



# **Annual Comprehensive Financial Report**

Lake Havasu City, AZ  
Year Ended June 30, 2023







## Lake Havasu City

Prepared by the Administrative Services Department

Jill Olsen

Administrative Services Director

Trinna Ware, MBA

Finance Division Manager



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## **INTRODUCTORY SECTION**





December 18, 2023



## 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, 2023. 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, 2023, 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, 2023, 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 58,506. 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 City Magistrate, 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 fiscal year budget commencing 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 allow taxpayers to comment. The budget is legally enacted through the passage of a resolution that sets the limit for expenditures during the fiscal year. 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 which also set the legal level of budgetary control; 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.

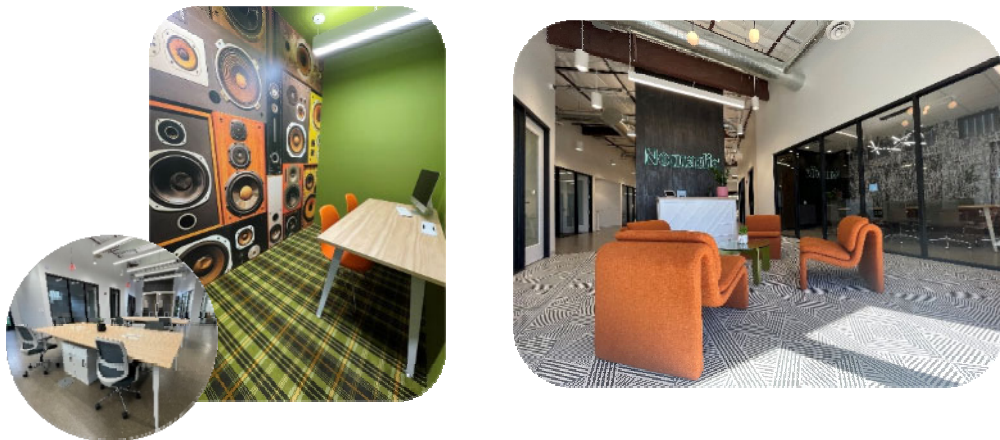
Lake Havasu City continues to emphasize recreation and residential retirement.

### **Business**

Elliott D. Pollack & Company completed a Housing Needs Assessment. The “housing cost burden” of spending over 30% of household income is 43.4%. Our housing market has drastically increased in value over the last decade in conjunction with a steady growth of new residents, bringing the need for affordable rental housing units into focus for our workforce. A housing needs assessment gives the developers independent data for assessing their development within the market. It also serves as a tool for developers to apply for subsidies to help alleviate the renter housing cost burden above 30%.

Allo Communications has begun building their "fiber to premise" broadband for Lake Havasu City. This ubiquitous build is a \$50 million dollar investment that will bring 10 Gigabit symmetric service to Lake Havasu City and the business community. Broadband connectivity is crucial to economic development and job creation. This level of connectivity elevates local business in global markets and helps e-commerce entrepreneurs to better compete in the competitive online market space.

Nomadic broke ground in November 2020. The coworking space was the third contest-funded project within the Vision 2020 Plan. This project was awarded \$400,000 from the ABC contest funds and was completed in 2023. Opening its doors in March 2023, the 9,000 square-foot Nomadic building provides a long list of amenities for its member businesses, including a networking platform, office or desk space, meeting rooms, a photo studio, an art studio, and a workshop with equipment such as 3-D printers, drones and more. This highly modern facility is the hub for 30-40 entrepreneurs, freelancers, and remote workers in Downtown Lake Havasu City.



### **Tourism and Visitation**

Tourism is Lake Havasu City's largest industry and a significant contributor to the City's economy. The balance of lake and desert tours and activities, along with the incredible London Bridge, attracts more than one million visitors throughout the year to the city. The creativity of Robert P. McCulloch captured the world's attention in 1967 after he purchased the London Bridge and relocated it from the River Thames in England to the stunning Colorado River. The city's profile of tourism amenities includes the most visited state park in Arizona, Lake Havasu State Park, and the new public-private partnership of the Havasu Riviera, which features a new launch ramp, 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, as well as a 1,100-acre hiking and mountain biking park and one of the largest BMX, scooter and skateparks in the nation. Lake Havasu City also proudly hosts more than 400 events annually, including one of the nation's largest hot air balloon festivals, 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 lounge in the Bridgewater Channel in luxury high-performance luxury boats.

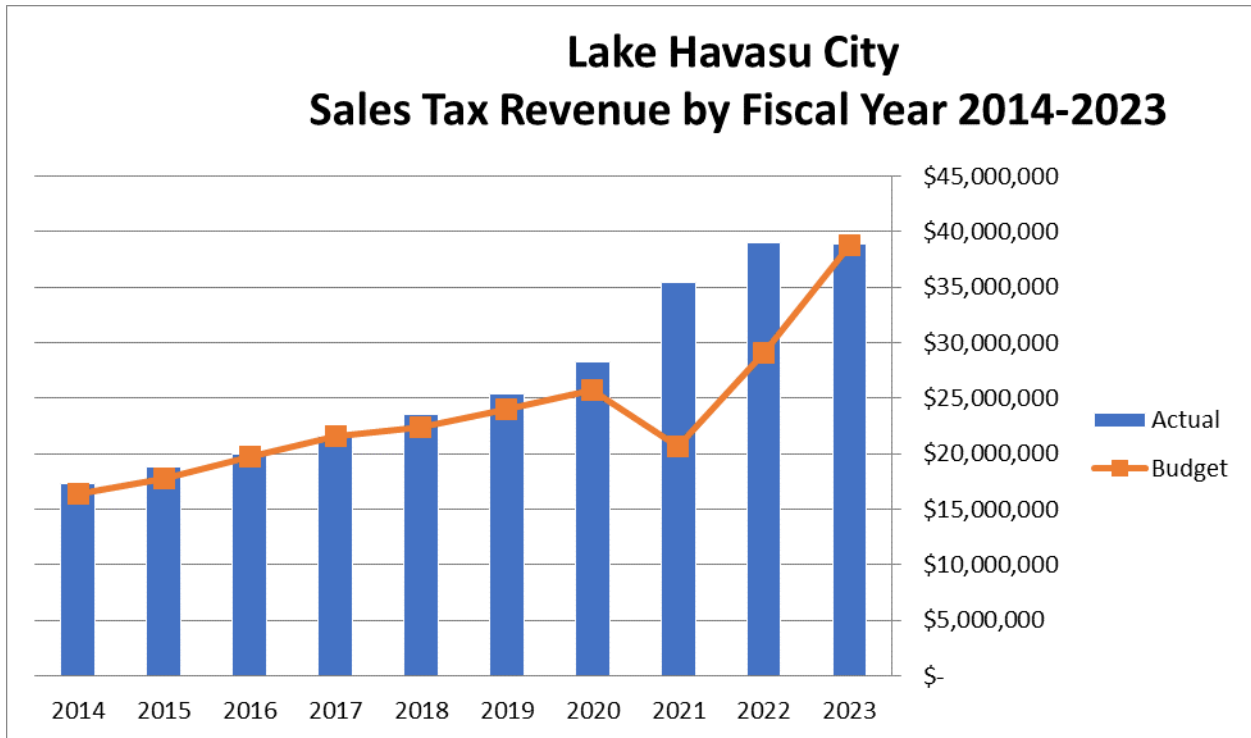


### **Transaction Privilege (Sales) Tax**

Lake Havasu City's most significant general fund revenue source is sales tax from various business categories, including automotive, retail stores, hotels, restaurants, utilities, and rentals. Sales tax is generated directly from the City's applied tax rate and indirectly as it receives its share of sales tax from the State of Arizona's applied tax rate. Overall, local sales tax collections decreased by .2% percent from the fiscal year 2022 to 2023. This is the first year-over-year decrease the City has experienced in sales tax revenue since fiscal year 2010. The City's three-cent hotel/motel tax revenues (bed tax) decreased by 5.1%, and the restaurant and bar one-cent tax revenues increased by 3.4% from the fiscal year 2022. This is a direct response to



the higher inflation; consumers spend more of their income on non-taxable items such as food and housing.



**Economic Development**

Residential permits saw an overall decrease of 16% compared to the previous year, with single-family housing permits down by 38% and multi-family housing permits down by 12%. Residential valuations decreased 16%, from \$118 million in the fiscal year 2022 down to \$99 million in the fiscal year 2023. Commercial/Tenant Improvement permits remained consistent with the previous year, but new commercial buildings saw an overall increase of 92%. Commercial valuations were up 60% over the previous year. Revenue generated from residential and commercial building fees decreased by 16%, from \$2.4 million in the fiscal year 2022 down to \$2.0 million in the fiscal year 2023. Residential and commercial growth has continued to be supported by development code changes, rezones, and general plan amendments.

Multi-family developments have continued throughout the community and include projects such as a 47 unit complex located at 2060 Swanson and a 65 unit complex with underground parking located at 130 Park Ave.

Single family subdivisions such as Courdon Palms, Flat Irons, Black Rock, and Trinity have been either preliminary platted or final platted and are currently under construction. These subdivisions include approximately 215 new single-family lots.



