Services:				
Havasu Mobility	1,252,778	1,252,778	1,008,346	244,432
Debt Service:				
Principal Retirement	908,963	908,963	925,126	(16,163)
Interest on Long-Term Debt	9,410	9,410	12,789	(3,379)
Total Debt Service	918,373	918,373	937,915	(19,542)
Total Expenditures	77,497,123	77,497,123	58,398,719	19,098,404
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(4,727,669)	(4,727,669)	14,768,111	19,495,780
OTHER FINANCING SOURCES (USES)				
Transfers In	555,000	555,000	547,951	(7,049)
Transfers Out	(4,471,679)	(4,471,679)	(2,649,698)	1,821,981
Issuance of Long-Term Debt	-	-	361,939	361,939
Total Other Financing Sources (Uses)	(3,916,679)	(3,916,679)	(1,739,808)	2,176,871
NET CHANGE IN FUND BALANCE	(8,644,348)	(8,644,348)	13,028,303	21,672,651
Fund Balance - Beginning of Year	42,638,163	42,638,163	59,387,378	16,749,215
FUND BALANCE - END OF YEAR	<u>\$ 33,993,815</u>	<u>\$ 33,993,815</u>	<u>\$ 72,415,681</u>	<u>\$ 38,421,866</u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
HURF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amount Budgetary Basis <u> </u>	Variance with Final Budget <u> </u>
REVENUE			
Intergovernmental Revenue	\$ 5,568,046	\$ 6,235,679	\$ 667,633
Investment Earnings (Loss)	42,165	(152,875)	(195,040)
Other	<u>-</u>	<u>10,911</u>	<u>10,911</u>
Total Revenue	5,610,211	6,093,715	483,504
EXPENDITURES			
Current:			
Highways and Streets	10,729,508	5,358,088	5,371,420
Total Expenditures	<u>10,729,508</u>	<u>5,358,088</u>	<u>5,371,420</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(5,119,297)	735,627	5,854,924
Fund Balance - Beginning of Year	<u>6,744,447</u>	<u>8,377,283</u>	<u>1,632,836</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,625,150</u></u>	<u><u>\$ 9,112,910</u></u>	<u><u>\$ 7,487,760</u></u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities				Total Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	Airport	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 53,188,775	\$ 24,451,387	\$ 4,790,015	\$ -	\$ 82,430,177
Restricted Cash	614,141	14,888,184	-	27,591	15,529,916
Receivables, Net:					
Accounts Receivable	1,224,927	2,390,436	618,823	9,498	4,243,684
Taxes Receivable	126,362	-	-	-	126,362
Intergovernmental Receivable	120,012	-	-	2,230,477	2,350,489
Interest Receivable	116,541	72,560	10,936	591	200,628
Lease Receivable	-	-	-	73,472	73,472
Prepaid Items	22,568	3,199	-	-	25,767
Other Assets	-	728,605	-	-	728,605
Total Current Assets	55,413,326	42,534,371	5,419,774	2,341,629	105,709,100
Noncurrent Assets:					
Lease Receivable	-	-	-	1,313,115	1,313,115
Net Pension OPEB Asset	77,097	72,123	-	10,910	160,130
Capital Assets					
Nondepreciable	14,023,805	3,499,921	-	8,547,291	26,071,017
Depreciable (Net)	75,837,050	245,427,907	-	11,029,565	332,294,522
Total Noncurrent Assets	89,937,952	248,999,951	-	20,900,881	359,838,784
Total Assets	145,351,278	291,534,322	5,419,774	23,242,510	465,547,884
DEFERRED OUTFLOWS OF RESOURCES	713,305	565,116	-	67,988	1,346,409
LIABILITIES					
Current Liabilities:					
Accounts Payable	880,460	541,423	572,823	1,667,501	3,662,207
Accrued Wages and Benefits	158,425	171,999	-	22,135	352,559
Intergovernmental Payable	134,195	7,946	-	-	142,141
Interest Payable	60,607	4,204,367	-	-	4,264,974
Retainage Payable	399,682	104,902	-	45,525	550,109
Unearned Revenue	109,053	247,107	71,703	13,991	441,854
Due to Other Funds	-	-	-	423,898	423,898
Liabilities Payable from Restricted Assets	579,320	76,178	-	27,591	683,089
Compensated Absences	177,137	186,087	-	27,671	390,895
Other Postemployment Benefits	92,665	27,685	-	-	120,350
Bonds and Notes Payable	502,098	5,311,691	-	-	5,813,789
Total Current Liabilities	3,093,642	10,879,385	644,526	2,228,312	16,845,865
Noncurrent Liabilities:					
Compensated Absences	19,706	20,701	-	3,078	43,485
Other Postemployment Benefits	1,730,693	1,359,006	-	-	3,089,699
Net Pension OPEB Liability	4,972	2,534	-	82	7,588
Net Pension Liability	2,416,742	1,808,389	-	201,695	4,426,826
Bonds and Notes Payable	3,314,421	204,586,591	-	-	207,901,012
Total Noncurrent Liabilities	7,486,534	207,777,221	-	204,855	215,468,610
Total Liabilities	10,580,176	218,656,606	644,526	2,433,167	232,314,475
DEFERRED INFLOWS OF RESOURCES	800,164	1,965,714	-	1,487,671	4,253,549
NET POSITION					
Net Investment in Capital Assets	84,987,956	37,588,331	-	17,863,619	140,439,906
Restricted for OPEB Benefits	77,097	72,123	-	10,910	160,130
Restricted for Debt Service	34,821	8,634,793	-	-	8,669,614
Unrestricted	49,584,369	25,181,871	4,775,248	1,515,131	81,056,619
Total Net Position	<u>\$ 134,684,243</u>	<u>\$ 71,477,118</u>	<u>\$ 4,775,248</u>	<u>\$ 19,389,660</u>	<u>\$ 230,326,269</u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities				Total Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	Airport	
OPERATING REVENUE					
Charges for Services	\$ 11,368,009	\$ 25,532,009	\$ 7,332,512	\$ 589,232	\$ 44,821,762
OPERATING EXPENSES					
Cost of Sales and Services	10,031,931	9,844,948	7,194,997	830,094	27,901,970
Depreciation	2,806,432	10,685,207	-	951,374	14,443,013
Total Operating Expenses	12,838,363	20,530,155	7,194,997	1,781,468	42,344,983
OPERATING INCOME (LOSS)	(1,470,354)	5,001,854	137,515	(1,192,236)	2,476,779
NONOPERATING REVENUE (EXPENSE)					
Taxes	5,713,605	-	-	20,434	5,734,039
Investment Earnings (Loss)	(1,529,413)	(972,669)	(142,714)	(7,725)	(2,652,521)
Gain (Loss) on Sale of Capital Assets	16,200	(452,895)	-	-	(436,695)
Interest Expense	(121,876)	(7,539,111)	-	-	(7,660,987)
Issuance Costs	-	(38,936)	-	-	(38,936)
Other Income (Expense)	65,888	65,058	(19,560)	79,208	190,594
Total Nonoperating Revenue (Expense)	4,144,404	(8,938,553)	(162,274)	91,917	(4,864,506)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,674,050	(3,936,699)	(24,759)	(1,100,319)	(2,387,727)
CAPITAL CONTRIBUTIONS	2,672,515	775,891	-	7,410,737	10,859,143
TRANSFERS IN	-	-	-	149,698	149,698
TRANSFERS OUT	(540,000)	-	-	-	(540,000)
CHANGE IN NET POSITION	4,806,565	(3,160,808)	(24,759)	6,460,116	8,081,114
Net Position - Beginning of Year	129,877,678	74,637,926	4,800,007	12,929,544	222,245,155
NET POSITION - END OF YEAR	<u>\$ 134,684,243</u>	<u>\$ 71,477,118</u>	<u>\$ 4,775,248</u>	<u>\$ 19,389,660</u>	<u>\$ 230,326,269</u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities – Enterprise Funds				Total Business-Type Activities - Enterprise Fund
	Irrigation and Drainage	Wastewater	Refuse	Airport	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 11,181,678	\$ 26,067,228	\$ 7,477,967	\$ 586,231	\$ 45,313,104
Payments to Suppliers	(7,508,589)	(7,262,681)	(7,173,696)	(474,618)	(22,419,584)
Payments to Employees	(2,797,109)	(2,692,656)	-	(382,664)	(5,872,429)
Other Nonoperating Receipts (Expenses)	65,888	65,058	(19,560)	79,208	190,594
Customer Deposits (Payments)	9,968	76,178	-	(193)	85,953
Net Cash Flows Provided (Used) by Operating Activities	951,836	16,253,127	284,711	(192,036)	17,297,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	-	-	-	149,698	149,698
Transfers Out	(540,000)	-	-	-	(540,000)
Tax Receipts	5,722,817	-	-	20,434	5,743,251
Interfund Borrowings	-	-	-	423,898	423,898
Net Cash Flows Provided by Noncapital Financing Activities	5,182,817	-	-	594,030	5,776,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Grants and Contributions	5,168,708	775,891	-	5,220,435	11,165,034
Purchases of Capital Assets	(8,748,439)	(2,561,536)	-	(5,707,349)	(17,017,324)
Principal Paid on Capital Debt	(486,575)	(5,126,998)	-	-	(5,613,573)
Interest Paid on Capital Debt	(129,637)	(8,500,953)	-	-	(8,630,590)
Proceeds from Sale of Capital Assets	16,200	1,000	-	-	17,200
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(4,179,743)	(15,412,596)	-	(486,914)	(20,079,253)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends	(1,600,703)	(1,018,075)	(149,360)	(8,085)	(2,776,223)
NET CHANGE IN CASH AND CASH EQUIVALENTS	354,207	(177,544)	135,351	(93,005)	219,009
Cash and Cash Equivalents - Beginning of Year	53,448,709	39,517,115	4,654,664	120,596	97,741,084
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 53,802,916</u>	<u>\$ 39,339,571</u>	<u>\$ 4,790,015</u>	<u>\$ 27,591</u>	<u>\$ 97,960,093</u>
RECONCILIATION TO STATEMENT OF NET POSITION					
Cash and Investments	\$ 53,188,775	\$ 24,451,387	\$ 4,790,015	\$ -	\$ 82,430,177
Restricted Cash and Investments	614,141	14,888,184	-	27,591	15,529,916
Total Cash and Cash Equivalents	<u>\$ 53,802,916</u>	<u>\$ 39,339,571</u>	<u>\$ 4,790,015</u>	<u>\$ 27,591</u>	<u>\$ 97,960,093</u>

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities – Enterprise Funds				Total Business-Type Activities - Enterprise Fund
	Irrigation and Drainage	Wastewater	Refuse	Airport	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (1,470,354)	\$ 5,001,854	\$ 137,515	\$ (1,192,236)	\$ 2,476,779
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,806,432	10,685,207	-	951,374	14,443,013
Other Nonoperating Receipts (Expenses)	65,888	65,058	(19,560)	79,208	190,594
Change in Assets/Liabilities:					
Receivables, Net	19,823	288,222	73,939	(585)	381,399
Prepaid Items	-	(3,035)	-	-	(3,035)
OPEB Asset	(64,432)	(61,855)	-	(9,536)	(135,823)
Accounts Payable	(31,774)	27,100	21,301	(15,044)	1,583
Intergovernmental Payable	(18,520)	3,537	-	-	(14,983)
Accrued Wages and Benefits	(26,949)	(22,299)	-	(1,830)	(51,078)
Compensated Absences	(962)	37,960	-	6,475	43,473
Unearned Revenue	(206,154)	246,997	71,516	(2,416)	109,943
Customer Deposits Payable	9,968	76,178	-	(193)	85,953
Pension and OPEB Liability	(629,923)	(618,144)	-	(98,013)	(1,346,080)
Deferred Outflows of Resources - Pension and OPEB	(39,603)	(25,440)	-	(1,375)	(66,418)
Deferred Inflows of Resources - Pension and OPEB	538,396	551,787	-	92,135	1,182,318
Net Cash Provided (Used) by Operating Activities	<u>\$ 951,836</u>	<u>\$ 16,253,127</u>	<u>\$ 284,711</u>	<u>\$ (192,036)</u>	<u>\$ 17,297,638</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Other costs of \$38,936, deferred amount on refunding of \$95,258 and premiums of \$774,363 were amortized in the Wastewater Fund during the year.

Capital assets purchases of \$656,698, \$97,958, and \$1,667,712 were included in accounts payable at year-end in the Irrigation and Drainage Fund, Wastewater Fund, and Airport Fund, respectively.

See accompanying Notes to Basic Financial Statements.



NOTES TO BASIC FINANCIAL STATEMENTS



LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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).

For the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the City's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

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 Annual Comprehensive 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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.

Separate financial statements for the Irrigation and Drainage District, Improvement Districts No. 2 and 4, and Metropolitan Planning Organization are not prepared.

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 of the activities of the primary government and its component units. 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 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 and storm drainage 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.

The *Airport Fund* accounts for the activities of the City's airport operations.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 nonoperating 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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.

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 using the consumption method.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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 \$10,000 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 acquisition 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/amortization on all assets is provided on a straight-line basis over the following estimated useful lives:

Building and Improvements	40 Years
Water Allocation Rights	40 Years
Improvements Other than Buildings	10 to 20 Years
Infrastructure	40 to 50 Years
Furniture, Machinery, and Equipment	3 to 10 Years
Vehicles	3 to 10 Years
Intangibles:	
Right-to-Use Lease Assets:	
Buildings and Improvements	3 Years
Furniture, Machinery, and Equipment	4 to 5 Years

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

7. Compensated Absences (Continued)

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 478 hours or 672 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. Leases

As lessee, the City recognizes lease liabilities with an initial, individual value of \$10,000 or more. The City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City used the Arizona's General Accounting Office lease template, which identified what rates to use if the explicit interest and implicit rates are unknown. These rates are based on the number of years remaining in the lease term as of July 1, 2021.

As lessor, the City recognizes lease receivables with an initial, individual value of \$10,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City's estimated incremental borrowing rate is calculated as described above.

9. 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

10. Pensions/OPEB

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the pension/OPEB 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.

11. 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 effective interest 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.

12. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

13. 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 action by City Council. 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

13. Fund Balance (Continued)

The City Council approved by resolution a Fiscal Sustainability Policy in May 2021, which requires the City to maintain a General Fund reserve of 25% based on the average actual General Fund revenues for the preceding five fiscal years. The City will maintain a fund balance reserve of 10% 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. They must be replenished within three fiscal years following the fiscal year in which the event occurred. The fiscal year 2022 adopted budget required reserves as follows: General Fund \$13,871,040; HURF Fund \$841,000; Water Fund \$3,007,300; Wastewater Fund \$3,595,900.

As of June 30, 2022, the governmental fund balance details by classification are listed below:

	General Fund	HURF	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 166,790	\$ -	\$ -	\$ 166,790
Prepaid Expenditures	1,384,736	-	4,772	1,389,508
Total Nonspendable	<u>1,551,526</u>	<u>-</u>	<u>4,772</u>	<u>1,556,298</u>
Restricted:				
Highway User Tax for Transportation	-	9,112,910	-	9,112,910
Public Safety Special Programs	87,549	-	101,355	188,904
Court Enhancement	-	-	567,053	567,053
Improvement Districts	-	-	26,456	26,456
Total Restricted	<u>87,549</u>	<u>9,112,910</u>	<u>694,864</u>	<u>9,895,323</u>
Assigned:				
Capital Lease	523,431	-	-	523,431
Public Safety Special Programs	-	-	283,849	283,849
Capital Projects	11,329	-	5,989,298	6,000,627
Total Assigned	<u>534,760</u>	<u>-</u>	<u>6,273,147</u>	<u>6,807,907</u>
Unassigned:	70,241,846	-	(4,772)	70,237,074
Total Fund Balances	<u>\$ 72,415,681</u>	<u>\$ 9,112,910</u>	<u>\$ 6,968,011</u>	<u>\$ 88,496,602</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, except for the Metropolitan Planning Organization Fund which was not budgeted. The City Manager 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.

There were no budget amendments in fiscal year 2022.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2022 consist of the following:

Deposits:	
Cash on Hand	\$ 8,300
Cash in Bank	3,236,180
Cash on Deposit with County Treasurer	139,257
Investments:	
State Treasurer's Investment Pool (LGIP)	93,503,708
U.S. Government Securities	67,356,024
Certificates of Deposit	7,136,870
Money Market	18,950,027
Total Deposits and Investments	190,330,366
Restricted Assets	(19,131,105)
Total Cash and Investments	<u><u>\$ 171,199,261</u></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 State Investment Board 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 participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the City are uninsured and unregistered with the securities held by the counterparty's trust department of agent in the City's name.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset or inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Debt securities classified in Level 2 are valued using quoted prices for similar securities in active markets.