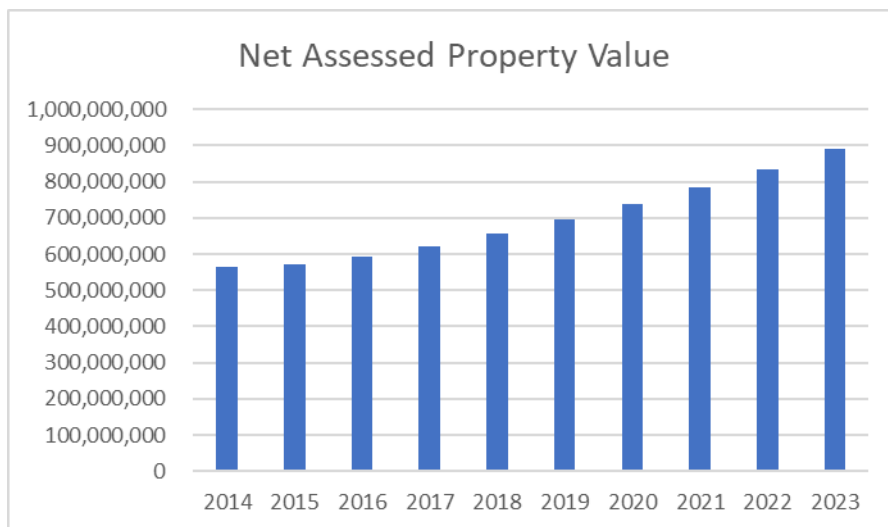


The Commercial development in Lake Havasu City has continued to thrive. Air Control expanded their current facility by adding an 8,400-square-foot warehouse building. College Street Brewery expanded by adding a 9,500-square-foot brewhouse addition. Some more notable commercial projects include Lake Havasu City Court Tenant Improvement, Auto Zone, Altitude Trampoline Park, Dutch Bros Coffee Shop, Veterans Affairs Clinic, Chapparal Storage, Bradley Ford Dealership, and Luxe Locker Storage.



**Property Values**

Lake Havasu City’s primary assessed property tax values increased by 6.9% in fiscal year 2023 and 6.0% in fiscal year 2024. New construction accounted for \$12.5 million of the \$53.5 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 2023:

- Administrative Services Department:
  - Customer Service Division implemented a vacation registration and permitting system
  - Information Technology Division added 50 security cameras
  - The Finance Division implemented a new Accounts Receivable System
- Community Outreach
  - Created a Community Resources Coalition to distribute ARPA funds directly to the Community
- Infrastructure Improvements
  - Bridge Channel Dredging
  - London Bridge Pier Repair
  - Lift Stations Upgrades
  - Water Tank Improvements and Replacements

Several major projects were completed as part of the City's Capital Improvement Plan. One of the noteworthy completed projects was the reconstruction of the Airport Taxiway. The total cost of this project was \$7.1 million, with grant funding covering the total cost. Furthermore, drainage enhancements were executed for Avalon Drain 2 and Mohican Drive.

## For the Future

Lake Havasu City has adopted a budget for fiscal year 2024 that aligns with the City Council's priorities and policy direction while supporting core services. The total budget for the fiscal year commencing on July 1, 2023, combining capital and operating expenses, amounts to \$213 million, excluding depreciation. Due to the economic slowdown and higher-than-expected revenues during the pandemic, the City has projected a slight decrease in tax revenues. Balancing the budget presents challenges, including limited resources in some funds and the need to balance ongoing budget expense requests with continued funding. The budget



balances moderate projected revenue increases, supplemented with potential grant funding and additional state-shared revenue due to a change in the formula for the Cities' and Towns' share of State Income Tax collections. Additional expenditures in priority areas, such as streets, public safety retirement, compensation programs, and employee healthcare, are also included:

- 6.0% or \$359,000 increase in property tax revenue for new construction and holding the tax levy rate.
- 6.4% or \$4.1 million increase in City Sales Tax and State Shared revenue in the FY 23-24 budget. This is due to a change in the state's formula for State Shared Revenue Income Tax Collection. State Shared Revenue is a one-year increase.
- Wages and benefits increased by 11.8% or \$7.6 million to fully staff and continue citywide merit step increases. The increase also covers a 5.0% rate stabilization and 26 new full-time positions, 13 of which are in public works, and \$1.0 million in public safety retirement employer rate increases.

The 2024 capital budget includes new and continuing projects totaling \$50.7 million, including:

- \$2.7 million, which is part of a multi-year \$5.4 million Police and Jail rehabilitation project
- \$5.5 million in water booster station and well upgrades
- \$6.4 million wash stabilization and drainage improvements
- \$8.2 million continuation of the Wastewater Island Treatment Plant Flow Equalization Basin, Vadose Well design and expansion, Mulberry Treatment Plant Aeration Basin repair, and Lift Station Renovations
- \$4.2 million in airport runway improvements
- \$22.5 million in Parks, Courthouse, Street, and Fuel Facility Improvements

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2022. 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 City's current Annual Comprehensive Financial Report will continue to meet the Certificate of Achievement Program's requirements and 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, 2022, 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, 2023.



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,

A handwritten signature in blue ink that reads "Jill Olsen".

Jill Olsen  
Administrative Services Director

A handwritten signature in blue ink that reads "Trinna Ware".

Trinna Ware  
Finance Division Manager, MBA



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Lake Havasu City  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

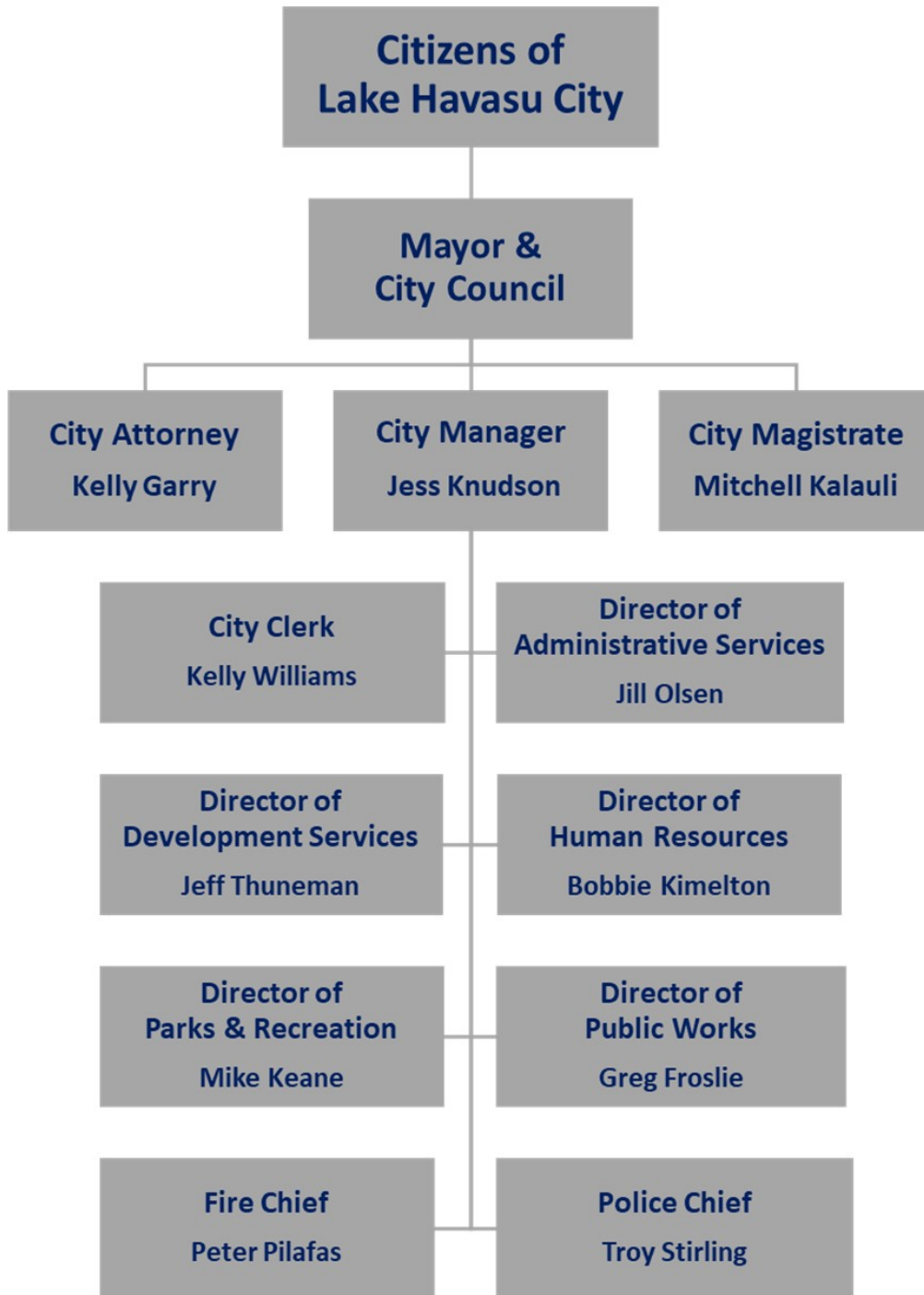
June 30, 2022

*Christopher P. Merrill*

Executive Director/CEO



## ORGANIZATIONAL CHART





# City Council

Jeni Coke, Councilmember

Jim Dolan, Councilmember

Nancy Campbell, Councilmember

Cal Sheehy, Mayor

David Lane, Vice Mayor

Michele Lin, 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, 2023, 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, 2023, 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, 2022, the City adopted new accounting guidance for subscription-based information technology arrangements. The guidance requires the City to recognize a right to use subscriptions asset and corresponding subscriptions liability for all arrangements with 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***