Investments valued using the net asset value (NAV) per share (or its equivalent) are City investments in the Arizona State Treasurer's Investment Pool (LGIP) and unlike more traditional investments, generally do not have readily obtainable market values. Investments valued at NAV utilized Net Asset Values as provided by the State of Arizona Treasurer's Office at June 30, 2022.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

At year-end, the City's investments consisted of the following:

	6/30/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt Securities:				
Federal Agency Bonds	\$ 67,356,024	\$ -	\$ 67,356,024	\$ -
Total Debt Securities	67,356,024	-	67,356,024	-
Venture Capital Investments:				
Certificates of Deposits	7,136,870	-	7,136,870	-
Total Investments by Fair Value Level	74,492,894	<u>\$ -</u>	<u>\$ 74,492,894</u>	<u>\$ -</u>
Investments Measured at Fair Value:				
State Treasurer's Investment Pool	93,503,708			
Total Investments Measured at Fair Value	167,996,602			
Investments by Amortized Cost:				
Money Market Funds	18,950,027			
Total Investments	<u>\$ 186,946,629</u>			

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.

The City's investments at June 30, 2022 consist of the following:

Investment	Amount	Investment Maturities (in Years)		
		Less than 1	1-3	4-5
State Treasurer's Investment Pools	\$ 93,503,708	\$ 93,503,708	\$ -	\$ -
Certificates of Deposit	7,136,870	3,754,250	3,146,532	236,088
Money Market	18,950,027	18,950,027	-	-
U.S. Government Securities	67,356,024	2,001,720	35,475,440	29,878,864
Total Investments	<u>\$ 186,946,629</u>	<u>\$ 118,209,705</u>	<u>\$ 38,621,972</u>	<u>\$ 30,114,952</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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, 2022 for each investment type.

S&P Ratings Investment Type	Total	AAA	AA-	Not Rated	Investment Percent
State Treasurer's Investment Pools	\$ 93,503,708	\$ 20,439,697	\$ 73,064,011	\$ -	50 %
Certificates of Deposit	7,136,870	-	-	7,136,870	4
Money Market	18,950,027	-	-	18,950,027	10
U.S. Government Securities	67,356,024	67,356,024	-	-	36
Total Investments	<u>\$ 186,946,629</u>	<u>\$ 87,795,721</u>	<u>\$ 73,064,011</u>	<u>\$ 26,086,897</u>	<u>100 %</u>

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, 2022, 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 AAA by Moody's Investors Service.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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% 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 at June 30, 2022 consisted of the following:

Customer Deposits	\$ 683,089
Performance Bonds Deposits	392,049
Developer Agreements	3,054,090
Court Bonds	33,830
Police Property Evidence	16,784
Forfeitures	104,436
Future Debt Service	14,846,827
Total	<u><u>\$ 19,131,105</u></u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 28,771,425	\$ -	\$ (838)	\$ 28,770,587
Construction in Progress	2,860,571	2,042,260	(4,001,267)	901,564
Total Capital Assets, Not Being Depreciated/Amortized	31,631,996	2,042,260	(4,002,105)	29,672,151
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	42,322,637	-	-	42,322,637
Improvements to Land	21,737,285	833,656	-	22,570,941
Infrastructure	104,114,351	-	-	104,114,351
Furniture, Machinery and Equipment	29,985,616	4,622,462	(275,287)	34,332,791
Intangibles:				
Right-to-Use Lease Assets:				
Buildings and Improvements	64,830	-	-	64,830
Furniture, Machinery and Equipment	317,749	361,939	-	679,688
Total Capital Assets, Being Depreciated/Amortized	198,542,468	5,818,057	(275,287)	204,085,238
Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(22,403,462)	(1,191,327)	-	(23,594,789)
Improvements to Land	(8,579,150)	(540,466)	-	(9,119,616)
Infrastructure	(69,293,966)	(1,625,716)	-	(70,919,682)
Furniture, Machinery and Equipment	(22,185,108)	(1,300,775)	275,287	(23,210,596)
Intangibles:				
Right-to-Use Lease Assets:				
Buildings and Improvements	-	(55,568)	-	(55,568)
Furniture, Machinery and Equipment	-	(158,485)	-	(158,485)
Total Accumulated Depreciation/Amortization	(122,461,686)	(4,872,337)	275,287	(127,058,736)
Total Capital Assets, Being Depreciated/Amortized, Net	76,080,782	945,720	-	77,026,502
Governmental Activities Capital Assets, Net	<u>\$ 107,712,778</u>	<u>\$ 2,987,980</u>	<u>\$ (4,002,105)</u>	<u>\$ 106,698,653</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 3,298,415	\$ -	\$ -	\$ 3,298,415
Water Allocation Rights	7,584,201	-	-	7,584,201
Construction in Progress	4,423,447	17,415,632	(6,650,678)	15,188,401
Total Capital Assets, Not Being Depreciated	15,306,063	17,415,632	(6,650,678)	26,071,017
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,071,124	-	-	28,071,124
Infrastructure	515,000,943	4,202,665	(680,842)	518,522,766
Machinery, Equipment, and Vehicles	13,053,135	3,994,870	(72,660)	16,975,345
Water Allocation Rights	2,374,554	-	-	2,374,554
Total Capital Assets, Being Depreciated	558,499,756	8,197,535	(753,502)	565,943,789
Accumulated Depreciation for:				
Buildings and Improvements	(12,321,084)	(721,398)	-	(13,042,482)
Infrastructure	(198,054,665)	(12,501,404)	226,951	(210,329,118)
Machinery, Equipment and Vehicles	(8,472,166)	(1,160,848)	72,660	(9,560,354)
Water Allocation Rights	(657,950)	(59,363)	-	(717,313)
Total Accumulated Depreciation	(219,505,865)	(14,443,013)	299,611	(233,649,267)
Total Capital Assets, Being Depreciated, Net	338,993,891	(6,245,478)	(453,891)	332,294,522
Business-Type Activities Capital Assets, Net	<u>\$ 354,299,954</u>	<u>\$ 11,170,154</u>	<u>\$ (7,104,569)</u>	<u>\$ 358,365,539</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 1,223,839
Public Safety	1,033,309
Highways and Streets	1,523,892
Culture and Recreation	947,587
Transportation Services	143,710
Total Depreciation/Amortization Expense	<u>\$ 4,872,337</u>

Business-Type Activities:

Irrigation and Drainage	\$ 2,806,432
Wastewater	10,685,207
Airport	951,374
Total Depreciation Expense	<u>\$ 14,443,013</u>

During the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, as amended. As a result, \$382,579 of right-to-use lease assets were added as of July 1, 2021.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Construction Commitments

The City had active construction projects at June 30, 2022. The projects include various infrastructure projects, water system upgrades, wastewater system upgrades, airport improvements and park improvements. At fiscal year-end the City's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-Date	Remaining Commitment
General Government	\$ 515,348	\$ 138,989
Public Safety - Police/Fire	62,894	45,704
Culture and Recreation	177,939	66,650
Total Governmental Activities	<u>\$ 756,181</u>	<u>\$ 251,343</u>
Business-Type Activities		
Project	Spent-to-Date	Remaining Commitment
Water System	\$ 4,041,506	\$ 1,559,440
Wastewater System	1,521,507	3,473,416
Airport Improvements	990,366	143,587
Total Business-Type Activities	<u>\$ 6,553,379</u>	<u>\$ 5,176,443</u>

5. Lease Receivable

The City, acting as lessor, leases airport hangars, land, and building space under long-term, noncancelable lease agreements. The leases expire at various dates through 2041 and provide for renewal options ranging from three months to thirty years. During the year ended June 30, 2022, the City recognized \$151,817 and \$35,374 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Governmental Activities:

Land leases. Annual installments totaling \$79,816 plus interest at rates ranging from 1.15% to 1.51%, due dates ranging from 2023 to 2042.

Building lease. Annual installments totaling \$7,367 plus interest at an interest rate of 1.18%, due dates ranging from 2023 to 2029.

Business-Type Activities:

Hangar and land leases. Annual installments totaling \$73,472 plus interest at rates ranging from 1.18% to 1.51%, due dates ranging from 2023 to 2049.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers

As of June 30, 2022 interfund receivables and payables were as follows:

	<u>Due To</u>	<u>Due From</u>		
		Nonmajor Governmental Funds	Airport	Total
General Fund		<u>\$ 18,439</u>	<u>\$ 423,898</u>	<u>\$ 442,337</u>

The above interfund receivables and payables reflect short-term loans from the General Fund to the Metropolitan Planning Organization Nonmajor Governmental Fund and the Airport Fund for negative ending cash balances.

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Transfers to</u>	<u>Transfers From</u>			
	General Fund	Nonmajor Governmental Funds	Irrigation and Drainage	Total
General Fund	\$ -	\$ 7,951	\$ 540,000	\$ 547,951
Nonmajor Governmental Funds	2,500,000	-	-	2,500,000
Airport Fund	149,698	-	-	149,698
Total	<u>\$ 2,649,698</u>	<u>\$ 7,951</u>	<u>\$ 540,000</u>	<u>\$ 3,197,649</u>

Transfers were made for general operating purposes and to fund capital projects within the various funds.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. 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, and Airport Fund. The City's pension liability and 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 6.625% 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 fiscal year 2023. The total principal and interest remaining to be paid on the bonds is \$10,000. Principal and interest paid for the current year and total assessed taxes were both \$10,662.

The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$71,775,000 plus interest at 3.0% - 5.0% in refunding bonds issued September 2015. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$98,300,000 plus interest at 4.0 - 5.0% through 2045 for refunding bonds issued September 2015. Proceeds of the \$98,300,000 series 2015B revenue bonds, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$60,269,432 2015 WIFA loan were used for a current refunding of all remaining Wastewater debt, totaling \$245,164,587.

The City has pledged future revenues of the wastewater system, net of operation expenses to repay \$60,269,432 plus interest at 2.368% in refunding bonds issued September 2015 plus new money of \$1,300,000 to construct an expansion of the basin and suction line of the Mulberry Wastewater Treatment Plant reuse pump station. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. Proceeds of the loan, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$98,300,000 Series 2015B were used for a current refunding of all remaining Wastewater debt, totaling \$210,840,840.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

Loan covenants on the Wastewater debt (Series 2015A, 2015B and the WIFA loan) require the City to maintain 120% coverage of net revenues to current year debt service payments. Loan covenants also required the City to establish a Rate Stabilization Fund with a trustee in the amount of \$4,500,000 to ensure loan covenant requirements are met. Total principal and interest remaining to be paid on the Series 2015A is \$79,708,325, Series 2015B \$187,606,100, and WIFA \$53,249,686. Principal and interest (excluding amortized premium) paid for the current year and total customer net revenues were \$13,535,730 and \$19,280,454, respectively. Debt coverage on the Senior Lien debt is 1.42.

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 WIFA issued June 2007 (\$5,700,000) at 3.504% and July 2010 (\$11,400,000) at 2.775%. 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 \$4,192,121. Principal and interest paid for the current year and total customer net revenues were \$597,789 and \$5,586,164, 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 9.18.

In the previous year, the City purchased a building to be used for the new courthouse for \$3,000,000, of which \$1,000,000 was financed. The financing agreement has principal and interest payments due in forty (40) installments of \$9,427 on the 28th day of each month, beginning on September 28, 2020, and continuing until January 1, 2024, at which time all unpaid principal, accrued interest, and late charges are due and payable. However, the City fully paid off the note in January 2022.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

Long-Term Obligations are comprised of the following:

Classified in the Business-Type Activities on the Government-Wide Financial Statements:

	Long-Term Obligations Outstanding (in Thousands)
<u>General Obligation Bonds</u>	
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% to 6.625%. Original issue amount \$4,120,000.	\$ 10
2015 Senior Lien Wastewater Revenue Refunding Bonds, Series 2015 A (issued September 15, 2015) due in annual installments of \$755,000 to \$8,575,000 through July 1, 2037; interest at 4% to 5%. Original issue amount \$71,775,000.	56,675
<u>Revenue Bonds</u>	
Senior Lien Wastewater Revenue Bonds, Series 2015 B (issued September 15, 2015) due in annual installments of \$8,245,000 to \$13,160,000; interest at 4% to 5%. Original issue amount \$98,300,000.	98,300
<u>Water Infrastructure Financing Authority (WIFA) Loans</u>	
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%. Original issue amount \$5,700,000.	2,138
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%. Original issue amount \$3,222,300.	1,669
2015 Senior Lien (GO) Wastewater Rev. Ref & Improvement loan (issued September 15, 2015) due in annual installments of \$1,436,925 to \$3,791,223 through July 1, 2035; interest at 2.368%. Original issue amount \$60,269,432.	45,790
Total Business-Type Long Term Liabilities	<u>\$ 204,582</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

Changes in long-term obligations for the year ended June 30, 2022 are as follows:

Governmental Activities	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Other Liabilities:					
Financed Purchases	\$ 3,016,194	\$ -	\$ (1,830,883)	\$ 1,185,311	\$ 688,667
Leases Payable	382,579	361,939	(303,156)	441,362	197,432
Compensated Absences	3,172,328	2,992,540	(2,800,221)	3,364,647	3,027,816
Other Postemployment Benefits	9,755,852	263,462	-	10,019,314	691,195
Net Pension OPEB Liability	111,356	-	(87,330)	24,026	-
Net Pension Liability	96,235,164	-	(13,149,608)	83,085,556	-
Total Other Liabilities	112,673,473	3,617,941	(18,171,198)	98,120,216	4,605,110
Governmental Activities Long-Term Liabilities	<u>\$ 112,673,473</u>	<u>\$ 3,617,941</u>	<u>\$ (18,171,198)</u>	<u>\$ 98,120,216</u>	<u>\$ 4,605,110</u>
Business-Type Activities	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Bonds, Notes, and Loans Payable:					
General Obligation Bonds	\$ 59,090,000	\$ -	\$ (2,405,000)	\$ 56,685,000	\$ 2,525,000
Revenue Bonds	98,300,000	-	-	98,300,000	-
WIFA Loans Payable	52,805,133	-	(3,208,573)	49,596,560	3,288,789
Plus Deferred Amount on Premium	9,907,604	-	(774,363)	9,133,241	-
Total Bonds, Notes, and Loans Payable	<u>220,102,737</u>	<u>-</u>	<u>(6,387,936)</u>	<u>213,714,801</u>	<u>5,813,789</u>
Other Liabilities:					
Compensated Absences	390,907	449,776	(406,303)	434,380	390,895
Other Postemployment Benefits	3,160,114	49,935	-	3,210,049	120,350
Net Pension OPEB Liability	25,603	-	(18,015)	7,588	-
Net Pension Liability	5,804,826	-	(1,378,000)	4,426,826	-
Total Other Liabilities	<u>9,381,450</u>	<u>499,711</u>	<u>(1,802,318)</u>	<u>8,078,843</u>	<u>511,245</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 229,484,187</u>	<u>\$ 499,711</u>	<u>\$ (8,190,254)</u>	<u>\$ 221,793,644</u>	<u>\$ 6,325,034</u>

During the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, as amended. As a result, \$382,579 of leases payable liabilities were added as of July 1, 2021.

Debt service requirements on long-term debt at June 30, 2022 are as follows:

Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2023	\$ 5,813,789	\$ 8,321,937
2024	6,011,049	8,105,580
2025	6,230,405	7,935,822
2026	6,396,913	7,747,182
2027	6,585,629	7,538,001
2028 - 2032	34,517,004	34,094,649
2033 - 2037	39,971,771	26,988,148
2038 - 2042	49,705,000	16,259,000
2043 - 2047	49,350,000	3,194,350
Total	<u>\$ 204,581,560</u>	<u>\$ 120,184,669</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Financed Purchases

The City has acquired equipment and vehicles under contract agreements at a total purchase price of \$6,407,727. The following schedule details debt service requirements to maturity for the City's financed purchases at June 30, 2022.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 688,667	\$ 11,251
2024	320,157	1,859
2025	176,487	-
Total	<u>\$ 1,185,311</u>	<u>\$ 13,110</u>

E. Leases

A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

Leases with options to purchase equipment. Annual installments totaling \$193,558 plus interest at rates ranging from 1.0% to 10.5%, due dates ranging from 2023 to 2027.

Building and office space lease. Annual installments totaling \$4,677 plus interest at a rate of 0.7%, due date of 2023.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 197,432	\$ 7,016
2024	141,365	4,019
2025	94,649	1,770
2026	7,029	379
2027	887	3
Total	<u>\$ 441,362</u>	<u>\$ 13,187</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>
Buildings	\$ 64,830
Equipment	679,689
Less: Accumulated Amortization	(214,053)
Total	<u>\$ 530,466</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION

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 Arizona Municipal Risk Retention Pool 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, 2022.

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. Development Agreements

The development agreement between Lake Havasu City and Welford Development, Inc. dated June 14, 2005 was reviewed and a determination was made that the interest paid in prior years to Regions Bank was not payable to the bank resulting in an overpayment for taxes due. Subsequent sales taxes payable will be held in a liability account until such a time the excess payment is exhausted, or the agreement expires.

E. Subsequent Events

In 1978, the City incorporated under the alternate incorporation statute ARS Section 9-101.02. Upon incorporation and the vote approving the dissolution of the Irrigation and Drainage District (IDD), the City Council became the trustees for the IDD. All IDD's debt obligations were paid on July 1, 2022, completing the process.

In September 2022, the City received \$4.3 million in American Rescue Plan Act (ARPA) funds. This was the 2nd ARPA payment; the first in the amount of \$4.3 was received in September 2021. City Council is in the process of determining the use of these funds.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans

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

At June 30, 2022, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business Activities	Total
Net OPEB Asset	\$ 1,471,099	\$ 160,130	\$ 1,631,229
Net OPEB Liability	24,026	7,588	31,614
Net Pension Liability	83,085,556	4,426,826	87,512,382
Deferred Outflows of Resources - OPEB	132,245	30,135	162,380
Deferred Outflows of Resources - Pension	18,492,319	1,096,529	19,588,848
Deferred Inflows of Resources - OPEB	1,071,835	137,918	1,209,753
Deferred Inflows of Resources - Pension	13,361,913	1,436,825	14,798,738
OPEB Expense	(177,885)	(13,420)	(191,305)
Pension Expense	9,061,944	243,212	9,305,156

The City reported \$9.7 million of pension and OPEB expenditures in the governmental funds and \$468,926 in enterprise funds related to all pension and OPEB plans to which it contributes.

1. Arizona State Retirement System
Plan Description

City employees not covered by the other pension plans described below 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. 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:	
	July 1, 2011	July 1, 2011
Years of Service and Age Required to Receive Benefits	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 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage 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.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to $\frac{2}{3}$ of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

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 12.41% (12.22% for retirement and 0.19% 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 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% for long-term disability) of the members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.22% (10.13% for retirement and 0.09% 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's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022 were \$2.2 million.

During fiscal year 2022, the City paid for ASRS pension and OPEB contributions as follows: 79% from the General Fund and 21% from all other funds.

Pension Liability

At June 30, 2022, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	<u>Net Pension/ OPEB (Asset) Liability</u>
ASRS:	
Pension	\$ 19,894,603
Health Insurance Premium Benefit	(754,589)
Long-Term Disability	31,614

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2020, including decreasing the discount rate from 7.5% to 7.0% and changing the projected salary increases from 2.7–7.2% to 2.9–8.4%.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Pension Liability (Continued)

The City's proportion of the net asset or net liability was based on the City's actual contributions for the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The City's proportion measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

	<u>Proportion June 30, 2021</u>	<u>Increase (Decrease) from June 30, 2020</u>
ASRS:		
Pension	0.15141 %	(0.00114)%
Health Insurance Premium Benefit	0.15488	(0.00087)
Long-Term Disability	0.15315	(0.00118)

Expense

For the year ended June 30, 2022, the City recognized the following pension and OPEB expense.

	<u>Expense</u>
ASRS:	
Pension	\$ 1,154,162
Health Insurance Premium Benefit	(153,173)
Long-Term Disability	89,513

Deferred Outflows/Inflows of Resources

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>		<u>Long-Term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 303,275	\$ -	\$ -	\$ 261,692	\$ 9,132	\$ 2,576
Changes of Assumptions or Other Inputs	2,589,441	-	37,410	30,508	10,111	39,834
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,303,310	-	279,914	-	21,895
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	474,573	775	234	-	6,354
City Contributions Subsequent to the Measurement Date	2,153,358	-	37,652	-	33,930	-
Total	<u>\$ 5,046,074</u>	<u>\$ 6,777,883</u>	<u>\$ 75,837</u>	<u>\$ 572,348</u>	<u>\$ 53,173</u>	<u>\$ 70,659</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date as reported in the table above will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2023	\$ (339,229)	\$ (125,295)	\$ (7,269)
2024	15,786	(120,054)	(6,889)
2025	(1,389,557)	(131,569)	(7,681)
2026	(2,172,167)	(145,497)	(10,994)
2027	-	(11,748)	(4,514)
Thereafter	-		(14,069)

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%
Projected Salary Increases	2.9-8.4% for Pension/Not Applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for Pensions/Not Applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for Pensions and Health Insurance Premium Benefit
Recovery Rates	2012 GLDT for Long-Term Disability
Healthcare Cost Trend Rate	Not Applicable

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% 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.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50 %	4.90 %
Fixed Income - Credit	20	5.20
Fixed Income - Interest Rate Sensitive	10	0.70
Real Estate	20	5.70
Total	<u>100 %</u>	

Discount Rate

As of June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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/OPEB 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/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
City's Proportionate Share of the Net Pension Liability	\$ 31,292,542	\$ 19,894,603	\$ 10,391,873
Net Insurance Premium Benefit Liability (Asset)	(499,616)	(754,589)	(971,399)
Net Long-Term Disability Liability	41,166	31,614	22,372

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

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) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pensions. A nine-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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements. 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.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Benefits Provided (Continued)

Retirement and Disability	Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017
Years of Service and Age Required to Receive Benefit	20 Years of Service, Any Age 15 Years of Service, Age 62	25 Years of Service or 15 Years of Credited Service, Age 52.5
Final Average Salary is Based on	Highest 36 Consecutive Months of Last 20 Years	Highest 60 Consecutive Months of Last 20 Years
Benefit Percentage		
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%	1.5% to 2.5% for Each Year of Credited Service, Not to Exceed 80%
Accidental Disability Retirement	50% or Normal Retirement, Whichever is Greater	
Catastrophic Disability Retirement	90% for the First 60 Months then Reduced to Either 62.5% or Normal Retirement, Whichever is Greater	
Ordinary Disability Retirement	Normal Retirement Calculated with Actual Years of Credited Service or 20 Years of Credited Service, Whichever is Greater, Multiplied by Years of Credited Service (Not to Exceed 20 Years) Divided by 20	
<u>Survivor Benefit</u>		
Retired Members	80-100% of Retired Member's Pension Benefit	
Active Members	80-100% 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 inflation. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the agent pension plan's benefit terms:

	Police		Fire	
	Pension	Health	Pension	Health
Inactive Employees or Beneficiaries Currently Receiving Benefits	63	63	49	49
Inactive Employees Entitled to but Not Yet Receiving Benefits	21	4	17	9
Active Employees	49	49	64	64
Total	<u>133</u>	<u>116</u>	<u>130</u>	<u>122</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Contributions

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, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active Members - Pension	7.65-9.94%	7.65-9.94%
City:		
PSPRS Tier 1/2	63.53	57.58
PSPRS Tier 3	9.35	9.35

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

For the agent plans, the contributions to the pension plan for the year ended were:

	Police		Fire	
	Pension	Health	Pension	Health
Pension:				
Contributions Made	\$ 4,020,034	\$ 18,435	\$ 3,902,170	\$ -

During fiscal year 2022, the City paid PSPRS pension contributions 100% from the General Fund.

Liability

At June 30, 2022, the City reported the following asset and liabilities:

	Net Pension Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 34,654,114	(199,761)
PSPRS Fire	32,963,665	(676,879)

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Liability (Continued)

The net assets and liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	7.30%
Wage Inflation	3.5% for Pensions/Not Applicable for OPEB
Price Inflation	2.5% for Pensions/Not Applicable for OPEB
Cost-of-Living Adjustment	1.75% for Pensions/Not Applicable for OPEB
Mortality Rates	PubS-2010 Tables
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3% 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 Geometric Real Rate of Return
U.S. Public Equity	24 %	4.08 %
International Public Equity	16	5.20
Global Private Equity	20	7.67
Other Assets (Capital Appreciation)	7	5.43
Core Bonds	2	0.42
Private Credit	20	5.74
Diversifying Strategies	10	3.99
Cash - Mellon	1	(0.31)
Total	<u>100 %</u>	

Pension Discount Rates

At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3%.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Pension Discount Rates (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/OPEB liability.

Changes in the Agent Plans Net Pension/OPEB (Asset) Liability

The following tables present changes in the City's net pension/OPEB (asset) liability for PSPRS Police and PSPRS Fire plans as follows:

PSPRS Police:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance at Beginning of Year	\$ 63,887,348	\$ 25,982,630	\$ 37,904,718	\$ 1,134,999	\$ 1,115,116	\$ 19,883
Changes for the Year:						
Service Cost	782,356	-	782,356	18,945	-	18,945
Interest on the Total Pension Liability	4,605,777	-	4,605,777	82,190	-	82,190
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	2,399,547	-	2,399,547	625	-	625
Changes of Assumptions or Other Inputs	-	-	-	-	-	-
Contributions - Employer	-	3,074,026	(3,074,026)	-	21,311	(21,311)
Contributions - Employee	-	423,243	(423,243)	-	-	-
Net Investment Income	-	7,579,748	(7,579,748)	-	301,332	(301,332)
Benefit Payments, Including Refunds of Employee Contributions	(3,153,738)	(3,153,738)	-	(56,109)	(56,109)	-
Administrative Expenses	-	(38,733)	38,733	-	(1,239)	1,239
Other Changes	-	-	-	-	-	-
Net Changes	4,633,942	7,884,546	(3,250,604)	45,651	265,295	(219,644)
Balances at End of Year	\$ 68,521,290	\$ 33,867,176	\$ 34,654,114	\$ 1,180,650	\$ 1,380,411	\$ (199,761)

PSPRS Fire:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance at Beginning of Year	\$ 66,017,841	\$ 28,314,176	\$ 37,703,665	\$ 1,186,137	\$ 1,477,636	\$ (291,499)
Changes for the Year:						
Service Cost	1,178,694	-	1,178,694	27,429	-	27,429
Interest on the Total Pension Liability	4,810,402	-	4,810,402	86,519	-	86,519
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	1,163,057	-	1,163,057	(98,159)	-	(98,159)
Changes of Assumptions or Other Inputs	-	-	-	-	-	-
Contributions - Employer	-	3,034,995	(3,034,995)	-	-	-
Contributions - Employee	-	463,141	(463,141)	-	-	-
Net Investment Income	-	8,436,013	(8,436,013)	-	402,825	(402,825)
Benefit Payments, Including Refunds of Employee Contributions	(2,601,247)	(2,601,247)	-	(56,759)	(56,759)	-
Administrative Expenses	-	(41,996)	41,996	-	(1,656)	1,656
Other Changes	-	-	-	-	-	-
Net Changes	4,550,906	9,290,906	(4,740,000)	(40,970)	344,410	(385,380)
Balances at End of Year	\$ 70,568,747	\$ 37,605,082	\$ 32,963,665	\$ 1,145,167	\$ 1,822,046	\$ (676,879)

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Sensitivity of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the City's net pension/OPEB (asset) liability calculated using the discount rates noted above, as well as what the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	One Percent Decrease (6.3%)	Current Discount Rate (7.3%)	One Percent Increase (8.3%)
PSPRS Police:			
Net Pension Liability	\$ 44,031,088	\$ 34,654,114	\$ 27,045,255
Net OPEB (Asset) Liability	(68,968)	(199,761)	(309,599)
PSPRS Fire:			
Net Pension Liability	\$ 42,619,718	\$ 32,963,665	\$ 25,056,744
Net OPEB (Asset) Liability	(543,755)	(676,879)	(789,111)

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, 2022, the City recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Police	\$ 4,187,892	\$ (127,651)
PSPRS Fire	3,963,102	-

Deferred Outflows/Inflows of Resources

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension Deferred Outflows of Resources	Pension Deferred Inflows of Resources	Health Insurance Deferred Outflows of Resources	Premium Benefit Deferred Inflows of Resources
PSPRS - Police:				
Differences Between Expected and Actual Experience	\$ 2,247,385	\$ 14,169	\$ 2,647	\$ 71,409
Changes of Assumptions or Other Inputs	390,498	-	6,440	1,598
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,381,813	-	126,959
City Contributions Subsequent to the Measurement Date	4,020,034	-	18,435	-
Total	\$ 6,657,917	\$ 3,395,982	\$ 27,522	\$ 199,966

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Deferred Outflows/Inflows of Resources (Continued)

PSPRS - Fire:	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,717,532	\$ 803,886	\$ -	\$ 192,695
Changes of Assumptions or Other Inputs	1,265,155	-	5,848	2,917
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,820,987	-	171,168
City Contributions Subsequent to the Measurement Date	3,902,170	-	-	-
Total	<u>\$ 7,884,857</u>	<u>\$ 4,624,873</u>	<u>\$ 5,848</u>	<u>\$ 366,780</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	Police		Fire	
	Pension	Health	Pension	Health
2023	\$ 559,225	\$ (57,326)	\$ 277,986	\$ (85,519)
2024	50,994	(58,742)	(256)	(86,658)
2025	(233,940)	(30,562)	(142,486)	(78,919)
2026	(1,134,378)	(44,249)	(777,430)	(93,476)
2027	-	-	-	(16,360)

G. Other Postemployment Benefits – Single Employer Plan

Plan Description and Benefits Provided

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).

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 by meeting one of the alternative eligibility requirements based on their respective Retirement system.
- b) Eligible employees have worked a minimum of ten (10) years of full-time, benefit-eligible service with Lake Havasu City, Arizona or have earned sixty (60) points, which is a combination of age and years of service with Lake Havasu City, Arizona.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Plan Description and Benefits Provided (Continued)

- c) Eligible employees retire under the applicable Arizona State Retirement System and elect to receive the state health insurance subsidy, if available.
- d) 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.

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 75 liability.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	62
Active Plan Members	95
Total	<u>157</u>

Total OPEB Liability

The City's total OPEB liability of \$13,229,363 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Actuarial Methods and Assumptions (Continued)

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	1.92%
	5.8% in 2022, Fluctuating Downward Until 4% in 2076
Health Care Trend Rates	

Mortality rates were based on RP 2014 base rates (published RP 2014 rates with MP 2014 projection from 2006 to 2014 backed out) then projected from 2006 forward generationally using MacLeod Watts Scale 2020.

Changes in Total OPEB Liability

A change in the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The following table shows the changes in OPEB liability as of June 30, 2022.

	Total OPEB Liability
Balance at June 30, 2021	\$ 12,915,966
Changes for the Year:	
Service Cost	369,671
Interest	316,801
Change in Assumptions	336,917
Contributions	(709,992)
Net Changes	313,397
Balance at June 30, 2022	<u>\$ 13,229,363</u>

Sensitivity Results

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

	One Percent Decrease (0.92%)	Discount Rate (1.92%)	One Percent Increase (2.92%)
Net OPEB Liability	<u>\$ 13,888,427</u>	<u>\$ 13,229,363</u>	<u>\$ 12,600,568</u>

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Sensitivity Results (Continued)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	One Percent Decrease (4.8% Fluctuating Downward Until 3% in 2076)	Current Trend Rates (5.8% Fluctuating Downward Until 4% in 2076)	One Percent Increase (6.8% Fluctuating Downward Until 5% in 2076)
Net OPEB Liability	<u>\$ 12,342,764</u>	<u>\$ 13,229,363</u>	<u>\$ 14,199,507</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB expense of \$23,971. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions	\$ 307,526	\$ 29,812
Net Difference Between Projected and Actual Investment Earnings	-	658,962
Contributions Between Measurement Date and Reporting Date	820,207	-
Total	<u>\$ 1,127,733</u>	<u>\$ 688,774</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2023	\$ (439,810)
2024	23,360
2025	35,202
2025	-

REQUIRED SUPPLEMENTARY INFORMATION

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 369,671	\$ 353,208	\$ 434,899	\$ 424,722	\$ 459,852
Interest	316,801	406,683	527,738	511,977	431,911
Changes of Assumptions	336,917	(135,271)	(1,773,379)	(50,613)	(573,685)
Contributions	(709,992)	(697,027)	(688,788)	(709,650)	(676,460)
Net Change in Total OPEB Liability	313,397	(72,407)	(1,499,530)	176,436	(358,382)
Total OPEB Liability - Beginning	12,915,966	12,988,373	14,487,903	14,311,467	14,669,849
Total OPEB Liability - Ending (a)	<u>\$ 13,229,363</u>	<u>\$ 12,915,966</u>	<u>\$ 12,988,373</u>	<u>\$ 14,487,903</u>	<u>\$ 14,311,467</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 709,992	\$ 697,027	\$ 688,788	\$ 709,650	\$ 676,460
Benefit Payments	(709,992)	(697,027)	(688,788)	(709,650)	(676,460)
Plan Fiduciary Net Position - Beginning	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Net OPEB Liability - Ending (a) - (b)	\$ 13,229,363	\$ 12,915,966	\$ 12,988,373	\$ 14,487,903	\$ 14,311,467
Covered-Employee Payroll	\$ 7,938,412	\$ 7,707,196	\$ 9,432,741	\$ 10,831,018	\$ 11,030,000
City's Net OPEB Liability as a Percentage of Covered-Employee Payroll	166.65%	167.58%	137.69%	133.76%	129.75%

Note: The City implemented GASB Statement No. 75 for fiscal year ended June 30, 2018. Information prior to fiscal year 2018 is not available.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2022

Arizona State Retirement System - Pension

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
City's Proportion of the Net Pension Liability	0.15141%	0.15255%	0.16012%	0.16475%	0.17353%	0.16669%	0.16651%	0.16774%
City's Proportionate Share of the Net Pension Liability	\$ 19,894,603	\$ 26,431,607	\$ 23,299,323	\$ 22,976,827	\$ 27,032,591	\$ 26,905,441	\$ 25,935,590	\$ 24,263,884
City's Covered Payroll	17,929,709	17,044,086	16,182,096	16,322,972	16,926,187	15,607,806	15,336,079	14,781,897
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.88%	156.16%	137.65%	140.76%	159.71%	172.38%	169.11%	164.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Arizona State Retirement System - Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
City's Proportion of the Net OPEB Liability	0.15488%	0.15575%	0.16333%	0.16709%	0.17556%
City's Proportionate Share of the Net OPEB Liability	\$ (754,589)	\$ (110,270)	\$ (45,137)	\$ (60,168)	\$ (95,569)
City's Covered Payroll	17,929,709	17,044,086	16,182,096	16,322,972	16,926,187
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-4.21%	-0.65%	-0.28%	-0.37%	-0.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	130.24%	104.33%	101.62%	102.00%	103.57%