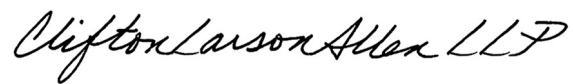
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover 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 18, 2023, 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.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 18, 2023

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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, 2023, and 2022. 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 2023 by \$355.8 million (net position). Of this amount, \$70.4 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 \$2.6 million from the fiscal year 2022.
- As of June 30, 2023, the City's governmental funds had a combined ending fund balance of \$99.8 million, an increase of \$11.3 million (12.7%) compared with the prior fiscal year. The increase in fund balance was primarily due to an increase in intergovernmental revenue of \$8.8 million, \$2.5 million in investment earnings, and a reduction in capital outlay of \$6.4 million.
- At the close of the fiscal year, the General Fund had an ending fund balance of \$76.6 million, representing a \$4.2 million increase from the prior fiscal year. Of that amount, the unassigned fund balance for the General Fund was \$74.4 million or 113.6% of the total General Fund expenditures of \$65.5 million.
- The City's total liabilities increased by \$15.7 million to \$359.5 million during the current fiscal year. This increase was primarily due to a \$5.8 million increase in accounts payable due to large capital projects and an increase in the City's net pension liability of \$14.5 million. There were increased liabilities in unearned revenue of \$3 million due to additional American Rescue Plan Act (ARPA) funds received that are held for future projects.

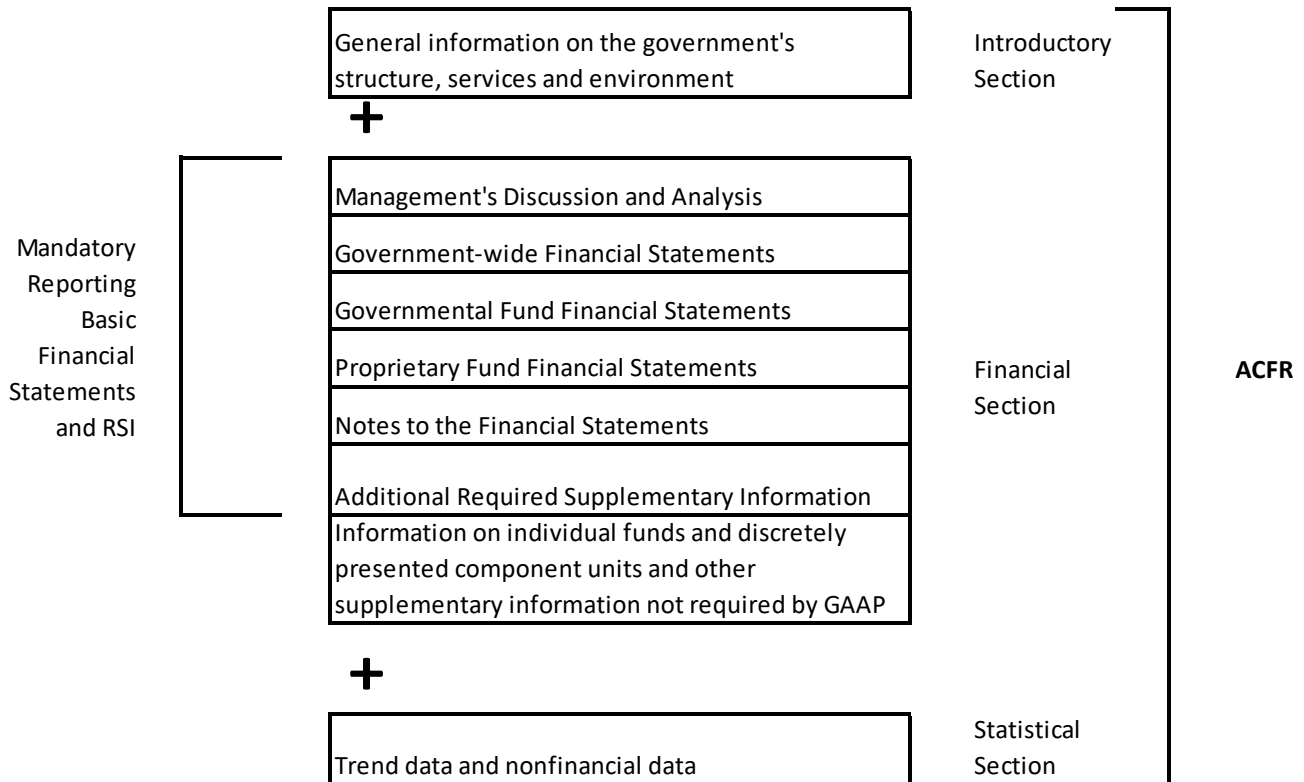
**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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.



**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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 48. 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*.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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, wastewater, trash (Refuse), and airport operations. All of the City's enterprise funds, the Water, Wastewater, Refuse and Airport are considered to be major funds of the City.

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  
JUNE 30, 2023**

**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 \$355.8 million at the close of the fiscal year 2023 and \$333.3 million at the close of the fiscal year 2022.

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, 2023 and 2022  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
<b>Assets:</b>							
Current and Other Assets	\$ 122,068	\$ 104,682	\$ 105,116	\$ 106,758	\$ 227,183	\$ 211,440	7.4 %
Capital Assets:							
Nondepreciable	37,649	29,672	32,141	26,071	69,790	55,743	25.2
Depreciable	76,624	77,027	326,703	332,295	403,328	409,322	(1.5)
Total Assets	236,341	211,381	463,960	465,124	700,301	676,505	
<b>Deferred Outflows of Resources</b>	21,022	19,533	1,029	1,346	22,051	20,879	5.6
<b>Liabilities:</b>							
Other Liabilities	20,075	13,728	13,396	10,097	33,471	23,825	40.5
Noncurrent Liabilities:							
Due Within One Year	4,878	4,605	6,583	6,325	11,461	10,930	4.9
Due in More Than One Year	105,209	93,515	209,311	215,469	314,520	308,984	1.8
Total Liabilities	130,162	111,849	229,290	231,890	359,452	343,739	
<b>Deferred Inflows of Resources</b>	4,238	16,055	2,847	4,254	7,085	20,308	(65.1)
<b>Net Positions:</b>							
Net Investment in Capital Assets	109,642	104,702	144,591	140,440	254,232	245,142	3.7
Restricted	22,156	11,521	8,986	8,830	31,142	20,351	53.0
Unrestricted	(8,835)	(13,213)	79,276	81,057	70,441	67,844	3.8
Total Net Positions	\$ 122,963	\$ 103,010	\$ 232,852	\$ 230,326	\$ 355,815	\$ 333,336	

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

The most significant portion of the City's net position in the fiscal year 2023 and fiscal year 2022, \$254.2 million (71.5%) and \$245.1 million (73.5%), respectively, reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire these assets 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 \$31.1 million (8.7%) in the fiscal year 2023, represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$70.4 million (19.8%), may be used to meet the government's ongoing obligations to citizens and creditors. In the fiscal year 2022, \$20.4 million (6.1%) of the City's net position was subject to external restrictions, and \$67.8 million (20.4%) was available to meet the government's ongoing obligations to citizens and creditors.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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 \$22.5 million in the fiscal year 2023 compared to an increase in net position of \$25.7 million during the fiscal year 2022. These changes are explained in the government and business-type activities discussion.

**Statement of Activities  
Fiscal Years Ended June 30, 2023 and 2022  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
<b>REVENUES</b>							
Program Revenues:							
Charges for Services	\$ 5,932	\$ 5,855	\$ 46,041	\$ 44,822	\$ 51,973	\$ 50,677	2.6 %
Operating Grants and Contributions	9,746	8,645	-	-	9,746	8,645	12.7
Capital Grants and Contributions	847	535	9,107	10,859	9,954	11,394	(12.6)
General Revenues:							
Property Taxes	6,067	5,684	-	5,714	6,067	11,398	(46.8)
Business Taxes	39,174	39,540	15	20	39,189	39,560	(0.9)
Other Taxes and State Shared Revenues	27,256	22,292	-	-	27,256	22,292	22.3
Investment Earnings	1,051	(1,402)	1,698	(2,653)	2,749	(4,055)	(167.8)
Other	729	564	135	191	864	755	14.5
Total Revenues	<u>90,802</u>	<u>81,714</u>	<u>56,996</u>	<u>58,953</u>	<u>147,797</u>	<u>140,667</u>	
<b>EXPENSES</b>							
General Government	18,085	14,160	-	-	18,085	14,160	27.7
Public Safety	37,046	34,091	-	-	37,046	34,091	8.7
Highways and Streets	5,050	6,144	-	-	5,050	6,144	(17.8)
Culture and Recreation	7,768	6,929	-	-	7,768	6,929	12.1
Tourism and Promotion	2,092	2,093	-	-	2,092	2,093	(0.0)
Transportation	1,044	1,018	-	-	1,044	1,018	2.6
Interest on Long-Term Debt	-	13	-	-	-	13	(100.0)
Refuse	-	-	7,521	7,195	7,521	7,195	4.5
Water	-	-	15,982	12,944	15,982	12,944	23.5
Wastewater	-	-	28,938	28,561	28,938	28,561	1.3
Airport	-	-	1,791	1,781	1,791	1,781	0.6
Total Expenses	<u>71,087</u>	<u>64,448</u>	<u>54,232</u>	<u>50,482</u>	<u>125,319</u>	<u>114,930</u>	
<b>CHANGE IN NET POSITIONS BEFORE TRANSFERS</b>	19,715	17,266	2,764	8,471	22,479	25,737	(12.7)
Transfers	238	390	(238)	(390)	-	-	
<b>CHANGE IN NET POSITIONS</b>	19,953	17,655	2,526	8,081	22,479	25,737	
Net Positions - Beginning of Year	103,010	85,355	230,326	222,245	333,336	307,600	
<b>NET POSITIONS - END OF YEAR</b>	<u>\$ 122,963</u>	<u>\$ 103,010</u>	<u>\$ 232,852</u>	<u>\$ 230,326</u>	<u>\$ 355,815</u>	<u>\$ 333,336</u>	