Arizona State Retirement System - Long-Term Disability

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
City's Proportion of the Net OPEB Liability	0.15315%	0.15433%	0.16209%	0.16508%	0.17400%
City's Proportionate Share of the Net OPEB Liability	\$ 31,614	\$ 117,077	\$ 105,593	\$ 86,255	\$ 63,071
City's Covered Payroll	17,929,709	17,044,086	16,182,096	16,322,972	16,926,187
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.18%	0.69%	0.65%	0.53%	0.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.38%	68.01%	72.85%	78.00%	84.44%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ALL PENSION/OPEB PLANS
YEAR ENDED JUNE 30, 2022**

Arizona State Retirement System - Pension

	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 2,153,358	\$ 1,985,535	\$ 1,913,179	\$ 1,883,596	\$ 1,779,204	\$ 1,824,643	\$ 1,693,447	\$ 1,670,099
City's Contribution in Relation to the Statutorily Required Contribution	2,153,358	1,985,535	1,913,179	1,883,596	1,779,204	1,824,643	1,693,447	1,670,099
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	17,929,709	17,044,086	16,708,987	16,182,096	16,322,972	16,926,187	15,607,806	15,336,079
City's Contributions as a Percentage of Covered Payroll	12.01%	11.65%	11.45%	11.64%	10.90%	10.78%	10.85%	10.89%

**Arizona State Retirement System - Health Insurance
Premium Benefit**

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Statutorily Required Contribution	\$ 37,652	\$ 67,044	\$ 81,874	\$ 104,462	\$ 97,781
City's Contribution in Relation to the Statutorily Required Contribution	37,652	67,044	81,874	104,462	97,781
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	17,929,709	17,044,086	16,708,987	16,182,096	16,322,972
City's Contributions as a Percentage of Covered Payroll	0.21%	0.39%	0.49%	0.65%	0.60%

Arizona State Retirement System - Long-Term Disability

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Statutorily Required Contribution	\$ 33,930	\$ 30,693	\$ 28,433	\$ 26,962	\$ 25,960
City's Contribution in Relation to the Statutorily Required Contribution	33,930	30,693	28,433	26,962	25,960
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	17,929,709	17,044,086	16,708,987	16,182,096	16,322,972
City's Contributions as a Percentage of Covered Payroll	0.19%	0.18%	0.17%	0.17%	0.16%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ALL PENSION/OPEB PLANS
YEAR ENDED JUNE 30, 2022**

PSPRS Police - Pension

	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,020,034	\$ 3,296,889	\$ 1,673,832	\$ 2,987,849	\$ 2,991,037	\$ 2,210,217	\$ 2,228,546	\$ 1,567,440
City's Contribution in Relation to the Actuarially Determined Contribution	4,020,034	3,296,889	1,673,832	2,987,849	2,354,928	2,210,217	2,228,546	1,567,440
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (636,109)	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 6,356,790	\$ 5,838,302	\$ 5,689,821	\$ 5,360,332	\$ 5,482,280	\$ 5,429,036	\$ 4,819,831	\$ 4,876,023
City's Contributions as a Percentage of Covered Payroll	63.24%	56.47%	29.42%	55.74%	42.96%	40.71%	46.24%	32.15%

PSPRS Police - Health

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 18,485	\$ 27,077	\$ 11,612	\$ 15,557	\$ 18,110
City's Contribution in Relation to the Actuarially Determined Contribution	18,485	27,077	11,612	15,557	18,110
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 6,356,790	\$ 5,838,302	\$ 5,689,821	\$ 5,360,332	\$ 5,482,280
City's Contributions as a Percentage of Covered Payroll	0.29%	0.46%	0.20%	0.29%	0.33%

PSPRS Fire - Pension

PSPRS Fire - Pension	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 3,902,170	\$ 2,119,126	\$ 2,119,126	\$ 3,209,845	\$ 2,827,637	\$ 2,338,318	\$ 2,253,104	\$ 1,546,439
City's Contribution in Relation to the Actuarially Determined Contribution	3,902,170	2,119,126	2,119,126	3,209,845	2,089,843	2,338,318	2,253,104	1,546,439
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (737,794)	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 6,776,954	\$ 6,216,768	\$ 6,182,281	\$ 5,905,879	\$ 5,721,646	\$ 5,876,745	\$ 5,533,617	\$ 5,162,923
City's Contributions as a Percentage of Covered Payroll	57.58%	34.09%	34.28%	54.35%	36.53%	39.79%	40.72%	29.95%

PSPRS Fire - OPEB

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
City's Contribution in Relation to the Actuarially Determined Contribution	-	-	-	-	-
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 6,776,954	\$ 6,216,768	\$ 6,182,281	\$ 5,905,879	\$ 5,721,646
City's Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
YEAR ENDED JUNE 30, 2022

PSPRS Police - Pension

SPRS Police - Pension	Reporting Fiscal Year (Measurement Date)							
	2022	2021	2020	2019	2018	2017	2016	2015
	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
Total Pension Liability								
Service Cost	\$ 782,356	\$ 906,170	\$ 1,062,438	\$ 1,016,857	\$ 1,234,563	\$ 922,034	\$ 861,608	\$ 848,865
Interest on the Total Pension Liability	4,605,777	4,401,029	4,161,187	4,000,651	3,651,211	3,464,339	3,399,923	2,915,368
Changes of Benefit Terms	-	-	-	-	582,417	2,528,560	-	703,355
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	2,399,547	631,464	527,967	(193,125)	1,482,173	(1,471,071)	(106,367)	893,651
Changes of Assumptions or Other Inputs	-	-	1,561,991	-	1,480,171	1,778,435	-	3,938,245
Benefit Payments, Including Refunds of Employee Contributions	(3,153,738)	(2,866,416)	(3,336,596)	(3,081,375)	(2,801,935)	(2,852,973)	(3,876,595)	(2,389,772)
Net Change in Total Pension Liability	4,633,942	3,072,247	3,976,987	1,743,008	5,628,600	4,369,324	278,569	6,909,712
Total Pension Liability - Beginning	63,887,348	60,815,101	56,838,114	55,095,106	49,466,506	45,097,182	44,818,613	37,908,901
Total Pension Liability - Ending (a)	68,521,290	63,887,348	60,815,101	56,838,114	55,095,106	49,466,506	45,097,182	44,818,613
Plan Fiduciary Net Position								
Contributions - Employer	3,074,026	2,301,079	3,729,249	3,104,531	2,210,217	2,228,546	1,567,440	1,354,412
Contributions - Employee	423,243	512,821	437,628	732,863	625,344	595,760	554,019	549,533
Net Investment Income	7,579,748	362,761	1,418,829	1,767,466	2,293,048	113,130	732,631	2,503,686
Benefit Payments, Including Refunds of Employee Contributions	(3,153,738)	(2,866,416)	(3,336,596)	(3,081,375)	(2,801,935)	(2,852,973)	(3,876,595)	(2,389,772)
Hall/Parker Settlement	-	-	-	(749,603)	-	-	-	-
Administrative Expenses	(38,733)	(29,590)	(25,679)	(27,600)	(20,690)	(16,679)	(18,256)	-
Other Changes	-	-	(14,467)	(10,160)	(13,631)	(61,181)	(2,391)	(1,015,209)
Net Change in Plan Fiduciary Net Position	7,884,546	280,655	2,208,964	1,736,122	2,292,353	6,603	(1,043,152)	1,002,650
Plan Fiduciary Net Position - Beginning	25,982,630	25,701,975	23,493,011	21,756,889	19,464,536	19,457,933	20,501,085	19,498,435
Plan Fiduciary Net Position - Ending (b)	33,867,176	25,982,630	25,701,975	23,493,011	21,756,889	19,464,536	19,457,933	20,501,085
City's Net Pension Liability (Asset) - Ending (a) - (b)	\$ 34,654,114	\$ 37,904,718	\$ 35,113,126	\$ 33,345,103	\$ 33,338,217	\$ 30,001,970	\$ 25,639,249	\$ 24,317,528

PSPRS Police - Pension

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.43%	40.67%	42.26%	41.33%	39.49%	39.35%	43.15%	45.74%
Covered Payroll	\$ 5,838,302	\$ 5,689,821	\$ 5,360,332	\$ 5,482,280	\$ 5,429,036	\$ 4,819,831	\$ 4,876,023	\$ 4,534,608
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	593.56%	666.18%	655.06%	608.23%	614.07%	622.47%	525.82%	536.27%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
YEAR ENDED JUNE 30, 2022

PSPRS Police - OPEB

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability					
Service Cost	\$ 18,945	\$ 21,909	\$ 15,929	\$ 15,415	\$ 20,087
Interest on the Total OPEB Liability	82,190	87,548	85,854	81,590	81,085
Changes of Benefit Terms	-	-	-	-	3,581
Differences Between Expected and Actual Experience in the Measurement of the OPEB Liability	625	(108,226)	(43,220)	12,611	(122)
Changes of Assumptions or Other Inputs	-	-	16,099	-	(24,753)
Benefit Payments, Including Refunds of Employee Contributions	(56,109)	(54,815)	(60,685)	(59,732)	(52,499)
Net Change in Total OPEB Liability	45,651	(53,584)	13,977	49,884	27,379
Total OPEB Liability - Beginning	1,134,999	1,188,583	1,174,606	1,124,722	1,097,343
Total OPEB Liability - Ending (a)	1,180,650	1,134,999	1,188,583	1,174,606	1,124,722
Plan Fiduciary Net Position					
Contributions - Employer	21,311	16,214	14,273	5,351	18,900
Contributions - Employee	-	-	-	-	-
Net Investment Income	301,332	14,166	59,210	74,773	117,526
Benefit Payments, Including Refunds of Employee Contributions	(56,109)	(54,815)	(60,685)	(59,732)	(52,499)
Administrative Expenses	(1,239)	(1,152)	(1,022)	(1,138)	(1,040)
Other Changes	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	265,295	(25,587)	11,776	19,254	82,887
Plan Fiduciary Net Position - Beginning	1,115,116	1,140,703	1,114,460	1,095,206	1,012,319
Adjustment to Beginning of Year	-	-	14,467	-	-
Plan Fiduciary Net Position - Ending (b)	1,380,411	1,115,116	1,140,703	1,114,460	1,095,206
City's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (199,761)</u>	<u>\$ 19,883</u>	<u>\$ 47,880</u>	<u>\$ 60,146</u>	<u>\$ 29,516</u>

PSPRS Police - OPEB

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.92%	98.25%	95.97%	94.88%	97.38%
Covered Payroll	\$ 4,498,322	\$ 4,187,833	\$ 4,756,492	\$ 5,138,236	\$ 5,429,036
City's Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-4.44%	0.47%	1.01%	1.17%	0.54%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
YEAR ENDED JUNE 30, 2022

PSPRS Fire - Pension

SPRS Fire - Pension	Reporting Fiscal Year (Measurement Date)							
	2022	2021	2020	2019	2018	2017	2016	2015
	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
Total Pension Liability								
Service Cost	\$ 1,178,694	\$ 1,264,141	\$ 1,278,297	\$ 1,227,618	\$ 1,344,599	\$ 1,057,474	\$ 959,699	\$ 924,982
Interest on the Total Pension Liability	4,810,402	4,480,643	4,198,538	4,135,420	3,734,268	3,496,748	3,383,165	2,837,439
Changes of Benefit Terms	-	-	-	-	595,772	1,468,498	-	952,334
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	1,163,057	1,545,202	1,001,251	(2,255,339)	977,472	(327,782)	(84,341)	14,363
Changes of Assumptions or Other Inputs	-	-	985,058	-	2,126,762	1,911,648	-	4,840,056
Benefit Payments, Including Refunds of Employee Contributions	(2,601,247)	(2,773,356)	(2,841,282)	(2,997,196)	(2,255,936)	(2,753,000)	(2,967,977)	(2,301,260)
Net Change in Total Pension Liability	4,550,906	4,516,630	4,621,862	110,503	6,522,937	4,853,586	1,290,546	7,267,914
Total Pension Liability - Beginning	66,017,841	61,501,211	56,879,349	56,768,846	50,245,909	45,392,323	44,101,777	36,833,863
Total Pension Liability - Ending (a)	70,568,747	66,017,841	61,501,211	56,879,349	56,768,846	50,245,909	45,392,323	44,101,777
Plan Fiduciary Net Position								
Contributions - Employer	3,034,995	2,699,402	3,766,423	2,966,928	2,338,318	2,253,104	1,546,439	1,452,150
Contributions - Employee	463,141	473,865	484,989	470,921	657,879	628,285	575,092	510,116
Net Investment Income	8,436,013	386,874	1,471,155	1,866,236	2,415,000	116,400	721,120	2,435,938
Benefit Payments, Including Refunds of Employee Contributions	(2,601,247)	(2,773,356)	(2,841,282)	(2,997,196)	(2,255,936)	(2,753,000)	(2,967,977)	(2,301,260)
Hall/Parker Settlement	-	-	-	(877,085)	-	-	-	-
Administrative Expenses	(41,996)	(31,556)	(26,587)	(29,104)	(21,769)	(17,149)	(17,967)	-
Other Changes	-	-	(1,934)	274	(31,332)	162,933	3,818	(1,110,206)
Net Change in Plan Fiduciary Net Position	9,290,906	755,229	2,852,764	1,400,974	3,102,160	390,573	(139,475)	966,738
Plan Fiduciary Net Position - Beginning	28,314,176	27,558,947	24,706,183	23,305,209	20,203,049	19,812,476	19,951,951	18,965,213
Plan Fiduciary Net Position - Ending (b)	37,605,082	28,314,176	27,558,947	24,706,183	23,305,209	20,203,049	19,812,476	19,951,951
City's Net Pension Liability (Asset) - Ending (a) - (b)	\$ 32,963,665	\$ 37,703,665	\$ 33,942,264	\$ 32,173,166	\$ 33,463,637	\$ 30,042,860	\$ 25,579,847	\$ 24,149,826

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.29%	42.89%	44.81%	43.44%	41.05%	40.21%	43.65%	45.24%
Covered Payroll	\$ 6,216,768	\$ 6,182,281	\$ 5,905,879	\$ 5,721,646	\$ 5,876,745	\$ 5,533,617	\$ 5,162,923	\$ 5,018,226
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	530.24%	609.87%	574.72%	562.31%	569.42%	542.92%	495.45%	481.24%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
YEAR ENDED JUNE 30, 2022

PSPRS Fire - OPEB

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability					
Service Cost	\$ 27,429	\$ 29,054	\$ 18,686	\$ 18,686	\$ 20,569
Interest on the Total OPEB Liability	86,519	85,454	88,395	88,232	90,376
Changes of Benefit Terms	-	-	-	-	1,142
Differences Between Expected and Actual Experience in the Measurement of the OPEB Liability	(98,159)	(24,112)	(105,985)	(53,289)	(50,019)
Changes of Assumptions or Other Inputs	-	-	10,236	-	(9,867)
Benefit Payments, Including Refunds of Employee Contributions	(56,759)	(59,982)	(62,889)	(58,653)	(69,239)
Net Change in Total OPEB Liability	(40,970)	30,414	(51,557)	(5,024)	(17,038)
Total OPEB Liability - Beginning	1,186,137	1,155,723	1,207,280	1,212,304	1,229,342
Total OPEB Liability - Ending (a)	1,145,167	1,186,137	1,155,723	1,207,280	1,212,304
Plan Fiduciary Net Position					
Contributions - Employer	-	-	(93)	890	-
Contributions - Employee	-	-	-	-	-
Net Investment Income	402,825	19,001	79,985	100,268	158,083
Benefit Payments, Including Refunds of Employee Contributions	(56,759)	(59,982)	(62,889)	(58,653)	(69,239)
Administrative Expenses	(1,656)	(1,545)	(1,381)	(1,526)	(1,398)
Other Changes	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	344,410	(42,526)	15,622	40,979	87,446
Plan Fiduciary Net Position - Beginning	1,477,636	1,520,162	1,502,606	1,461,627	1,374,181
Adjustment to Beginning of Year	-	-	1,934	-	-
Plan Fiduciary Net Position - Ending (b)	1,822,046	1,477,636	1,520,162	1,502,606	1,461,627
City's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (676,879)</u>	<u>\$ (291,499)</u>	<u>\$ (364,439)</u>	<u>\$ (295,326)</u>	<u>\$ (249,323)</u>

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	159.11%	124.58%	131.53%	124.46%	120.57%
Covered Payroll	\$ 5,363,476	\$ 5,533,886	\$ 5,843,507	\$ 5,662,445	\$ 5,876,745
City's Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-12.62%	-5.27%	-6.24%	-5.22%	-4.24%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Level	Level Percent-of-Pay, Closed
Remaining Amortization Period as of the 2016 Actuarial Valuation	20 years
Asset Valuation Method	7-Year Smoothed Market Value; 80%/120% Market Corridor
Actuarial Assumptions:	
Investment Rate of Return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%.
Projected Salary Increases	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.
Wage Growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2017 actuarial valuation, change to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

NOTE 2 INFORMATION PRIOR TO MEASUREMENT DATE

Information prior to the measurement date (June 30, 2014) was not available. GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of *GASB Statement No. 27*, requires the City to present ten years of pension information as required supplementary information. However, until a full ten years of trend data is compiled, the City will present information for only those years for which information is available.

LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 3 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Arizona Courts have ruled that provisions of a 2011 law that changed the funding mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates.

These changes are reflected in the plan's pension liability for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2018 for members who retired or will retire after the law's effective date.

Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE AND CAPITAL PROJECT FUNDS**

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.

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.

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

**LAKE HAVASU CITY, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue		
	Metropolitan Planning Organization	Grants	Improvement Districts
ASSETS			
Cash and Investments	\$ -	\$ 3,878,076	\$ 23,142
Restricted Cash	-	-	-
Receivables:			
Taxes Receivable	-	-	5
Intergovernmental Receivable	28,313	481,305	3,250
Interest Receivable	-	-	59
Prepaid Items	-	4,772	-
Total Assets	<u>\$ 28,313</u>	<u>\$ 4,364,153</u>	<u>\$ 26,456</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ 99,422	\$ -
Accrued Wages and Benefits	9,874	-	-
Intergovernmental Payable	-	577	-
Due to Other Funds	18,439	-	-
Unearned Revenue	-	4,264,154	-
Total Liabilities	<u>28,313</u>	<u>4,364,153</u>	<u>-</u>
FUND BALANCE			
Nonspendable	-	4,772	-
Restricted	-	-	26,456
Assigned	-	-	-
Unassigned	-	(4,772)	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>26,456</u>
Total Liabilities and Fund Balance	<u>\$ 28,313</u>	<u>\$ 4,364,153</u>	<u>\$ 26,456</u>

<u>Special Revenue</u>	<u>Capital Projects</u>	
Special Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ 852,983	\$ 6,335,868	\$ 11,090,069
104,436	-	104,436
-	-	5
-	-	512,868
1,705	1,988	3,752
-	-	4,772
<u>\$ 959,124</u>	<u>\$ 6,337,856</u>	<u>\$ 11,715,902</u>

\$ 6,867	\$ 348,558	\$ 454,847
-	-	9,874
-	-	577
-	-	18,439
-	-	4,264,154
<u>6,867</u>	<u>348,558</u>	<u>4,747,891</u>

-	-	4,772
668,408	-	694,864
283,849	5,989,298	6,273,147
-	-	(4,772)
<u>952,257</u>	<u>5,989,298</u>	<u>6,968,011</u>
<u>\$ 959,124</u>	<u>\$ 6,337,856</u>	<u>\$ 11,715,902</u>

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue		
	Metropolitan Planning Organization	Grants	Improvement Districts
REVENUE			
Taxes:			
Property Taxes	\$ -	\$ -	\$ 76,528
Intergovernmental Revenue	245,667	1,226,203	-
Fines and Forfeitures	-	-	-
Contributions and Donations	-	-	-
Investment Earnings (Loss)	-	-	(782)
Other	-	-	-
Total Revenue	<u>245,667</u>	<u>1,226,203</u>	<u>75,746</u>
EXPENDITURES			
Current:			
General Government	-	590,390	76,852
Public Safety	-	635,813	-
Transportation Services	245,667	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>245,667</u>	<u>1,226,203</u>	<u>76,852</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	(1,106)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(1,106)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>27,562</u>
NET BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,456</u>

<u>Special Revenue</u>	<u>Capital Projects</u>	
Special Programs	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 76,528
305,285	-	1,777,155
83,702	-	83,702
810	325,423	326,233
(22,762)	(21,550)	(45,094)
37,564	196,099	233,663
<u>404,599</u>	<u>499,972</u>	<u>2,452,187</u>
-	-	667,242
343,362	-	979,175
-	-	245,667
-	1,208,602	1,208,602
<u>343,362</u>	<u>1,208,602</u>	<u>3,100,686</u>
61,237	(708,630)	(648,499)
-	2,500,000	2,500,000
(7,951)	-	(7,951)
<u>(7,951)</u>	<u>2,500,000</u>	<u>2,492,049</u>
53,286	1,791,370	1,843,550
<u>898,971</u>	<u>4,197,928</u>	<u>5,124,461</u>
<u>\$ 952,257</u>	<u>\$ 5,989,298</u>	<u>\$ 6,968,011</u>

**LAKE HAVASU CITY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u> Original and Final Budget	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE			
Intergovernmental Revenue	\$ 7,607,040	\$ 1,226,203	\$ (6,380,837)
EXPENDITURES			
Current:			
General Government	3,080,225	590,390	2,489,835
Public Safety	4,526,815	635,813	3,891,002
Total Expenditures	<u>7,607,040</u>	<u>1,226,203</u>	<u>6,380,837</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u> Original and Final Budget	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE			
Taxes:			
Property Taxes	\$ 78,261	\$ 76,528	\$ (1,733)
Investment Earnings (Loss)	696	(782)	(1,478)
Total Revenue	<u>78,957</u>	<u>75,746</u>	<u>(3,211)</u>
EXPENDITURES			
Current:			
General Government	<u>76,911</u>	<u>76,852</u>	<u>59</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,046	(1,106)	(3,152)
Fund Balance - Beginning of Year	<u>31,583</u>	<u>27,562</u>	<u>(4,021)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 33,629</u></u>	<u><u>\$ 26,456</u></u>	<u><u>\$ (7,173)</u></u>

**LAKE HAVASU CITY, ARIZONA
SPECIAL PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE			
Intergovernmental Revenue	\$ 460,400	\$ 305,285	\$ (155,115)
Fines and Forfeitures	196,000	83,702	(112,298)
Contributions and Donations	-	810	810
Investment Earnings (Loss)	6,374	(22,762)	(29,136)
Other	4,480	37,564	33,084
Total Revenue	<u>667,254</u>	<u>404,599</u>	<u>(262,655)</u>
EXPENDITURES			
Current:			
General Government	20,000	-	20,000
Public Safety	517,441	343,362	174,079
Total Expenditures	<u>537,441</u>	<u>343,362</u>	<u>194,079</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	129,813	61,237	(68,576)
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(15,000)</u>	<u>(7,951)</u>	<u>7,049</u>
NET CHANGE IN FUND BALANCE	114,813	53,286	(61,527)
Fund Balance - Beginning of Year	<u>919,584</u>	<u>898,971</u>	<u>(20,613)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,034,397</u>	<u>\$ 952,257</u>	<u>\$ (82,140)</u>

**LAKE HAVASU CITY, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE			
Contributions and Donations	\$ -	\$ 325,423	\$ 325,423
Investment Earnings (Loss)	5,944	(21,550)	(27,494)
Other	-	196,099	196,099
Total Revenue	<u>5,944</u>	<u>499,972</u>	<u>494,028</u>
EXPENDITURES			
Capital Outlay	<u>7,701,396</u>	<u>1,208,602</u>	<u>6,492,794</u>
EXCESS (DEFICIECNY) OF REVENUE OVER (UNDER) EXPENDITURES	(7,695,452)	(708,630)	6,986,822
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>3,536,679</u>	<u>2,500,000</u>	<u>(1,036,679)</u>
NET CHANGE IN FUND BALANCE	(4,158,773)	1,791,370	5,950,143
Fund Balance - Beginning of Year	<u>5,041,544</u>	<u>4,197,928</u>	<u>(843,616)</u>
FUND BALANCE - END OF YEAR	<u>\$ 882,771</u>	<u>\$ 5,989,298</u>	<u>\$ 5,106,527</u>



STATISTICAL SECTION

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LAKE HAVASU CITY, ARIZONA STATISTICAL SECTION

This part of the Lake Havasu City, Arizona's, Annual Comprehensive 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			
	2013 (1) (As Restated)	2014	2015 (2)	2016
Governmental Activities:				
Net Investment in Capital Assets	\$ 87,401,644	\$ 87,718,006	\$ 86,704,197	\$ 88,095,353
Net Position-Restricted	8,485,744	8,971,642	9,629,813	3,703,586
Net Position-Unrestricted	<u>24,692,309</u>	<u>25,319,806</u>	<u>(30,958,540)</u>	<u>(31,635,385)</u>
Total Governmental Activities Net Position	<u>\$ 120,579,697</u>	<u>\$ 122,009,454</u>	<u>\$ 65,375,470</u>	<u>\$ 60,163,554</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 112,402,345	\$ 112,968,345	\$ 114,768,401	\$ 137,877,796
Net Position-Restricted	-	-	-	-
Net Position-Unrestricted	<u>92,463,831</u>	<u>92,849,079</u>	<u>83,956,728</u>	<u>66,001,694</u>
Total Business-Type Activities Net Position	<u>\$ 204,866,176</u>	<u>\$ 205,817,424</u>	<u>\$ 198,725,129</u>	<u>\$ 203,879,490</u>
Primary Government				
Net Investment in Capital Assets	\$ 199,803,989	\$ 200,686,351	\$ 201,472,598	\$ 225,973,149
Net Position-Restricted	8,485,744	8,971,642	9,629,813	3,703,586
Net Position-Unrestricted	<u>117,156,140</u>	<u>118,168,885</u>	<u>52,998,188</u>	<u>34,366,309</u>
Total Primary Government Net Position	<u>\$ 325,445,873</u>	<u>\$ 327,826,878</u>	<u>\$ 264,100,599</u>	<u>\$ 264,043,044</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.
- (3) Government Accounting Standards Board (GASB) Statement 75 was implemented by the City in fiscal year ended June 30, 2018. As a result Beginning Net Position was restated and reduced Net Position by \$8,453,182.

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

Fiscal Year					
2017 (3) (As Restated)	2018	2019	2020	2021	2022
\$ 88,995,496	\$ 85,407,317	\$ 99,783,955	\$ 103,999,904	\$ 103,715,303	\$ 104,701,620
4,798,406	5,990,275	4,587,301	7,961,989	9,704,368	11,521,472
(47,404,855)	(46,342,804)	(45,275,653)	(46,482,104)	(28,064,741)	(13,213,060)
<u>\$ 46,389,047</u>	<u>\$ 45,054,788</u>	<u>\$ 59,095,603</u>	<u>\$ 65,479,789</u>	<u>\$ 85,354,930</u>	<u>\$ 103,010,032</u>
\$ 139,060,241	\$ 140,976,250	\$ 134,618,689	\$ 134,988,785	\$ 131,836,295	\$ 140,439,906
-	20,929	13,207	9,984	8,684,191	8,829,744
66,595,391	68,758,191	73,866,305	76,661,116	81,724,669	81,056,619
<u>\$ 205,655,632</u>	<u>\$ 209,755,370</u>	<u>\$ 208,498,201</u>	<u>\$ 211,659,885</u>	<u>\$ 222,245,155</u>	<u>\$ 230,326,269</u>
\$ 228,055,737	\$ 226,383,567	\$ 234,402,644	\$ 238,988,689	\$ 235,551,598	\$ 245,141,526
4,798,406	6,011,204	4,600,508	7,971,973	18,388,559	20,351,216
19,190,536	22,415,387	28,590,652	30,179,012	53,659,928	67,843,559
<u>\$ 252,044,679</u>	<u>\$ 254,810,158</u>	<u>\$ 267,593,804</u>	<u>\$ 277,139,674</u>	<u>\$ 307,600,085</u>	<u>\$ 333,336,301</u>

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

	Fiscal Year			
	2013	2014	2015	2016
	(As Restated)			
EXPENSES				
Governmental Activities:				
General Government	\$ 10,853,502	\$ 12,152,114	\$ 13,730,439	\$ 16,565,010
Public Safety	24,589,053	25,670,858	29,639,702	27,851,569
Highways and Streets	6,489,355	6,844,661	7,581,803	5,954,241
Transportation Services	2,084,097	1,602,639	590,799	3,524,708
Tourism and Promotion	1,485,300	1,651,955	1,614,399	1,866,653
Culture and Recreation	1,818,542	1,860,313	2,069,458	796,465
Interest on Long-Term Debt	92,090	85,885	79,518	71,419
Total Governmental Activities	<u>47,411,939</u>	<u>49,868,425</u>	<u>55,306,118</u>	<u>56,630,065</u>
Business-Type Activities:				
Refuse	5,368,384	5,267,207	5,376,827	5,462,233
Recreation / Aquatic Center	1,329,378	1,518,700	1,675,056	-
Irrigation and Drainage	9,845,794	10,173,601	9,961,106	10,695,127
Wastewater	27,266,517	26,965,114	26,687,095	28,630,254
Airport	1,332,327	1,358,396	1,361,177	1,401,684
Total Business-Type Activities	<u>45,142,400</u>	<u>45,283,018</u>	<u>45,061,261</u>	<u>46,189,298</u>
Total Primary Government Expenses	<u>\$ 92,554,339</u>	<u>\$ 95,151,443</u>	<u>\$ 100,367,379</u>	<u>\$ 102,819,363</u>
PROGRAM REVENUES				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 3,069,608	\$ 3,274,126	\$ 3,820,613	\$ 3,632,889
Public Safety	534,871	422,645	264,639	413,385
Highways and Streets	189,775	26,621	9,897	56,878
Culture and Recreation	597,730	613,049	717,178	959,528
Transportation Services	106,528	100,508	10,507	11,193
Operating Grants and Contributions	6,837,670	6,419,567	6,486,534	7,398,931
Capital Grants and Contributions	2,930,409	2,263,972	1,501,131	1,500
Total Governmental Activities	<u>14,266,591</u>	<u>13,120,488</u>	<u>12,810,499</u>	<u>12,474,304</u>
Business-Type Activities:				
Charges for Services:				
Refuse	5,725,669	5,645,063	5,762,381	5,900,766
Recreation / Aquatic Center	372,160	373,728	424,825	-
Irrigation and Drainage	10,490,751	10,586,519	10,320,272	10,690,585
Wastewater	22,047,663	22,408,732	22,529,002	22,592,658
Airport	492,185	490,596	487,182	496,145
Operating Grants and Contributions	51,853	112,131	96,035	111,029
Capital Grants and Contributions	2,159,379	3,103,082	629,838	2,394,886
Total Business-Type Activities	<u>41,339,660</u>	<u>42,719,851</u>	<u>40,249,535</u>	<u>42,186,069</u>
Total Primary Government Program Revenues	<u>\$ 55,606,251</u>	<u>\$ 55,840,339</u>	<u>\$ 53,060,034</u>	<u>\$ 54,660,373</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 16,508,917	\$ 15,966,111	\$ 16,231,859	\$ 16,402,595	\$ 15,174,305	\$ 14,160,054
35,730,398	32,534,876	31,099,502	32,192,767	33,965,247	34,090,742
6,527,976	5,986,275	5,506,988	5,656,106	6,277,283	6,144,340
3,211,372	3,394,900	3,119,629	5,734,866	5,843,346	6,928,950
2,011,849	2,263,539	2,438,028	2,405,167	2,867,170	2,092,764
649,522	723,931	644,651	642,960	906,453	1,018,294
336,191	377,281	156,484	11,765	19,396	12,789
64,976,225	61,246,913	59,197,141	63,046,226	65,053,200	64,447,933
5,579,670	5,824,942	6,397,111	6,722,388	6,871,359	7,194,997
-	-	-	-	-	-
10,873,128	12,388,033	11,471,349	13,441,560	12,715,389	12,944,039
26,012,366	25,175,765	26,016,553	26,483,548	25,493,376	28,561,097
1,425,314	1,558,591	1,875,148	1,927,072	1,614,475	1,781,468
43,890,478	44,947,331	45,760,161	48,574,568	46,694,599	50,481,601
<u>\$ 108,866,703</u>	<u>\$ 106,194,244</u>	<u>\$ 104,957,302</u>	<u>\$ 111,620,794</u>	<u>\$ 111,747,799</u>	<u>\$ 114,929,534</u>
\$ 3,824,870	\$ 4,109,375	\$ 4,192,315	\$ 2,728,789	\$ 4,885,904	\$ 4,739,871
306,598	394,571	355,788	1,632,331	252,069	224,177
4,586	14,847	10,789	-	-	-
994,556	954,783	1,003,937	652,479	532,709	858,477
11,440	17,094	18,583	13,734	7,598	32,250
7,634,226	7,163,483	7,539,313	7,392,366	15,056,265	8,645,102
13,750	223,288	-	1,637,186	403,143	534,969
12,790,026	12,877,441	13,120,725	14,056,885	21,137,688	15,034,846
6,032,980	6,451,980	6,830,556	6,726,489	7,089,572	7,332,512
-	-	-	-	-	-
10,694,299	11,941,916	10,849,791	11,020,390	12,356,158	11,368,009
22,619,965	22,334,847	23,014,325	22,978,761	24,253,123	25,532,009
502,238	515,049	504,332	530,108	570,892	589,232
46,241	-	-	88,712	-	-
3,981,141	3,703,711	3,133,115	3,588,771	3,714,417	10,859,143
43,876,864	44,947,503	44,332,119	44,933,231	47,984,162	55,680,905
<u>\$ 56,666,890</u>	<u>\$ 57,824,944</u>	<u>\$ 57,452,844</u>	<u>\$ 58,990,116</u>	<u>\$ 69,121,850</u>	<u>\$ 70,715,751</u>