**LAKE HAVASU CITY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**Governmental Activities.** Compared to the beginning balance, Governmental activities increased the City's net position by \$20 million (19.4%) in the fiscal year 2023 and increased the City's net position by \$17.7 million (20.7%) in the fiscal year 2022.

Total revenue for Governmental activities increased by \$9.1 million (11.1%) 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.

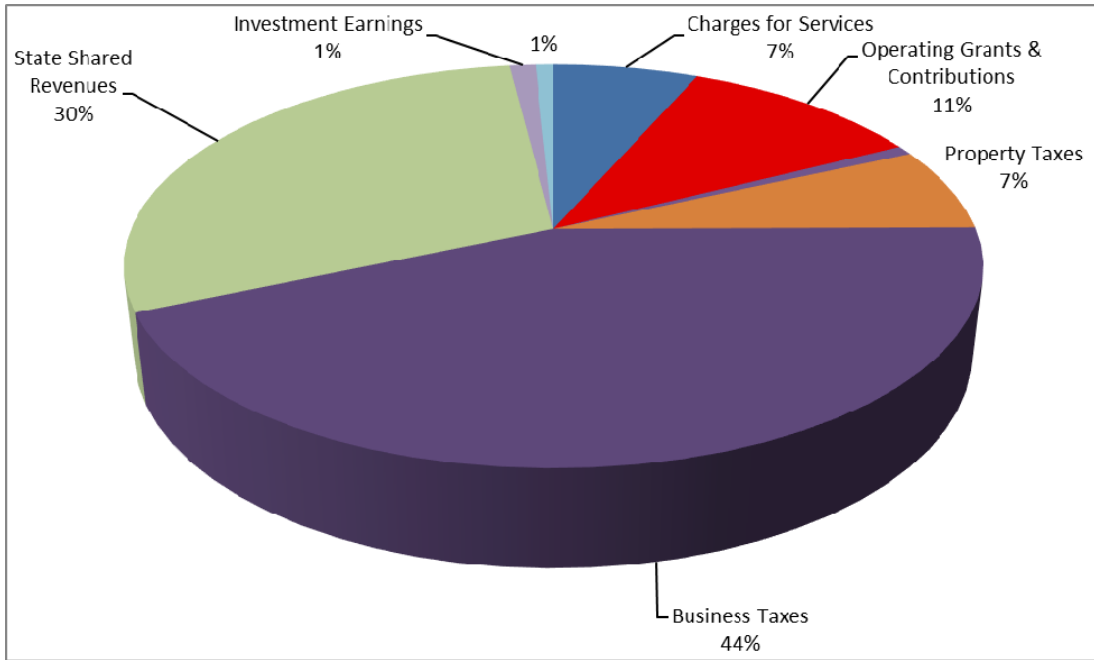
The City experienced an increase in total revenues from Governmental activities over the prior year primarily due to the following:

- Other taxes and state-shared revenues increased by \$5 million (22.3%) from the previous fiscal year. The state-shared revenues in this category were up \$4.4 million (21.8%). This increase was due to a strong state sales tax of \$556.5 thousand (6.9%), and state shared income tax of up \$3.6 million (47.5%). Franchise taxes are included in this category and increased by \$142.7 thousand (6.7%).
- Grants and contributions revenue increased by \$1.4 million (15.4%). With the spending of American Rescue Plan Act (ARPA) funds, General Government increased by \$1.1 million (184.3%), and Culture and recreation increased by \$367.7 (137.7%)
- Investment earnings increased by \$2.5 million (175.0%) primarily due to changes in the market interest rates.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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

**Governmental Activities Revenues  
Fiscal Year 2022-23**



The total cost of programs and services for governmental activities increased by \$6.6 million (10.3%) over the previous fiscal year to \$71.1 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 (52.1%). Public Safety costs increased by \$3 million (8.7%) over the previous year. Wages and benefits were up \$2.4 million (7.6%) which is contributed to 3.5% merit step increase and a 3% cost of living increase, OPEB and pension liabilities also increased by \$1.7 million, which included a payment towards fire PSPRS unfunded liabilities of \$1.6 million. General Government is the second largest governmental cost (25.4%). General Government includes Public Works, Municipal Court, Development Services (Building and Planning Divisions), and the City Administrative Departments. General Government increased \$3.9 million (22.7%) over the previous year. The increases include \$1.6 million in wages and benefits, \$1 million ARPA funds distributed to community organizations, and \$1 million in information technology services and supplies, and general insurance claims.
- Highways and Streets costs decreased by \$1.1 million (-17.8%) over the previous fiscal year due to delays in street restoration projects.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

- Culture and Recreation increased \$839.3 thousand (12.1%) due to increase in labor and utilities.

**Business-Type Activities.** Business-type activities increased the City's net position in the fiscal year 2023 by \$2.5 million (.8%), bringing the total net position to \$232.9 million, and increased the City's net position in the fiscal year 2022 by \$8.1 million.

Total revenue for Business-type activities decreased by \$2 million (-3.3%). The Irrigation and Drainage District (IDD) dissolution eliminated property tax for the water fund.

- Elimination of water property tax of \$5.7 million.
- Water fees, fines, and service charges increased by \$263.9 thousand (2.3%), due to late fee reinstatement.
- Wastewater fees, fines, and charges for services increased by \$230.1 thousand (0.9%) over the previous fiscal year due to the reinstatement of late fees.
- Refuse charges for services increased by \$667.9 thousand (9.1%). This is due to a CPI rate increases of 14.9% in March 2023.
- Investment earnings increased \$4.4 million due to increases in market interest rates.
- Grants for the airport decreased by \$1.8 million.

Total costs of programs and services for Business-type activities increased by \$3.3 million (6.5%) over the previous fiscal year. Significant changes in the costs of programs and services include:

- The expenses in the water fund have increased by \$3 million (23.5%) in this fiscal year. The wages and benefits have seen an increase of \$735.7 thousand (26.6%), which can be attributed to a pay scale adjustment, a 3.5% merit step increase, and a 3.0% cost of living increase. Moreover, the city has introduced certification bonuses resulting in an additional pay of \$81 thousand. Apart from these, there have been increases in utility expenses, service contracts, general insurance claims, supplies, and instrument controls.
- The overall expenses in the Wastewater Fund have increased by \$376.6 thousand (1.3%) this fiscal year. The cost of several operating items has risen over the fiscal year. Wage and benefits increased by \$334.8 thousand, resulting from a combination of pay scale adjustment, a 3.5% merit step increase, a 3.0% cost-of-living increase, and \$55.7 thousand in certification bonuses. Additionally, utility expenses have increased, increasing by \$260.3 thousand. Chemical supplies and instrument controls have increased by \$223.7 thousand (24.8%) and \$106.8 thousand (38.4%), respectively, while professional services have decreased by \$547.7 thousand due to a master plan project completed in the prior fiscal year.

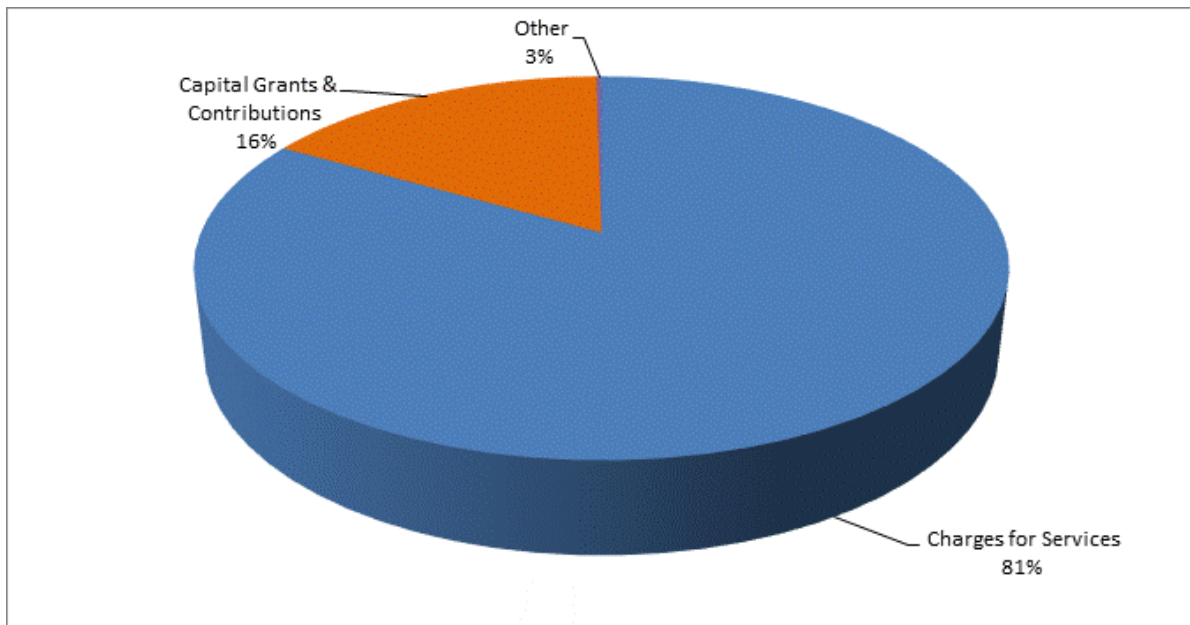


**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

- 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 \$326.3 thousand (4.5%) 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.
- Expenses in the Airport Fund increased by \$10 thousand (0.6%) this fiscal year. Wage and benefits increased by \$19.9 thousand, which included a 3.5% merit step increase and a 3.0% cost of living. Building maintenance and ground supplies decreased in expenses.

As shown in the "Business-type Activities Revenues by Source" chart, charges for services provided the largest share of revenues (81%), followed by capital grants and contributions (16%).

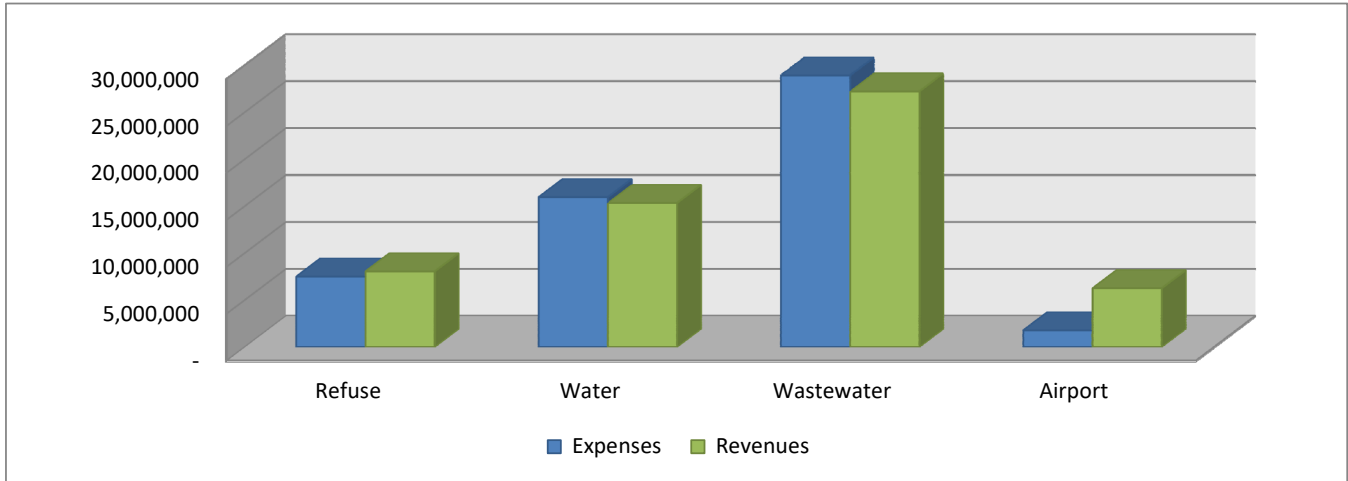
**Business-type Activities Revenues by Source  
Fiscal Year 2022-23**



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 \$28.9 million in the fiscal year 2023, followed Water with \$16 million.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Business-type Activities Program Revenues and Expenses  
Fiscal Year 2022-23**



The City's Wastewater Division is responsible for collecting and treating all sewage generated in the City connected to the sewer system. More than 81 lift stations are positioned in the City to pump the sewage to the three (3) separate treatment plants.

The City's Water Division provides potable water to the City's residents; operates and maintains the water treatment plant and all existing wells, pump stations, storage reservoirs, transmissions, and distribution lines; and provides and installs service 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 2023, the City's governmental funds reported combined ending fund balances of \$99.8 million, an increase of \$11.3 million (12.7%) compared with the fiscal year 2022 fund balance of \$88.5 million. The majority of the fund balance, \$74.4 million (74.5%), is unassigned and available for use at the government's discretion. Approximately \$20.6 million (20.6%) is restricted in its usage by externally enforceable limitations. The restricted balance increased by \$10 million with the transfer of these funds from the general fund to the HURF fund for street restoration projects. Approximately \$2.8 million (2.8%) is assigned by management for specifically identified uses. The remaining \$2 million (2.0%) is non-spendable and is the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

The General Fund is the chief operating fund of the City. At the end of the fiscal year 2023, the total fund balance of the General Fund reached \$76.6 million, a 5.8% increase over the prior year. The non-spendable portion of the fund balance is \$2 million (2.6%), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$87.9 thousand (0.1%). The amount assigned is \$145.5 thousand (0.2%), and the unassigned fund balance is \$74.4 million (97.1%), which is available at the City's discretion. At the end of the fiscal year 2022, the total fund balance was \$72.4 million. Of that fund balance, \$1.5 million (2.1%) was non-spendable, \$87.5 thousand (0.1%) was restricted, \$534.7 thousand (0.7%) was assigned, and \$70.2 million (97.0%) was unassigned.

The City's General Fund balance increased by \$4.2 million (5.8%) during the fiscal year 2023. Key factors for this increase are:

- Overall, total revenues in the fiscal year 2023 reflected an increase of \$7.2 million (9.8%). Revenues increased primarily due to intergovernmental revenue and investment earnings. A \$3.6 million increase in State Urban Revenue Sharing and \$556.5 thousand in State Shared Sales Tax was received. Investment earnings increased by \$2 million due to interest rate increases in the market.
- There was a decrease of \$365 thousand (0.1%) in sales tax revenue for the General Fund in fiscal year 2023 compared to fiscal year 2022. The decrease is due to the reclassification of collections of Arizona's recently established marijuana excise tax to intergovernmental. The City's growth has decreased due to rising inflation and increased spending on non-taxable items like groceries, mortgages, and rent.
- Property tax and franchise taxes both had increases of \$379.5 thousand (6.8%) and \$142.7 thousand (6.7%) respectively.
- The city established a new short term rental registration fee which collected \$274.3 thousand in revenue, while building and development fees decreased by \$383.7 thousand (-15.8%).
- In the fiscal year 2023, the General Fund expenditures increased by \$7.1 million, which represents a 12.1% increase. General Government spending rose by \$4.1 million (29.7%), Public Safety increased by \$3.3 million (9.5%), and Culture and Recreation increased by \$995.3 thousand (16.2%). The primary reasons for the General Government increase were salary and benefit increases of \$1.2 million, \$804.6 thousand spent on Information Technology networking and professional service updates, and \$1.6 million in capital outlay. The Public Safety increase was mainly due to additional salary and benefits of \$2.9 million. As for Culture and Recreation, the increase was a combination of salary, utilities, and \$262.4 thousand for the replacement of vehicles.

The HURF Fund, which accounts for the City's highway and street activities, had a net increase in fund balance of \$10.6 million (116.5%) in the fiscal year 2023. This is a result of a general fund transfer of \$10 million for planned street resurfacing projects.

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

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

At the end of the fiscal years 2023 and 2022, the unrestricted net position for the Water Fund was \$47.1 million and \$49.6 million, respectively; the Wastewater Fund was \$22.8 million and \$25.2 million, respectively; the Refuse Fund was \$5.3 million and \$4.8 million, respectively; the total Airport Fund was \$4.1 million and \$1.5 million, 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 2023 were \$3.5 million less 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	\$ 47,439	\$ 47,018	\$ 422
Investments	891	220	671
Intergovernmental Revenues	25,409	30,517	(5,108)

The increase in taxes resulted from transaction privilege taxes exceeding projections due to the City performing better during the earlier part of the fiscal year. The increase in investments resulted the increase of market interest rates. The decreased intergovernmental revenues were less than anticipated grant funding.

The cost of programs and services was \$15.8 million less than the fiscal year 2023 budget, mainly due to the following:

- Non-Departmental expenses were \$7.8 million less; additional funds were budgeted for unknown grants and economic recovery funds.
- The Magistrate Court expenses were \$1.2 million less than projected. Most of this is a delay in the new courthouse expenses.
- Public Safety expenses were \$3 million less than projected. \$1.2 million is due to supply chain issues in purchasing fire trucks.
- Culture and Recreation were \$1.1 million less than projected. This was due to wages of \$500 thousand less than projected in salary and wages and a \$397.1 thousand in supplies and \$232.6 thousand delay capital outlay.
- Administrative services were \$1.1 million 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 \$441.1 thousand less than projected.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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, 2023, and 2022, totaled \$473.1 million and \$465.1 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 2023 and 2022 was an increase of 1.7%.