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

	Fiscal Year			
	2013	2014	2015	2016
	(As Restated)			
NET (EXPENSE)/REVENUE				
Governmental Activities	\$ (33,145,348)	\$ (36,747,937)	\$ (42,495,619)	\$ (44,155,761)
Business-Type Activities	(3,802,740)	(2,563,167)	(4,811,726)	(4,003,229)
Total Primary Government Net Expense	<u>\$ (36,948,088)</u>	<u>\$ (39,311,104)</u>	<u>\$ (47,307,345)</u>	<u>\$ (48,158,990)</u>
GENERAL REVENUE AND OTHER				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 14,157,677	\$ 15,185,171	\$ 18,442,101	\$ 20,205,820
Property Taxes	4,194,202	4,231,510	4,237,577	4,378,580
Franchise Taxes	1,705,943	1,795,899	2,300,347	1,971,867
State Revenue Sharing	5,365,520	5,854,801	6,358,718	6,324,244
State Sales Tax Revenue Sharing	4,299,431	4,572,096	4,800,376	4,961,508
Auto Lieu Tax Revenue Sharing	2,423,003	2,506,953	2,666,247	2,871,694
Investment Earnings (Loss)	400,393	439,967	355,158	567,614
Other	47,499	114,948	58,081	21,866
Transfers	1,599,452	3,476,349	1,448,372	(5,800,353)
Total Governmental Activities	<u>34,193,120</u>	<u>38,177,694</u>	<u>40,666,977</u>	<u>35,502,840</u>
Business-Type Activities:				
Sales Taxes	-	-	-	-
Property Taxes	5,675,383	5,953,459	5,392,116	5,726,275
Investment Earnings (Loss)	669,737	1,037,304	772,282	1,071,967
Other	-	-	-	-
Transfers	(1,599,452)	(3,476,349)	(1,448,372)	5,800,353
Total Business-Type Activities	<u>4,745,668</u>	<u>3,514,414</u>	<u>4,716,026</u>	<u>12,598,595</u>
Total Primary Government	<u>\$ 38,938,788</u>	<u>\$ 41,692,108</u>	<u>\$ 45,383,003</u>	<u>\$ 48,101,435</u>
CHANGE IN NET POSITION				
Governmental Activities	\$ 1,047,772	\$ 1,429,757	\$ (1,828,642)	\$ (8,652,921)
Business-Type Activities	942,928	951,248	(95,700)	8,595,366
Total Primary Government	<u>\$ 1,990,700</u>	<u>\$ 2,381,005</u>	<u>\$ (1,924,342)</u>	<u>\$ (57,555)</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ (52,186,199)	\$ (48,369,472)	\$ (46,076,416)	\$ (48,989,341)	\$ (43,915,512)	\$ (49,413,087)
(13,614)	172	(1,428,042)	(3,641,337)	1,289,563	5,199,304
<u>\$ (52,199,813)</u>	<u>\$ (48,369,300)</u>	<u>\$ (47,504,458)</u>	<u>\$ (52,630,678)</u>	<u>\$ (42,625,949)</u>	<u>\$ (44,213,783)</u>
\$ 21,750,919	\$ 23,510,466	\$ 25,600,426	\$ 28,509,382	\$ 35,735,174	\$ 39,539,774
4,404,669	4,509,789	4,738,836	5,034,301	5,301,635	5,683,917
2,017,919	1,915,660	1,920,789	1,899,083	2,073,506	2,135,944
6,551,824	6,656,582	6,589,165	7,123,935	7,983,889	7,495,130
4,903,171	5,167,905	5,478,702	5,696,977	6,627,439	8,059,064
3,114,874	3,403,444	3,614,782	3,638,920	4,658,251	4,602,177
115,537	158,966	1,213,816	1,273,380	116,967	(1,401,638)
-	-	337,401	631,097	823,176	563,519
2,043,948	1,712,401	8,550,633	1,566,452	470,616	390,302
<u>44,902,861</u>	<u>47,035,213</u>	<u>58,044,550</u>	<u>55,373,527</u>	<u>63,790,653</u>	<u>67,068,189</u>
-	7,918	20,545	22,675	14,427	20,434
5,701,272	5,702,082	5,693,531	5,694,267	5,701,311	5,713,605
94,445	101,967	2,736,835	2,507,455	252,465	(2,652,521)
-	-	270,595	145,076	172,926	190,594
<u>(2,043,948)</u>	<u>(1,712,401)</u>	<u>(8,550,633)</u>	<u>(1,566,452)</u>	<u>(470,616)</u>	<u>(390,302)</u>
<u>3,751,769</u>	<u>4,099,566</u>	<u>170,873</u>	<u>6,803,021</u>	<u>5,670,513</u>	<u>2,881,810</u>
<u>\$ 48,654,630</u>	<u>\$ 51,134,779</u>	<u>\$ 58,215,423</u>	<u>\$ 62,176,548</u>	<u>\$ 69,461,166</u>	<u>\$ 69,949,999</u>
\$ (7,283,338)	\$ (1,334,259)	\$ 11,968,134	\$ 6,384,186	\$ 19,875,141	\$ 17,655,102
3,738,155	4,099,738	(1,257,169)	3,161,684	6,960,076	8,081,114
<u>\$ (3,545,183)</u>	<u>\$ 2,765,479</u>	<u>\$ 10,710,965</u>	<u>\$ 9,545,870</u>	<u>\$ 26,835,217</u>	<u>\$ 25,736,216</u>

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

FUNCTION/PROGRAM	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities:				
General Government	\$ 3,995,491	\$ 3,932,496	\$ 4,574,380	\$ 5,046,899
Public Safety	1,538,204	1,045,352	902,861	1,066,458
Highways and Streets	7,081,241	6,490,956	6,223,620	4,772,852
Culture and Recreation	708,112	668,427	827,472	1,085,432
Transportation Services	943,543	983,257	282,166	502,663
Interest on Long-Term Debt	-	-	-	-
Subtotal Governmental Activities	14,266,591	13,120,488	12,810,499	12,474,304
Business-Type Activities:				
Refuse	5,725,669	5,645,063	5,762,381	5,900,766
Recreation/Aquatic Center	372,160	373,728	424,825	-
Irrigation and Drainage	11,824,048	13,161,156	10,429,386	12,529,606
Wastewater	22,693,769	23,009,681	23,136,248	23,259,010
Airport	724,014	530,223	496,695	496,687
Subtotal Business-Type Activities	41,339,660	42,719,851	40,249,535	42,186,069
Total Primary Government	\$ 55,606,251	\$ 55,840,339	\$ 53,060,034	\$ 54,660,373

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 4,919,685	\$ 5,344,231	\$ 5,339,004	\$ 3,541,596	\$ 5,643,615	\$ 5,417,641
1,376,751	1,040,186	982,952	2,297,655	7,714,638	1,181,726
4,985,665	5,110,258	5,439,830	7,003,845	6,389,594	6,235,679
1,075,382	984,594	1,020,467	753,999	547,118	1,125,530
432,543	398,172	338,472	459,790	842,723	1,074,270
-	-	-	-	-	-
12,790,026	12,877,441	13,120,725	14,056,885	21,137,688	15,034,846
6,032,980	6,451,980	6,830,556	6,726,489	7,089,572	7,332,512
-	-	-	-	-	-
12,783,382	13,967,644	13,039,227	13,449,583	14,852,351	14,040,524
23,267,652	23,128,673	23,649,210	23,680,221	25,322,173	26,307,900
1,792,850	1,399,206	813,126	1,076,938	720,066	7,999,969
43,876,864	44,947,503	44,332,119	44,933,231	47,984,162	55,680,905
\$ 56,666,890	\$ 57,824,944	\$ 57,452,844	\$ 58,990,116	\$ 69,121,850	\$ 70,715,751

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

	Fiscal Year			
	2013	2014	2015	2016
GENERAL FUND				
Nonspendable	\$ 280,021	\$ 285,386	\$ 244,483	\$ 244,483
Restricted	43,053	68,775	79,848	79,848
Committed	73,885	398,755	95,764	95,764
Assigned	1,705,874	2,122,957	1,413,446	1,413,446
Unassigned	17,920,187	23,222,099	25,280,515	25,280,515
Total General Fund	<u>\$ 20,023,020</u>	<u>\$ 26,097,972</u>	<u>\$ 27,114,056</u>	<u>\$ 27,114,056</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ 126,163	\$ 130,823	\$ 128,761	\$ 74,285
Restricted	8,359,581	8,840,988	9,549,965	3,602,063
Committed	1,228,334	277,375	219,487	-
Assigned	2,010,336	2,531,132	2,659,010	3,212,360
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,724,414</u>	<u>\$ 11,780,318</u>	<u>\$ 12,557,223</u>	<u>\$ 6,888,708</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 227,087	\$ 9,224,831	\$ 374,462	\$ 389,679	\$ 476,244	\$ 1,551,526
108,473	140,783	200,369	211,712	115,718	87,549
58,712	28,614	-	452,553	-	-
7,468,453	2,680,187	4,049,451	2,143,468	923,434	534,760
31,008,000	27,377,087	34,519,442	37,243,172	57,871,982	70,241,846
<u>\$ 38,870,725</u>	<u>\$ 39,451,502</u>	<u>\$ 39,143,724</u>	<u>\$ 40,440,584</u>	<u>\$ 59,387,378</u>	<u>\$ 72,415,681</u>
\$ 74,255	\$ 69,753	\$ -	\$ -	\$ 80,950	\$ 4,772
4,689,933	5,455,777	4,044,645	7,350,685	8,948,638	9,807,774
-	-	-	138,784	-	-
1,202,633	1,269,128	767,047	3,278,511	4,472,156	6,273,147
-	-	-	-	-	(4,772)
<u>\$ 5,966,821</u>	<u>\$ 6,794,658</u>	<u>\$ 4,811,692</u>	<u>\$ 10,767,980</u>	<u>\$ 13,501,744</u>	<u>\$ 16,080,921</u>

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

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Taxes	\$ 20,058,886	\$ 21,169,738	\$ 25,075,151	\$ 26,556,267
Intergovernmental	21,694,328	21,368,041	21,639,174	21,331,956
Fines and Forfeitures	1,344,452	1,405,615	1,343,136	1,271,265
Licenses and Permits	1,434,927	1,645,593	1,850,142	2,058,628
Charges for Services	1,233,163	1,122,442	991,026	1,289,882
Rents and Royalties	88,445	89,409	106,506	160,822
Contributions and Donations	117,678	206,306	113,472	225,921
Investment Earnings (Loss)	346,455	347,167	331,702	536,861
Other	426,502	237,210	602,595	293,276
Total Revenues	<u>46,744,836</u>	<u>47,591,521</u>	<u>52,052,904</u>	<u>53,724,878</u>
EXPENDITURES				
General Government	10,971,201	11,552,268	13,842,743	15,342,933
Public Safety	23,587,259	27,492,419	25,466,301	26,472,416
Highways and Streets	4,721,183	5,130,647	5,331,664	4,418,578
Culture and Recreation	1,703,534	1,835,350	1,943,385	3,290,143
Transportation Services	1,570,998	1,427,796	479,373	1,866,653
Tourism and Promotion	1,484,639	1,651,955	1,628,426	726,537
Capital Outlay	3,278,455	3,638,147	259,668	3,244,793
Debt Service				
Principal Retirement	145,000	150,000	160,000	165,000
Interest on Long-Term Debt	92,090	85,885	79,518	71,419
Total Expenditures	<u>47,554,359</u>	<u>52,964,467</u>	<u>49,191,078</u>	<u>55,598,472</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(809,523)	(5,372,946)	2,861,826	(1,873,594)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,837,490	10,589,871	3,443,746	2,467,823
Transfers Out	(2,738,038)	(2,961,494)	(4,512,583)	(6,994,555)
Sale of Capital Assets	-	-	-	-
Issuance of Debt	1,675,861	3,875,428	-	3,046,010
Total Other Financing Sources (Uses)	<u>5,775,313</u>	<u>11,503,805</u>	<u>(1,068,837)</u>	<u>(1,480,722)</u>
Net Change in Fund Balance	<u>\$ 4,965,790</u>	<u>\$ 6,130,859</u>	<u>\$ 1,792,989</u>	<u>\$ (3,354,316)</u>
Debt Service as a Percentage of Noncapital Expenditures	0.5%	0.5%	0.5%	0.5%

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 28,173,507	\$ 29,935,915	\$ 32,260,051	\$ 35,442,766	\$ 43,110,315	\$ 47,359,629
21,815,664	22,332,270	23,188,181	23,821,996	34,151,895	28,965,539
1,399,042	1,302,600	1,460,470	1,364,192	1,549,597	1,637,775
2,109,402	2,631,312	2,523,596	2,610,734	3,225,243	2,941,949
1,243,056	1,257,008	1,262,243	940,297	797,245	1,115,217
85,969	100,130	95,269	112,110	106,195	159,834
388,431	265,824	33,781	242,388	173,949	370,883
115,537	158,966	1,213,816	1,273,380	116,967	(1,401,638)
304,581	199,620	239,834	631,097	831,727	563,544
55,635,189	58,183,645	62,277,241	66,438,960	84,063,133	81,712,732
15,975,867	16,397,581	15,871,643	14,475,351	14,878,532	14,496,160
27,609,870	28,148,429	28,865,141	28,661,397	32,051,874	35,359,631
5,007,050	4,503,401	7,160,326	3,899,565	4,728,260	5,358,088
3,287,776	4,069,418	3,043,090	5,430,346	5,570,806	6,150,320
2,011,849	2,263,539	2,438,028	2,405,167	2,867,170	2,092,764
598,367	670,192	607,028	655,906	1,091,801	1,254,013
5,485,194	5,565,035	5,807,593	306,767	3,855,123	1,208,602
2,416,813	9,217,626	7,543,000	6,331,000	74,874	925,126
168,588	266,211	156,484	11,765	19,396	12,789
62,561,374	71,101,432	71,492,333	62,177,264	65,137,836	66,857,493
(6,926,185)	(12,917,787)	(9,215,092)	4,261,696	18,925,297	14,855,239
5,856,721	7,348,011	6,601,080	3,842,104	3,994,557	3,047,951
(1,897,778)	(5,635,610)	(2,086,814)	(2,275,652)	(3,523,941)	(2,657,649)
-	-	337,401	-	-	-
11,279,439	12,614,000	-	-	1,881,502	361,939
15,238,382	14,326,401	4,851,667	1,566,452	2,352,118	752,241
\$ 8,312,197	\$ 1,408,614	\$ (4,363,425)	\$ 5,828,148	\$ 21,277,415	\$ 15,607,480
4.6%	14.5%	12.4%	10.3%	0.2%	1.5%



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

(2) Fiscal Year	Sales Taxes	Property Taxes	Franchise Taxes	Transient Occupancy Tax	Bar and Restaurant Tax	Total
2013	\$ 13,945,753	\$ 4,195,266	\$ 1,705,943	\$ 626,398	\$ 812,347	\$ 21,285,707
2014	15,060,996	4,188,668	1,795,899	701,073	950,882	22,697,518
2015	17,455,153	4,332,703	2,300,347	674,532	953,894	25,716,629
2016	18,339,166	4,378,581	1,971,867	769,672	1,096,982	26,556,268
2017	19,739,030	4,404,669	2,017,919	846,536	1,165,323	28,173,477
2018	21,024,525	4,509,788	1,915,660	965,208	1,307,809	29,722,991
2019 (1)	22,901,113	4,663,797	1,920,789	1,112,282	1,362,260	31,960,241
2020	25,730,472	4,960,237	1,899,082	1,233,385	1,306,649	35,129,825
2021	31,176,796	5,228,217	2,073,506	2,350,334	1,872,610	42,701,463
2022	34,723,178	5,607,383	2,135,943	2,316,098	1,905,831	46,688,433
Change, 2013-2022	149.0%	33.7%	25.2%	269.7%	134.6%	119.3%

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

Years 2013 - 2015 were adjusted to include Sales Tax paid in Development Agreements.

(1) 2019 Revenue Recognition change resulting in 13 months recorded for Sales Tax, Transient Occupancy Tax, and Bar and Restaurant Tax.

(2) Excludes fire premium and marijuana excise tax.