**Capital Assets, Net of Depreciation  
June 30, 2023 and 2022  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Land	\$ 29,187	\$ 28,771	\$ 3,298	\$ 3,298	\$ 32,485	\$ 32,068	1.3 %
Improvements to Land	13,208	13,451	-	-	13,208	13,451	(1.8)
Buildings, Structures, and Improvements	17,804	18,728	14,317	15,029	32,122	33,757	(4.8)
Furniture, Machinery, and Equipment	12,086	11,122	6,912	7,415	18,999	18,538	2.5
Construction in Progress	8,462	902	21,259	15,188	29,720	16,089	84.7
Infrastructure	31,568	33,195	303,876	308,194	335,444	341,388	(1.7)
Water Allocation Rights	-	-	9,182	9,241	9,182	9,241	(0.6)
Right-to-Use Lease Assets	1,513	530	-	-	1,513	530	185.2
Right-to-Use Subscription Assets	446	45	-	-	446	45	884.3
<b>Total Capital Assets</b>	<b>\$ 114,273</b>	<b>\$ 106,744</b>	<b>\$ 358,845</b>	<b>\$ 358,366</b>	<b>\$ 473,118</b>	<b>\$ 465,109</b>	<b>1.7</b>

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

- Infrastructure Improvements.
  - Bridgewater Channel Dredging
  - Pickleball Courts
  - Lift Station Upgrades
  - Water Tank Improvements and Replacements
- Reconstruction of the Airport Taxiway
- Drainage Enhancements
  - Avalon Drain 2
  - Mohican Drive

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 2023, the City had a total bonded debt outstanding of \$207.2 million, a decrease of \$6.6 million (3.1%). At the end of the fiscal year 2022, the bonded debt totaled \$213.7 million. Of the fiscal year 2023 total bonded debt, \$54.2 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 \$46.3 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, 2023**

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, 2023, is \$73.4 million in the 6% capacity and \$151.7 million in the 20% capacity. In the fiscal year 2022, the 6% capacity limit was \$64.4 million, and \$115.8 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 2023 and 2022 were \$102 million and \$87.5 million, respectively. This increase was primarily due to investment losses experienced by the Public Safety Personnel Retirement System. Additional information on the City's pensions can be found starting on page 73.

In 2023, 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 that it provides in its outstanding long-term liabilities. The City's other post-employment benefits at the end of the fiscal year 2023 and 2022 were \$10.4 million and \$13.3 million, respectively. Additional information on the City's OPEB can be found starting on page 85.

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

**Outstanding Obligations  
June 30, 2023 and 2022  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
General Obligation Bonds	\$ -	\$ -	\$ 54,160	\$ 56,685	\$ 54,160	\$ 56,685	(4.5)
Revenue Bonds	-	-	98,300	98,300	98,300	98,300	-
Bond Premium	-	-	8,384	9,133	8,384	9,133	(8.2)
WIFA Loans Payable	-	-	46,308	49,597	46,308	49,597	(6.6)
Financed Purchases Payable	673	1,185	-	-	673	1,186	(43.3)
Leases Payable	1,314	441	-	-	1,314	442	197.1
Subscription Payable	434	45	-	-	434	45	
Compensated Absences	3,563	3,365	487	434	4,050	3,799	6.6
Other Postemployment Benefits	7,631	10,019	2,728	3,210	10,359	13,229	(21.7)
Total Long-Term Liabilities	<u>\$ 13,614</u>	<u>\$ 15,056</u>	<u>\$ 210,367</u>	<u>\$ 217,359</u>	<u>\$ 223,982</u>	<u>\$ 232,416</u>	

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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 2023, the City Council approved a \$228.6 million budget.

Highlights of the City's budget for the 2024 fiscal year include the following:

The 2024 combined budgets for operating and capital programs total \$228.6 million, representing a \$2.9 million or 1.3% increase over the 2023 combined budget.

The budget includes \$8.6 million in contingency for standard unexpected expenses as well as additional revenue from grant funding.

The primary revenue source, local tax, is budgeted at \$46.5 million, a decrease of \$.6 million (1.3%) over the 2023 budget.

The 2024 capital budget includes new and continuing projects totaling \$68 million, including projects for the rehabilitation of the police facility, street repaving, a new municipal courthouse, and airport improvements.

Overall revenue projections are \$16.2 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](http://www.lhcaz.gov)





## **BASIC FINANCIAL STATEMENTS**



**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 104,421,049	\$ 75,564,678	\$ 179,985,727
Restricted Cash	4,652,515	15,548,302	20,200,817
Receivables, Net:			
Accounts Receivable	672,131	4,214,418	4,886,549
Property Taxes Receivable	29,187	2,285	31,472
Intergovernmental Receivable	7,710,693	6,995,926	14,706,619
Accrued Interest Receivable	350,998	424,396	775,394
Lease Receivable	898,850	1,313,115	2,211,965
Inventories	142,328	-	142,328
Prepaid Items	1,868,219	178,416	2,046,635
Other Assets	-	689,669	689,669
Net Pension OPEB Asset	1,321,621	184,308	1,505,929
Capital Assets:			
Nondepreciable	37,648,880	32,141,478	69,790,358
Depreciable	76,624,345	326,703,361	403,327,706
Total Assets	<u>236,340,816</u>	<u>463,960,352</u>	<u>700,301,168</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Pension Liability	20,089,579	819,691	20,909,270
Deferred Outflows of Resources - Pension OPEB Liability	170,259	19,115	189,374
Deferred Outflows of Resources - OPEB Liability	761,922	190,232	952,154
Total Deferred Outflows of Resources	<u>21,021,760</u>	<u>1,029,038</u>	<u>22,050,798</u>
<b>LIABILITIES</b>			
Accounts Payable	4,279,527	6,842,859	11,122,386
Accrued Salaries and Fringes	3,115,506	372,689	3,488,195
Accrued Interest Payable	1,859	4,160,969	4,162,828
Intergovernmental Payable	298,737	153,273	452,010
Developer Agreements	4,091,276	-	4,091,276
Retainage Payable	626,661	877,580	1,504,241
Unearned Revenue	7,340,027	480,939	7,820,966
Performance Bonds Payable	321,644	-	321,644
Liabilities Payable from Restricted Assets	-	507,641	507,641
Noncurrent Liabilities:			
Due Within One Year	4,877,867	6,583,141	11,461,008
Due in More Than One Year	105,208,633	209,311,126	314,519,759
Total Liabilities	<u>130,161,737</u>	<u>229,290,217</u>	<u>359,451,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Pension Liability	1,103,063	43,620	1,146,683
Deferred Inflows of Resources - Pension OPEB Liability	717,632	115,032	832,664
Deferred Inflows of Resources - OPEB Liability	1,518,356	232,367	1,750,723
Deferred Inflows of Resources - Leases	898,850	1,313,115	2,211,965
Deferred Inflows of Resources - Bond Refinancing	-	1,143,097	1,143,097
Total Deferred Inflows of Resources	<u>4,237,901</u>	<u>2,847,231</u>	<u>7,085,132</u>
<b>NET POSITIONS</b>			
Net Investment in Capital Assets	109,641,615	144,590,501	254,232,116
Restricted for:			
Public Safety	319,028	-	319,028
Highways and Streets	19,730,092	-	19,730,092
Debt Service	-	8,801,323	8,801,323
OPEB Benefits	1,321,621	184,308	1,505,929
Other Purposes	785,257	-	785,257
Unrestricted	(8,834,675)	79,275,810	70,441,135
Total Net Positions	<u>\$ 122,962,938</u>	<u>\$ 232,851,942</u>	<u>\$ 355,814,880</u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
General Government	\$ 18,085,131	\$ 4,693,983	\$ 1,543,528	\$ -
Public Safety	37,046,315	286,872	1,106,337	235,440
Highways and Streets	5,050,185	-	6,394,725	-
Culture and Recreation	7,768,263	888,323	23,010	611,757
Tourism and Promotion	2,092,488	-	-	-
Transportation Services	1,044,473	62,415	678,358	-
Total Governmental Activities	<u>71,086,855</u>	<u>5,931,593</u>	<u>9,745,958</u>	<u>847,197</u>
Business-Type Activities:				
Refuse	7,521,311	8,000,392	-	-
Water	15,981,883	11,631,891	-	2,851,349
Wastewater	28,937,640	25,762,084	-	657,995
Airport	1,791,192	647,030	-	5,597,555
Total Business-Type Activities	<u>54,232,026</u>	<u>46,041,397</u>	<u>-</u>	<u>9,106,899</u>
 Total Primary Government	 <u>\$ 125,318,881</u>	 <u>\$ 51,972,990</u>	 <u>\$ 9,745,958</u>	 <u>\$ 9,954,096</u>

**GENERAL REVENUES**

Taxes:

    Sales Taxes

    Property Taxes

    Franchise Taxes

    Unrestricted State Urban Revenue Sharing

    Unrestricted State Sales Tax Revenue Sharing

    Unrestricted Auto Lieu Tax Revenue Sharing

    Unrestricted Miscellaneous Revenue Sharing

    Investment Earnings

    Other

Transfers

    Total General Revenues and Transfers

**CHANGES IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Basic Financial Statements.

Net Revenue (Expense) and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (11,847,620)	\$ -	\$ (11,847,620)
(35,417,666)	-	(35,417,666)
1,344,540	-	1,344,540
(6,245,173)	-	(6,245,173)
(2,092,488)	-	(2,092,488)
(303,700)	-	(303,700)
<u>(54,562,107)</u>	<u>-</u>	<u>(54,562,107)</u>
-	479,081	479,081
-	(1,498,643)	(1,498,643)
-	(2,517,561)	(2,517,561)
-	4,453,393	4,453,393
<u>-</u>	<u>916,270</u>	<u>916,270</u>
(54,562,107)	916,270	(53,645,837)
39,173,800	14,779	39,188,579
6,066,615	-	6,066,615
2,278,646	-	2,278,646
11,056,566	-	11,056,566
8,615,595	-	8,615,595
4,887,882	-	4,887,882
417,538	-	417,538
1,050,999	1,697,657	2,748,656
729,222	135,117	864,339
238,150	(238,150)	-
<u>74,515,013</u>	<u>1,609,403</u>	<u>76,124,416</u>
19,952,906	2,525,673	22,478,579
<u>103,010,032</u>	<u>230,326,269</u>	<u>333,336,301</u>
<u>\$ 122,962,938</u>	<u>\$ 232,851,942</u>	<u>\$ 355,814,880</u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

<b>ASSETS</b>	<u>General</u>	<u>HURF</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Cash and Investments	\$ 73,091,526	\$ 19,597,847	\$ 11,731,676	\$ 104,421,049
Restricted Cash	4,545,489	-	107,026	4,652,515
Receivables:				
Accounts Receivable	672,131	-	-	672,131
Taxes Receivable	28,509	-	678	29,187
Intergovernmental Receivable	6,165,618	649,127	895,948	7,710,693
Leases Receivable	898,850	-	-	898,850
Interest Receivable	292,754	35,042	23,202	350,998
Due from Other Funds	18,862	-	-	18,862
Inventories	142,328	-	-	142,328
Prepaid Items	1,867,834	105	280	1,868,219
	<u>\$ 87,723,901</u>	<u>\$ 20,282,121</u>	<u>\$ 12,758,810</u>	<u>\$ 120,764,832</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,388,359	\$ 485,608	\$ 1,405,560	\$ 4,279,527
Accrued Wages and Benefits	3,039,463	66,316	9,727	3,115,506
Interest Payable	1,859	-	-	1,859
Intergovernmental Payable	298,050	-	687	298,737
Developer Agreements	4,091,276	-	-	4,091,276
Due to Other Funds	-	-	18,862	18,862
Unearned Revenue	74,251	-	7,265,776	7,340,027
Retainage Payable	-	-	626,661	626,661
Performance Bonds Payable	321,644	-	-	321,644
Total Liabilities	<u>10,214,902</u>	<u>551,924</u>	<u>9,327,273</u>	<u>20,094,099</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Leases	898,850	-	-	898,850
 <b>FUND BALANCE</b>				
Nonspendable	2,010,162	105	280	2,010,547
Restricted	87,921	19,730,092	776,769	20,594,782
Assigned	145,529	-	2,654,488	2,800,017
Unassigned	74,366,537	-	-	74,366,537
Total Fund Balance	<u>76,610,149</u>	<u>19,730,197</u>	<u>3,431,537</u>	<u>99,771,883</u>
	<u>\$ 87,723,901</u>	<u>\$ 20,282,121</u>	<u>\$ 12,758,810</u>	<u>\$ 120,764,832</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 87,723,901</u>	<u>\$ 20,282,121</u>	<u>\$ 12,758,810</u>	<u>\$ 120,764,832</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, 2023**

Total Fund Balances for Governmental Funds \$ 99,771,883

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	246,924,861
Less: Accumulated Depreciation and Amortization	(132,651,636)
Capital and Right-to-Use Assets Used in Governmental Activities	114,273,225

Net pension OPEB assets are not current financial resources and, therefore, are not reported in the governmental funds. 1,321,621

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	20,089,579
Deferred Outflows of Resources Related to Pension OPEB	170,259
Deferred Outflows of Resources Related to OPEB	761,922

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	(1,103,063)
Deferred Inflows of Resources Related to Pension OPEB	(717,632)
Deferred Inflows of Resources Related to OPEB	(1,518,356)

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

Subscriptions Payable	(433,194)
Leases Payable	(1,313,426)
Financed Purchases Liability	(673,131)
Compensated Absences	(3,563,169)
Other Postemployment Benefits	(7,631,274)
Net Pension OPEB Liability	(10,514)
Net Pension Liability	(96,461,792)

Total Net Position of Governmental Activities \$ 122,962,938

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, 2023**

	General	HURF	Nonmajor Funds	Totals
<b>REVENUE</b>				
Taxes:				
Sales Taxes	\$ 39,173,800	\$ -	\$ -	\$ 39,173,800
Property Taxes	5,986,876	-	79,739	6,066,615
Franchise Taxes	2,278,646	-	-	2,278,646
Intergovernmental Revenue	25,408,837	6,394,725	3,530,677	35,334,239
Fines and Forfeitures	1,546,765	-	83,765	1,630,530
Licenses and Permits	2,902,593	-	-	2,902,593
Charges for Services	1,238,296	-	-	1,238,296
Rents and Royalties	160,174	-	-	160,174
Contributions and Donations	91,949	-	144,548	236,497
Investment Earnings (Loss)	890,637	102,271	58,091	1,050,999
Other	658,183	19,609	51,430	729,222
Total Revenue	<u>80,336,756</u>	<u>6,516,605</u>	<u>3,948,250</u>	<u>90,801,611</u>
<b>EXPENDITURES</b>				
Current:				
General Government	17,929,455	-	1,765,367	19,694,822
Public Safety	37,645,018	-	1,244,664	38,889,682
Highways and Streets	-	5,859,318	-	5,859,318
Culture and Recreation	7,145,582	-	10,344	7,155,926
Tourism and Promotion	2,092,488	-	-	2,092,488
Transportation Services	644,941	-	264,396	909,337
Capital Outlay	-	-	7,188,219	7,188,219
Total Expenditures	<u>65,457,484</u>	<u>5,859,318</u>	<u>10,472,990</u>	<u>81,789,792</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	14,879,272	657,287	(6,524,740)	9,011,819
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	625,534	10,000,000	3,000,000	13,625,534
Transfers Out	(13,335,650)	(40,000)	(11,734)	(13,387,384)
Issuance of Long-Term Debt	2,025,312	-	-	2,025,312
Total Other Financing Sources (Uses)	<u>(10,684,804)</u>	<u>9,960,000</u>	<u>2,988,266</u>	<u>2,263,462</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,194,468	10,617,287	(3,536,474)	11,275,281
Fund Balance - Beginning of Year	<u>72,415,681</u>	<u>9,112,910</u>	<u>6,968,011</u>	<u>88,496,602</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 76,610,149</u>	<u>\$ 19,730,197</u>	<u>\$ 3,431,537</u>	<u>\$ 99,771,883</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 11,275,281

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	13,821,751
Less: Current Year Depreciation and Amortization	<u>(6,152,285)</u>
Excess Capital Expenditures Over Depreciation and Amortization	7,669,466

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position. (140,167)

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

Principal Payments on Long-term Debt	1,277,507
Proceeds from Debt	<u>(2,025,312)</u>

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	(198,522)
OPEB Expense	1,358,528
OPEB Pension Expense	199,253
Pension Expense	<u>(11,536,886)</u>

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

Current-Year Pension Contributions	12,016,760
Current-Year OPEB Pension Contributions	<u>56,998</u>