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

Sales Category:	Fiscal Year			
	2013	2014 Restated ⁽¹⁾	2015	2016
Mining	\$ 1,114,700	\$ 1,112,000	\$ 1,539,450	\$ 1,708,250
Communications and Utilities	32,645,950	42,705,200	41,628,700	41,243,550
Transportation and Warehousing	425,100	660,650	407,250	372,950
Construction	69,294,750	81,212,300	81,495,650	85,126,250
Manufacturing	26,772,800	21,970,500	26,450,800	29,052,200
Wholesale Trade	16,101,650	16,867,550	21,172,150	23,939,750
Retail Trade	407,590,250	452,488,100	489,855,200	526,714,900
Finance and Insurance	1,267,800	1,654,700	2,187,300	2,864,863
Real Estate, Rental, and Leasing	16,928,100	18,065,200	17,439,600	20,921,894
Restaurant and Bars	62,593,716	68,661,174	75,714,800	77,120,226
Hotels and Other Lodging (1)	26,672,157	24,140,964	32,229,300	34,435,303
Public Administration	(32,000)	30,250	(55,850)	24,200
Services	29,469,450	33,204,800	34,146,000	38,102,900
Arts and Entertainment	7,156,600	6,481,000	6,178,200	7,010,700
All Others	13,789,750	15,735,850	19,215,750	14,640,350
Total	<u>\$ 711,790,773</u>	<u>\$ 784,990,238</u>	<u>\$ 849,604,300</u>	<u>\$ 903,278,286</u>
City Sales Tax Rate	2.00%	2.00%	2.00%	2.00%

(1) The activity for FY 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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,351,089	\$ 2,274,357	\$ 2,519,476	\$ 2,824,730	\$ 2,868,197	\$ 3,261,176
36,642,489	33,101,742	32,409,112	29,908,314	37,872,248	34,374,447
408,394	488,668	737,935	759,192	1,150,769	729,501
93,900,227	108,450,217	131,951,987	136,578,928	146,123,574	180,012,024
32,292,489	39,004,853	38,916,514	43,974,318	53,648,730	67,905,918
27,145,541	33,772,249	37,818,963	42,596,659	50,027,449	56,512,760
554,328,385	603,875,999	654,925,117	752,440,945	943,796,567	1,012,916,378
3,485,585	4,495,740	8,458,814	14,207,295	15,422,801	7,240,523
24,994,406	24,913,322	32,877,200	34,230,802	35,421,428	46,364,851
86,047,388	94,102,759	112,240,738	113,598,186	217,161,090	241,080,361
30,474,980	31,429,781	33,938,173	32,105,329	108,369,124	119,179,183
43,335	61,107	55,284	69,154	157,480	155,744
44,536,621	50,494,285	60,253,406	89,856,320	138,680,645	152,135,603
6,558,631	4,576,606	4,331,793	3,647,922	3,235,823	4,811,600
31,837,182	19,713,969	10,889,644	12,799,008	16,772,315	21,596,923
<u>\$ 975,046,742</u>	<u>\$ 1,050,755,654</u>	<u>\$ 1,162,324,156</u>	<u>\$ 1,309,597,102</u>	<u>\$ 1,770,708,240</u>	<u>\$ 1,948,276,991</u>
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%



**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
RATES AS OF JUNE 30, 2022**

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>City Restaurant and Bar Tax</u>	(2) <u>City Transient Occupancy Tax</u>	(3) <u>Mohave County</u>	(1) <u>State of Arizona</u>
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
2016	2.00	1.00	3.00	0.25	5.60
2017	2.00	1.00	3.00	0.25	5.60
2018	2.00	1.00	3.00	0.25	5.60
2019	2.00	1.00	3.00	0.25	5.60
2020	2.00	1.00	3.00	0.00	5.60
2021	2.00	1.00	3.00	0.00	5.60
2022	2.00	1.00	3.00	0.00	5.60

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

The state Tax rate increased on 6/1/2010 and decreased 6/1/2013 due to approval from the voters in the May 2010 election.

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

(3) The Mohave County General Excise Tax enacted in January 2000 expired December 31, 2019.

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	
		Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value
2013	P	\$ 549,921,360	\$ 4,642,019,040	\$ 13,932,103	\$ 79,171,973
	S	559,962,410	4,720,897,913	13,932,103	79,171,973
2014	P	552,871,353	4,686,326,717	13,209,135	77,033,222
	S	561,609,279	4,754,265,718	13,209,135	77,033,222
2015	P	558,881,781	4,801,310,125	12,490,419	74,105,983
	S	565,654,277	4,853,951,631	12,490,419	74,105,983
2016	P	580,873,455	4,953,980,283	11,256,533	68,368,831
	S	631,446,060	5,408,433,386	11,729,600	71,080,139
2017	P	608,965,019	5,383,479,500	11,006,278	68,939,771
	S	735,626,275	6,505,033,461	13,130,484	81,892,063
2018	P	644,785,568	5,713,125,000	10,822,569	68,018,116
	S	795,548,110	7,037,744,217	13,002,829	81,282,567
2019	P	683,335,499	6,058,719,068	11,292,683	71,032,975
	S	857,950,789	7,594,781,582	14,040,294	88,050,737
2020	P	727,807,080	6,471,661,041	11,184,504	70,646,217
	S	922,838,422	8,147,956,948	13,746,935	86,778,829
2021	P	774,038,728	6,902,126,299	11,842,906	74,687,828
	S	1,016,628,589	9,054,989,118	14,400,761	90,728,857
2022	P	822,105,281	7,349,299,441	12,621,499	79,720,325
	S	1,058,820,076	9,505,753,272	14,617,194	92,614,054

Source: Mohave County Assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S).

Note: This section does not include valuations on property owned by the state of Arizona, the United States Government, the City, and other entities not subject to taxation.

Total			
Net Assessed Value	Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 563,853,463	\$ 4,721,191,013	0.7332	11.94
573,894,513	4,800,069,886	-	plus \$ 268.85 per acre
566,080,488	4,763,359,939	0.7381	11.88
574,818,414	4,831,298,940	-	plus \$ 268.85 per acre
571,372,200	4,875,416,108	0.7408	11.72
578,144,696	4,928,057,614	-	plus \$ 268.85 per acre
592,129,988	5,022,349,114	0.7235	11.79
643,175,660	5,479,513,525	-	plus \$ 268.85 per acre
619,971,297	5,452,419,271	0.7000	11.37
748,756,759	6,586,925,524	-	plus \$ 268.85 per acre
655,608,137	5,781,143,116	0.6718	11.34
808,550,939	7,119,026,784	-	plus \$ 268.85 per acre
694,628,182	6,129,752,043	0.6718	11.33
871,991,083	7,682,832,319	-	plus \$ 268.85 per acre
738,991,584	6,542,307,258	0.6718	11.30
936,585,357	8,234,735,777	-	plus \$ 268.85 per acre
785,881,634	6,976,814,127	0.6718	11.26
1,031,029,350	9,145,717,975	-	plus \$ 268.85 per acre
834,726,780	7,429,019,766	0.6718	11.24
1,073,437,270	9,598,367,326	-	plus \$ 268.85 per acre

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

Fiscal Year		City Direct Rate			Special Districts			
		Operating Rate	Debt Service Rate	Total City Rate	Irrigation Drainage District	Sanitary District	Improvement District #1	Improvement District #2
2013	P	0.7332	-	0.7332	-	-	-	-
	S	-	-	-	\$ 268.85/acre	-	-	0.1942
2014	P	0.7381	-	0.7381	-	-	-	-
	S	-	-	-	\$ 268.85/acre	-	-	0.4059
2015	P	0.7408	-	0.7408	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.6014
2016	P	0.7235	-	0.7235	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8502
2017	P	0.7000	-	0.7000	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8585
2018	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8349
2019	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.7740
2020	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.7370
2021	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.7370
2022	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.7370

Source: Mohave County Treasurer.

Special Districts			Overlapping Rates				
Improvement District #3	Improvement District #4	Improvement District #5	Total County Rate	Total School Rate	Total State Rate	Rate Total	
-	-	-	1.8196	3.2644	0.4717	6.2889	
-	0.5872	-	1.0103	0.7828	-	2.5745	plus \$268.85/acre
-	-	-	1.8196	3.1962	0.5123	6.2662	
-	0.6458	-	1.0103	0.7828	-	2.8448	plus \$268.85/acre
-	-	-	1.8196	4.1683	0.5089	7.2376	
-	0.6762	-	0.9936	0.7297	-	3.0009	plus \$268.85/acre
-	-	-	1.9696	4.0121	0.5054	7.2106	
-	0.6941	-	0.7436	0.0000	-	2.2879	plus \$268.85/acre
-	-	-	1.9696	3.9873	0.5010	7.1579	
-	0.7158	-	0.7436	0.0000	-	2.3179	plus \$268.85/acre
-	-	-	1.9696	3.6727	0.0000	6.3141	
-	0.5456	-	0.7916	0.8660	0.49	3.5256	plus \$268.85/acre
-	-	-	1.9696	3.1334		5.7748	
-	0.5040	-	0.8916	0.8361	0.4740	3.4797	plus \$268.85/acre
-	-	-	1.9496	3.3652		5.9866	
-	0.5040	-	0.8116	0.7403	0.4566	3.2495	plus \$268.85/acre
-	-	-	1.9000	3.2906		5.8624	
-	0.5040	-	0.8316	0.7227	0.4426	3.2379	plus \$268.85/acre
-	-	-	1.8240	3.2261		5.7219	
-	0.5040	-	0.8111	1.2407	0.4263	3.7191	plus \$268.85/acre

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Unisource Energy Corporation	\$ 15,479,279	1	1.85 %			
PHC Lake Havasu Inc	5,332,606	2	0.64	5,039,372	1	0.89 %
Island Development Group LLC	2,504,130	3	0.30	1,292,000	9	0.23
Walmart Stores Inc	2,192,035	4	0.26	1,774,566	3	0.31
Citizen's Rural Division	1,795,499	5	0.22			
Lowe's HIW Inc	1,738,514	6	0.21	1,354,143	8	0.24
Mickel Havasu LLC	1,259,645	7	0.15			
Zac Havasu I LLC	1,169,340	8	0.14			
VRE Havasu Hotel LLC	1,157,600	9	0.14			
Home Depot USA Inc	1,155,455	10	0.14			
SFT Havasu LLC Etal				3,416,006	2	0.61
London Bridge Resort				1,520,680	4	0.27
Sterilite Corporation				1,484,105	5	0.26
Anderson Family LLC				1,465,103	6	0.26
Havasus Regional Medical Center LLC				1,372,107	7	0.24
LHHL Partners LLC				1,066,927	10	0.19
Totals	<u>\$ 33,784,103</u>		<u>4.05 %</u>	<u>\$ 19,785,009</u>		<u>3.50 %</u>
Net Assessed Value	\$ 834,726,780			\$ 563,939,263		

Source: Mohave County Assessor.

Note: Above taxable assessed valuations are as of 1/1/2021 and 2012, respectively, and the associated tax levies were due in fiscal years ended June 30, 2022 and 2013, respectively.

**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
2013	\$ 4,124,313	\$ 4,011,502	97.26 %	\$ 112,661	\$ 4,124,163	100.00 %
2014	4,151,317	4,032,532	97.14	118,627	4,151,159	100.00
2015	4,227,640	4,135,746	97.83	91,852	4,227,598	100.00
2016	4,281,108	4,194,139	97.97	86,891	4,281,030	100.00
2017	4,337,881	4,255,053	98.09	82,584	4,337,637	99.99
2018	4,403,495	4,320,370	98.11	83,080	4,403,450	100.00
2019	4,665,788	4,576,135	98.08	89,422	4,665,557	100.00
2020	4,942,897	4,850,293	98.13	91,447	4,941,740	99.98
2021	5,285,658	5,188,945	98.17	95,257	5,284,202	99.97
2022	5,612,204	5,506,499	98.12	-	5,506,499	98.12

(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
2013	\$ 5,665,992	\$ 5,409,765	95.48 %	\$ 255,689	\$ 5,665,454	99.99 %
2014	5,665,704	5,442,107	96.05	223,059	5,665,166	99.99
2015	5,665,700	5,517,668	97.39	147,494	5,665,162	99.99
2016	5,665,427	5,521,460	97.46	143,429	5,664,889	99.99
2017	5,700,920	5,572,372	97.75	128,010	5,700,382	99.99
2018	5,701,726	5,573,862	97.76	127,326	5,701,188	99.99
2019	5,694,791	5,568,222	97.78	125,762	5,693,984	99.99
2020	5,694,801	5,572,375	97.85	121,485	5,693,860	99.98
2021	5,704,306	5,588,121	97.96	114,370	5,702,491	99.97
2022	5,713,448	5,594,413	97.92	-	5,594,413	97.92

(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 2023 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. 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
2013	\$ 3,966	\$ 3,589	90.49 %	\$ 377	\$ 3,966	100.00 %
2014	8,001	7,419	92.73	582	8,001	100.00
2015	10,771	10,035	93.17	736	10,771	100.00
2016	15,115	14,721	97.39	394	15,115	100.00
2017	15,470	15,269	98.70	201	15,470	100.00
2018	16,002	15,851	99.06	151	16,002	100.00
2019	16,016	15,932	99.48	84	16,016	100.00
2020	13,799	12,900	93.49	899	13,799	100.00
2021	14,481	13,997	96.66	483	14,480	99.99
2022	15,752	14,194	90.11	-	14,194	90.11

(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. 4 – SPECIAL ASSESSMENT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

Fiscal Year	Collected Within the Fiscal Year of the Levy				Total Collections to Date		
	Total Adjusted Levy	Amount	Percent of Adjusted Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	
2013	\$ 67,980	\$ 65,770	96.75 %	\$ 2,210	\$ 67,980	100.00 %	
2014	74,937	73,649	98.28	1,288	74,937	100.00	
2015	71,253	69,229	97.16	2,023	71,252	100.00	
2016	69,020	67,571	97.90	1,450	69,021	100.00	
2017	71,664	69,292	96.69	2,372	71,664	100.00	
2018	57,032	54,400	95.39	2,632	57,032	100.00	
2019	57,324	55,768	97.29	1,556	57,324	100.00	
2020	59,502	57,362	96.40	2,140	59,502	100.00	
2021	61,680	59,991	97.26	1,623	61,614	99.89	
2022	62,501	60,305	96.49	-	60,305	96.49	

(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 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				
	Special Assessment Bonds	Notes Payable	Revenue Bonds	Capital Leases	Sewer Bonds	Irrigation and Drainage District	Airport	General Obligation Bonds	Capital Leases
2013	\$ -	\$ -	\$ 2,090,000	\$ 2,786,873	\$ 296,636,229	\$ 4,496,819	\$ -	\$ 105,000	\$ 1,795,066
2014	-	-	1,940,000	5,931,270	288,304,435	4,131,389	-	95,000	1,683,448
2015	-	-	1,780,000	5,064,524	278,204,383	5,436,978	-	80,000	1,581,455
2016	-	-	1,615,000	8,115,676	244,601,444	5,398,622	-	70,000	369,352
2017	-	-	10,477,626	6,705,608	239,070,575	4,389,305	3,960	60,000	340,583
2018	-	-	13,874,000	3,626,109	233,291,955	5,624,550	-	50,000	-
2019	-	-	6,331,000	2,799,105	228,072,839	5,191,639	-	40,000	-
2020	-	-	-	2,099,433	222,688,413	4,744,641	-	30,000	-
2021	-	1,631,073	-	1,385,121	219,168,484	4,283,094	-	20,000	-
2022	-	529,461	-	1,097,212	209,898,282	3,806,519	-	10,000	-

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

(1)		
Total Primary Government	Percentage of Personal Income	Per Capita
\$ 308,036,083	21.15	\$ 5,843
302,050,047	21.26	5,709
290,242,179	N/A	5,492
245,913,082	20.12	4,855
261,047,657	19.96	4,853
256,466,614	18.03	4,680
242,394,583	15.48	4,360
229,532,487	14.36	4,046
226,487,772	12.26	3,941
215,341,474	10.86	3,714



LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt			
Lake Havasu Unified School District No. 1	\$ 30,477,329	91%	27,612,460
City Direct Debt			
Lake Havasu City Financed Purchases Payable	1,097,212	100%	1,097,212
Lake Havasu City Notes Payable	529,461	100%	529,461
Lake Havasu City, Arizona Direct Debt			<u>1,626,673</u>
Total Direct and Overlapping Debt			<u><u>\$ 29,239,133</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**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>20% Limitation (1)</u>				
Debt Limit	\$ 114,778,903	\$ 114,963,683	\$ 115,628,939	\$ 128,635,132
Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt)	<u>136,101,397</u>	<u>126,686,249</u>	<u>120,719,896</u>	<u>98,935,166</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ (21,322,494)</u>	<u>\$ (11,722,566)</u>	<u>\$ (5,090,957)</u>	<u>\$ 29,699,966</u>
 Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	 118.58%	 110.20%	 104.40%	 76.91%
<u>6% Limitation (2)</u>				
Debt Limit	\$ 34,433,671	\$ 34,489,105	\$ 34,688,682	\$ 38,590,540
Total Net Debt Applicable to 6% Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,661,633</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ 34,433,671</u>	<u>\$ 34,489,105</u>	<u>\$ 34,688,682</u>	<u>\$ 24,928,907</u>
 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.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 149,751,352	\$ 161,710,188	\$ 174,398,217	\$ 187,317,071	\$ 206,205,870	\$ 214,687,454
<u>123,962,603</u>	<u>124,822,644</u>	<u>114,582,649</u>	<u>110,061,118</u>	<u>104,611,034</u>	<u>98,878,011</u>
<u>\$ 25,788,749</u>	<u>\$ 36,887,544</u>	<u>\$ 59,815,568</u>	<u>\$ 77,255,953</u>	<u>\$ 101,594,836</u>	<u>\$ 115,809,443</u>
82.78%	77.19%	65.70%	58.76%	50.73%	46.06%
\$ 44,925,406	\$ 48,513,056	\$ 52,319,465	\$ 56,195,121	\$ 61,861,761	\$ 64,406,236
<u>874,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 44,050,925</u>	<u>\$ 48,513,056</u>	<u>\$ 52,319,465</u>	<u>\$ 56,195,121</u>	<u>\$ 61,861,761</u>	<u>\$ 64,406,236</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**LAKE HAVASU CITY, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2022**

Net Secondary Assessed Valuation (1)		<u><u>\$ 1,073,437,270</u></u>
<div style="text-align: center;"> <u>Water, Sewer, Light, Parks, Open Space Preserves, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire and Emergency Facilities, and Streets and Transportation Facilities</u> </div>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 214,687,454
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 102,475,041	
Plus: Excess Premium (2)	5,920,582	
Less Amount Set Aside for Repayment of Debt	<u>(9,517,612)</u>	
Net Debt Applicable to Limit		<u>98,878,011</u>
20% Legal Debt Margin		115,809,443
<div style="text-align: center;"> <u>All Other General Obligation Bonds</u> </div>		
Debt Limit - 6% of Secondary Net Assessed Valuation		64,406,236
Debt Applicable to Limit		
General Obligation Bonds Outstanding	<u>-</u>	
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>64,406,236</u>
Total Legal Debt Margin		<u><u>\$ 180,215,679</u></u>

(1) Source: Mohave County Assessor's Office.

(2) A change in state law ARS 15-10244 requires the Excess Premium to be added to the debt subject to the legal margin.

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

Fiscal Year	Excise Tax Revenue Bonds (1)				Special Assessment Bonds (2)			
	Excise Tax (1)	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections (2)	Debt Service Principal	Debt Service Interest	Coverage
2013	\$ 26,526,205	\$ 145,000	\$ 91,446	106.43	\$ -	\$ -	\$ -	\$ -
2014	27,854,065	150,000	85,463	112.19	-	-	-	-
2015	32,724,861	160,000	79,096	118.30	-	-	-	-
2016	34,752,074	165,000	70,997	136.87	-	-	-	-
2017	36,640,972	175,000	63,896	153.38	-	-	-	-
2018	39,320,608	180,000	56,657	166.15	-	-	-	-
2019	43,528,759	1,260,000	3,529	34.45	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-

(1) Excise Tax revenues are pledged for the Excise Tax Bonds. Prior to FY 2005 the revenues were pledged for both the Municipal Property Corporation Bonds and Excise Tax Bonds.

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

(3) Excise Tax revenues are pledged for the 2016 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

(4) Excise Tax revenues are pledged for the 2017 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

Excise Tax Revenue Bonds (3) (4)

<u>Excise Tax (3)</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Coverage</u>
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
21,750,889	2,596,000	179,418	7.84
23,297,543	9,760,000	209,554	2.34
25,375,655	6,283,000	152,955	3.94
-	-	-	-
-	-	-	-
-	-	-	-

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

Fiscal Year	Sewer Revenue Bonds					
	(1) Operating Revenue	(2) Plus: (3) Rate Stabilization	Less: Operating Expenses	Net Available Revenue for SR Debt	Senior Debt Principal	Senior Debt Interest
2013	\$ 23,072,178	\$ 6,500,000	\$ 6,705,193	\$ 22,866,985	\$ 5,404,372	\$ 4,220,890
2014	23,635,466	6,500,000	7,134,366	23,001,100	5,572,168	4,839,966
2015	23,722,951	6,500,000	7,034,913	23,188,038	5,046,707	3,957,947
2016	23,036,455	4,500,000	7,167,020	20,369,435	5,172,561	3,797,164
2017	22,573,416	4,500,000	7,384,401	19,689,015	5,646,925	9,261,169
2018	22,292,478	4,500,000	6,538,010	20,254,468	4,457,846	9,104,667
2019	24,165,448	4,500,000	7,310,706	21,354,742	4,616,758	8,940,868
2020	24,035,079	4,500,000	7,992,633	20,542,446	4,782,065	8,770,374
2021	24,437,633	4,500,000	8,288,913	20,648,720	4,948,800	8,593,177
2022	24,624,398	4,500,000	9,844,948	19,279,450	5,126,997	8,408,733

	Water Revenue Bonds					
	(1) Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2013	\$ 16,393,664	\$ 7,503,781	\$ 4,600,407	\$ 357,328	\$ 161,868	8.86
2014	16,915,442	7,833,935	4,293,410	368,929	153,481	8.22
2015	15,972,560	7,488,995	5,359,903	380,912	168,371	9.76
2016	17,040,356	8,281,913	3,096,567	403,288	174,345	5.36
2017	16,537,197	8,410,995	8,126,202	825,345	158,600	8.26
2018	17,747,615	9,718,349	2,463,480	-	174,058	14.15
2019	18,172,630	8,609,869	9,562,761	432,912	166,315	15.96
2020	18,225,025	9,783,608	8,441,417	446,997	151,765	14.10
2021	18,231,420	9,776,797	8,454,623	461,547	136,737	14.13
2022	15,618,089	10,031,931	5,586,158	486,575	121,876	9.18

(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.

(3) Rate Stabilization Fund was reduced to \$4.5 million as part of wastewater debt restructuring.

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.

Sewer Revenue Bonds

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) (4) Junior Debt Coverage
\$ 9,625,262	2.38	\$ 13,241,723	\$ 4,566,798	\$ 5,980,474	\$ 10,547,272	1.53
10,412,134	2.21	12,588,966	4,694,038	5,839,593	10,533,631	1.26
9,004,654	2.58	14,183,384	4,922,593	5,691,546	10,614,139	1.20
8,969,725	2.27	11,399,710	5,182,509	2,727,094	7,909,603	1.34
14,908,094	1.32	4,780,921	-	-	-	n/a
13,562,513	1.49	6,691,955	-	-	-	n/a
13,557,626	1.58	7,797,116	-	-	-	n/a
13,552,439	1.52	6,990,007	-	-	-	n/a
13,541,977	1.52	7,106,743	-	-	-	n/a
13,535,730	1.42	5,743,720	-	-	-	n/a

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

Fiscal Year	(1) Population	(5) Personal Income	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
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
2016	53,583	1,293,279,000	24,136	52.2	5,488	7.0
2017	53,796	1,307,942,000	24,313	53.0	5,385	5.2
2018	54,801	1,422,141,000	25,951	54.0	5,404	4.9
2019	55,600	1,566,530,000	28,175	54.0	4,925	5.2
2020	56,738	1,598,593,000	28,175	54.0	5,343	11.9
2021	57,464	1,848,042,000	32,160	55.4	5,163	7.4
2022	57,974	1,982,247,000	34,192	53.5	5,394	3.8

(1) Arizona Economic Estimates Commission and the Arizona Office of Employment and Population Statistics www.azstats.gov/www.azeconomy.org (2022)

(2) Demographics Now estimates used until 2014. Per Capita Personal Income unavailable for 2015. U.S. Census Bureau used for per capita income. 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	2022			2013		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Havasu Regional Medical Center	671	1	2.26 %	695	1	3.08 %
Lake Havasu City	605	2	2.03	643	2	2.85
Lake Havasu School District	578	3	1.94	590	3	2.61
Anderson Auto Group	334	4	1.12	-		
Walmart	305	5	1.03	300	5	1.33
Shugrue's Restaurants	300	6	1.01	200	7	0.89
Sterilite Corporation	279	7	0.94	425	4	1.88
London Bridge Resort	250	8	0.84	250	6	1.11
Bashas' (2 locations)	150	9	0.50	182	8	0.81
River Medical	148	10	0.50	165	9	0.73
Mohave Community College				156	10	0.69
Total	<u>3,620</u>		<u>12.17 %</u>	<u>3,606</u>		<u>15.98 %</u>

Total Employees in Lake

Havasu City 29,735 (1b)

22,579 (1a)

Source: Lake Havasu Partnership for Economic Development.

(1a) Arizona Workforce Informer.

(1b) Arizona Department of Administration-Office of Employment and Population Statistics www.azstats.gov/laus-data-query-tool/

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

Function	Authorized Position as of Fiscal Year Ended					
	2013	2014	2015	2016	2017	2018
General Government	67.0	71.0	71.0	74.0	74.0	75.0
Non-Departmental	-	-	-	-	-	-
Development Services (6)	19.0	13.0	16.0	16.0	26.0	27.0
Public Safety						
Police	117.0	121.0	121.0	121.0	121.0	122.0
Fire	85.0	85.0	85.0	85.0	85.0	85.0
Public Works (4)						
Administration/Engineering (3) (7)	19.0	4.0	3.0	3.0	2.0	3.0
Airport	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance Services (2) (5)	N/A	54.0	54.0	53.0	53.0	53.0
Transportation	12.0	11.0	N/A	N/A	N/A	N/A
Street Maintenance	25.0	N/A	N/A	N/A	N/A	N/A
Buildings and Grounds (1)	28.0	N/A	N/A	N/A	N/A	N/A
Vehicle Maintenance	7.0	8.0	9.0	9.0	9.0	9.0
Wastewater	24.0	28.0	29.0	30.0	30.0	30.0
Water	38.0	39.0	39.0	37.0	35.0	36.0
Culture and Recreation (1) (5)	6.0	9.0	9.0	10.0	12.0	11.0
Total	<u>449.0</u>	<u>445.0</u>	<u>438.0</u>	<u>440.0</u>	<u>449.0</u>	<u>453.0</u>

(1) Parks Division moved from Culture and Recreation to Operations-Building and Grounds in 2013

(2) Street Maintenance and Buildings and Grounds moved to Operations-Maintenance Services in 2014

(3) Operations- Engineering moved to Community Investment in 2014

(4) Operations name changed to Public Works in 2020

(5) Parks Division moved from Public Works Maintenance Services to Culture and Recreation in 2020

(6) Community Investment name changed to Development Services in 2021

(7) Engineering moved from Development Services to Public Works in 2021

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

Authorized Position as of Fiscal Year Ended			
2019	2020	2021	2022
75.0	73.0	71.0	80.0
0.0	9.0	8.0	0.0
26.0	26.0	17.0	18.0
122.0	118.0	118.0	120.0
86.0	86.0	85.0	90.0
3.0	2.0	11.0	13.0
4.0	4.0	4.0	4.0
51.0	38.0	29.0	29.0
N/A	N/A	N/A	N/A
NA/	N/A	N/A	N/A
N/A	N/A	N/A	N/A
9.0	9.0	9.0	10.0
30.0	33.0	32.0	33.0
34.0	34.0	33.0	34.0
11.0	27.0	35.0	36.0
<u>451.0</u>	<u>459.0</u>	<u>452.0</u>	<u>467.0</u>

**LAKE HAVASU CITY, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Years				
	2013	2014	2015	2016	2017
<u>Police</u>					
Number of Sworn Officers	83	77	83	83	83
Number of Incidents Handled	60,940	54,843	53,897	46,906	44,635
Number of Report Numbers Issued	7,788	7,126	7,100	8,095	8,307
Number of 911 Calls Processed	19,754	18,969	20,294	20,173	19,626
Response Time, Priority 1 Calls (Minutes)	6:23	6:39	7:02	7:49	7:46
<u>Fire</u>					
Number of Field Suppression Personnel	75	76	75	77	77
Number of Structural Fires	57	35	25	31	19
Number of Emergency Responses	8,358	7,811	8,154	8,510	8,654
Response Time (Minutes)	5:29	6:16	6:06	5:54	6:06
Inspections	1,880	1,280	2,751	1,615	1,977
<u>Highways and Streets</u>					
Street Resurfacing (Miles)	37.00	96.00	40.00	58.00	74.00
Utility Patches	224	211	174	36	194
Skin Patches	52	35	97	13	26
Crackfilling (Miles)	15.00	63.00	27.00	39.00	54.50
<u>Wastewater</u>					
Total Active Sewer Connections (1)	25,826	26,129	26,351	32,117	28,802
Average Daily Flowage (mg)	3.60	3.71	3.73	3.84	3.95
<u>Municipal Parks</u>					
Park Uses	2,418	3,238	3,238	3,355	3,090
<u>Water</u>					
Total Active Water Meters (2)	29,508	29,737	30,072	30,358	31,701
New Connections	230	277	298	361	356
Main Breaks	71	69	51	60	43
Service Line Leaks	239	205	194	205	175
Average Daily Consumption (Gallons) per Capita	199	183	182	178	177
<u>Transit</u>					
Total Ridership (3)	110,414	87,884	8,348	8,031	9,050
Miles Driven	342,391	257,190	41,932	46,367	47,278
<u>General</u>					
Building Permits Issued	1,573	1,907	2,210	2,478	3,001
Building Inspections Conducted	7,605	9,574	11,078	12,767	13,454
Land Use Actions	65	102	206	189	233

(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) Figures for "Total Active Water Meters" were previously estimated. Figures from 2007 to 2014 were amended to show true total active water meters as of June 30th of the respective year.

(3) "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.

Fiscal Years				
2018	2019	2020	2021	2022
81	80	80	80	80
48,828	46,809	43,727	45,228	45,768
8,643	8,121	7,602	6,826	7,133
21,239	19,020	21,157	22,488	23,076
8:01	7:28	7:48	7:14	7:51
77	77	77	79	79
31	31	28	42	31
8,445	8,195	8,448	9,097	9,806
6:06	6:09	6:16	5:48	4:57
2,149	2,550	2,449	2,955	2,297
44.50	85.00	18.00	269.05	183.23
188	155	237	252	518
14	21	35	67	109
147.00	75.00	31.00	116.00	152.38
25,227	27,992	27,885	28,750	29,424
3.80	2.83	4.40	4.10	4.04
3,604	3,437	3,080	433	412
31,947	32,321	32,592	34,229	33,762
389	373	355	496	285
48	48	54	47	50
169	169	178	165	169
202	189	175	187	182
13,665	13,882	9,560	4,188	9,581
52,290	70,621	58,005	30,197	64,987
1,804	1,725	1,828	3,523	3,674
13,993	14,612	14,336	13,945	15,288
243	258	265	328	323

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

Function	Fiscal Year				
	2013	2014	2015	2016	2017
<u>Public Safety</u>					
Police:					
Stations	1	1	1	1	1
Patrol Units					
Cars	34	42	44	33	33
Boats	3	3	3	3	4
UTV/Motors	5	5	5	9	9
Fire:					
Stations	6	6	6	6	6
Apparatus					
Fire Trucks	11	16	11	11	11
Vehicles	23	23	36	34	36
Boats	1	1	1	1	1
<u>Highways and Streets</u>					
Streets (Miles)	435.0	435.0	435.0	435.0	435.0
Streetlights	84	84	84	84	84
Traffic Signals	13	13	13	14	14
<u>Culture and Recreation</u>					
Parks Acreage	125.0	130.0	130.0	130.0	201.0
Parks Acreage - Sara Park	1,082	1,082	1,082	1,082	1,082
Parks	15	15	15	16	16
Swimming Pools	1	1	1	1	1
Water Launching Facility	1	1	1	1	1
Community Centers	1	1	1	1	1
<u>Water</u>					
Water Mains (Miles)	500.0	500.0	500.0	456.0	452.0
Fire Hydrants	2,676	2,676	2,676	2,512	2,512
Available Acre Feet	28,318	28,318	28,582	25,460	28,582
<u>Sewer</u>					
Sanitary Sewers (Miles)	352.9	352.9	352.9	353.0	352.0
<u>Transportation</u>					
Transit Buses (1)	21	17	5	5	5
<u>Airport</u>					
Enclosed Hangars	78	78	78	78	103
Shade Ports	16	16	16	16	23

(1) 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.

Fiscal Year				
2018	2019	2020	2021	2022
1	1	1	1	1
33	33	33	33	79
4	3	3	3	3
9	9	9	9	6
6	6	6	6	6
11	11	11	11	11
36	36	36	37	28
1	1	1	1	1
435.0	435.0	435.0	435.0	435.0
84	84	84	84	62
14	14	14	15	14
201.0	201.0	201.0	201.0	201.0
1,082	1,082	1,082	1,082	1,082
17	17	17	17	17
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
486.0	535.0	539.0	541.0	542.0
2,739	2,989	2,989	3,109	3,109
28,582	28,582	28,582	25,872	28,572
350.0	350.0	350.0	432.0	393.0
6	5	7	5	10
106	120	120	120	120
25	25	25	32	32

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS
JUNE 30, 2022**

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	1
Private	1
Charter Schools	2
Community College (Mohave)	1
State University (NAU)	1
State University (ASU)	1
Number of Students:	
L.H.C. Unified School District	5,394
Private	295
Charter	540
Community College (MCC)	1,237
State University (NAU/ASU)	297
Employees as of June 30, 2022:	
Full-Time	451
Part-Time	154
Elected Officials	7
Total Payroll Wages for Fiscal Year 2022	\$ 33,499,707
Elections:	
Last Municipal General Election - November 2016:	
Number of Registered Voters	33,726
Number of Votes Cast	25,950
Percentage of Registered Voters	76.94%
Last Municipal Primary Election - August 2020:	
Number of Registered Voters	36,983
Number of Votes Cast	14,504
Percentage of Registered Voters	39.22%
At the Time of Incorporation:	
Number of Registered Voters	6,053
Active Business Licenses	4,936
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 (CONTINUED)
JUNE 30, 2022

Population

Census Population Count (Calendar Year)

2021***	57,974
2020***	57,464
2019***	56,738
2018***	55,600
2017***	54,801
2016***	53,796
2015***	53,583
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

Age Distribution of Population:

0-4 Years	1,913	3.3 %
5-17 Years	8,754	15.1
18-59 Years	28,233	48.7
65+ Years	19,073	32.9
	<u>57,974</u>	<u>100 %</u>

Median Age 53.5

Median Household Income \$ 55,887

Median Age/Median Household Income/Age Distribution: Mohave County Economic Development