Changes in Net Position of Governmental Activities \$ 19,952,906

*See accompanying Notes to Basic Financial Statements.*

**LAKE HAVASU CITY, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 47,017,620	\$ 47,017,620	\$ 47,439,322	\$ 421,702
Intergovernmental Revenue	30,517,319	30,517,319	25,408,837	(5,108,482)
Fines and Forfeitures	1,559,200	1,559,200	1,546,765	(12,435)
Licenses and Permits	2,852,000	2,852,000	2,902,593	50,593
Charges for Services	1,159,850	1,159,850	1,238,296	78,446
Rents and Royalties	108,700	108,700	160,174	51,474
Contributions and Donations	56,575	56,575	91,949	35,374
Investment Earnings	219,955	219,955	890,637	670,682
Other	298,500	298,500	658,183	359,683
Total Revenue	<u>83,789,719</u>	<u>83,789,719</u>	<u>80,336,756</u>	<u>(3,452,963)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council	255,324	255,324	236,667	18,657
City Clerk	406,840	406,840	328,158	78,682
Magistrate Court	3,030,446	3,030,446	1,849,964	1,180,482
City Manager	696,483	696,483	596,878	99,605
Human Resources	790,303	790,303	703,565	86,738
Community Affairs	121,928	121,928	118,712	3,216
Administrative Services	7,923,207	7,923,207	6,814,325	1,108,882
City Attorney	1,231,339	1,231,339	1,074,549	156,790
Nondepartmental	10,209,513	10,168,513	2,350,323	7,818,190
Public Works	1,941,999	1,941,999	1,456,736	485,263
Vehicle Maintenance	809,456	809,456	728,471	80,985
Development Services	1,977,626	1,977,626	1,671,107	306,519
Total General Government	<u>29,394,464</u>	<u>29,353,464</u>	<u>17,929,455</u>	<u>11,424,009</u>
Public Safety:				
Police	20,783,373	20,783,373	20,130,189	653,184
Fire	19,841,637	19,841,637	17,514,829	2,326,808
Total Public Safety	<u>40,625,010</u>	<u>40,625,010</u>	<u>37,645,018</u>	<u>2,979,992</u>
Culture and Recreation:				
Recreation Department	8,263,446	8,263,446	7,145,582	1,117,864
Tourism and Promotion:				
Tourism/Economic Development	2,100,000	2,100,000	2,092,488	7,512
Transportation Services:				
Havasu Mobility	887,593	887,593	644,941	242,652
Total Expenditures	<u>81,270,513</u>	<u>81,229,513</u>	<u>65,457,484</u>	<u>15,772,029</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	2,519,206	2,560,206	14,879,272	12,319,066
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	628,800	628,800	625,534	(3,266)
Transfers Out	(13,630,000)	(13,630,000)	(13,335,650)	294,350
Issuance of Long-Term Debt	-	-	2,025,312	2,025,312
Total Other Financing Sources (Uses)	<u>(13,001,200)</u>	<u>(13,001,200)</u>	<u>(10,684,804)</u>	<u>2,316,396</u>
<b>NET CHANGE IN FUND BALANCE</b>	(10,481,994)	(10,440,994)	4,194,468	14,635,462
Fund Balance - Beginning of Year	41,621,948	41,621,948	72,415,681	30,793,733
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 31,139,954</u>	<u>\$ 31,180,954</u>	<u>\$ 76,610,149</u>	<u>\$ 45,429,195</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, 2023**

	Budgeted Amounts	Actual Amount Budgetary Basis	Variance with Final Budget
	Original and Final		
<b>REVENUE</b>			
Intergovernmental Revenue	\$ 6,785,242	\$ 6,394,725	\$ (390,517)
Investment Earnings	27,298	102,271	74,973
Other	-	19,609	19,609
Total Revenue	6,812,540	6,516,605	(295,935)
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	18,249,455	5,859,318	12,390,137
Total Expenditures	18,249,455	5,859,318	12,390,137
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(11,436,915)	657,287	12,094,202
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	10,000,000	10,000,000	-
Transfers Out	(40,000)	(40,000)	-
Total Other Financing Sources (Uses)	9,960,000	9,960,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,476,915)	10,617,287	12,094,202
Fund Balance - Beginning of Year	1,625,150	9,112,910	7,487,760
<b>FUND BALANCE - END OF YEAR</b>	\$ 148,235	\$ 19,730,197	\$ 19,581,962

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-Type Activities				Total Business-Type Activities
	Water	Wastewater	Refuse	Airport	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 47,986,128	\$ 22,049,842	\$ 5,310,803	\$ 217,905	\$ 75,564,678
Restricted Cash	416,824	15,105,136	-	26,342	15,548,302
Receivables, Net:					
Accounts Receivable	1,178,677	2,307,735	662,512	65,494	4,214,418
Taxes Receivable	2,285	-	-	-	2,285
Intergovernmental Receivable	2,851,349	-	-	4,144,577	6,995,926
Interest Receivable	261,329	138,557	23,824	686	424,396
Lease Receivable	-	-	-	74,550	74,550
Prepaid Items	37,649	140,545	-	222	178,416
Other Assets	-	689,669	-	-	689,669
Total Current Assets	<u>52,734,241</u>	<u>40,431,484</u>	<u>5,997,139</u>	<u>4,529,776</u>	<u>103,692,640</u>
Noncurrent Assets:					
Lease Receivable	-	-	-	1,238,565	1,238,565
Net Pension OPEB Asset	89,219	82,573	-	12,516	184,308
Capital Assets					
Nondepreciable	16,100,791	9,345,667	-	6,695,020	32,141,478
Depreciable (Net)	<u>74,037,020</u>	<u>234,920,802</u>	<u>-</u>	<u>17,745,539</u>	<u>326,703,361</u>
Total Noncurrent Assets	<u>90,227,030</u>	<u>244,349,042</u>	<u>-</u>	<u>25,691,640</u>	<u>360,267,712</u>
Total Assets	<u>142,961,271</u>	<u>284,780,526</u>	<u>5,997,139</u>	<u>30,221,416</u>	<u>463,960,352</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>548,775</u>	<u>429,581</u>	<u>-</u>	<u>50,682</u>	<u>1,029,038</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	872,247	1,600,222	579,180	3,791,210	6,842,859
Accrued Wages and Benefits	180,249	177,501	-	14,939	372,689
Intergovernmental Payable	141,881	10,932	-	460	153,273
Interest Payable	52,590	4,108,379	-	-	4,160,969
Retainage Payable	-	323,732	-	553,848	877,580
Unearned Revenue	116,826	261,770	81,290	21,053	480,939
Liabilities Payable from Restricted					
Assets	382,077	99,222	-	26,342	507,641
Compensated Absences	193,223	202,009	-	32,659	427,891
Other Postemployment Benefits	101,250	42,950	-	-	144,200
Bonds and Notes Payable	<u>508,133</u>	<u>5,502,917</u>	<u>-</u>	<u>-</u>	<u>6,011,050</u>
Total Current Liabilities	<u>2,548,476</u>	<u>12,329,634</u>	<u>660,470</u>	<u>4,440,511</u>	<u>19,979,091</u>
Noncurrent Liabilities:					
Compensated Absences	26,630	27,840	-	4,501	58,971
Other Postemployment Benefits	1,407,692	1,175,648	-	-	2,583,340
Net Pension OPEB Liability	2,921	766	-	-	3,687
Net Pension Liability	2,970,533	2,285,778	-	267,657	5,523,968
Bonds and Notes Payable	<u>2,806,288</u>	<u>198,334,872</u>	<u>-</u>	<u>-</u>	<u>201,141,160</u>
Total Noncurrent Liabilities	<u>7,214,064</u>	<u>201,824,904</u>	<u>-</u>	<u>272,158</u>	<u>209,311,126</u>
Total Liabilities	<u>9,762,540</u>	<u>214,154,538</u>	<u>660,470</u>	<u>4,712,669</u>	<u>229,290,217</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>201,698</u>	<u>1,316,471</u>	<u>-</u>	<u>1,329,062</u>	<u>2,847,231</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	86,362,153	38,128,193	-	20,100,155	144,590,501
Restricted for OPEB Benefits	89,219	82,573	-	12,516	184,308
Restricted for Debt Service	34,747	8,766,576	-	-	8,801,323
Unrestricted	<u>47,059,689</u>	<u>22,761,756</u>	<u>5,336,669</u>	<u>4,117,696</u>	<u>79,275,810</u>
Total Net Position	<u>\$ 133,545,808</u>	<u>\$ 69,739,098</u>	<u>\$ 5,336,669</u>	<u>\$ 24,230,367</u>	<u>\$ 232,851,942</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, 2023**

	Business-Type Activities				Total Business-Type Activities
	Water	Wastewater	Refuse	Airport	
<b>OPERATING REVENUE</b>					
Charges for Services	\$ 11,631,891	\$ 25,762,084	\$ 8,000,392	\$ 647,030	\$ 46,041,397
<b>OPERATING EXPENSES</b>					
Cost of Sales and Services	12,529,684	10,664,542	7,521,311	831,744	31,547,281
Depreciation	3,347,020	10,861,463	-	959,448	15,167,931
Total Operating Expenses	<u>15,876,704</u>	<u>21,526,005</u>	<u>7,521,311</u>	<u>1,791,192</u>	<u>46,715,212</u>
<b>OPERATING INCOME (LOSS)</b>	(4,244,813)	4,236,079	479,081	(1,144,162)	(673,815)
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Taxes	-	-	-	14,779	14,779
Investment Earnings (Loss)	842,237	775,147	77,251	3,022	1,697,657
Interest Expense	(105,179)	(7,372,699)	-	-	(7,477,878)
Issuance Costs	-	(38,936)	-	-	(38,936)
Other Income (Expense)	38,771	57,394	5,089	33,863	135,117
Total Nonoperating Revenue (Expense)	<u>775,829</u>	<u>(6,579,094)</u>	<u>82,340</u>	<u>51,664</u>	<u>(5,669,261)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(3,468,984)	(2,343,015)	561,421	(1,092,498)	(6,343,076)
<b>CAPITAL CONTRIBUTIONS</b>	2,851,349	657,995	-	5,597,555	9,106,899
<b>TRANSFERS IN</b>	-	-	-	335,650	335,650
<b>TRANSFERS OUT</b>	<u>(520,800)</u>	<u>(53,000)</u>	<u>-</u>	<u>-</u>	<u>(573,800)</u>
<b>CHANGE IN NET POSITION</b>	(1,138,435)	(1,738,020)	561,421	4,840,707	2,525,673
Net Position - Beginning 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>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 133,545,808</u></u>	<u><u>\$ 69,739,098</u></u>	<u><u>\$ 5,336,669</u></u>	<u><u>\$ 24,230,367</u></u>	<u><u>\$ 232,851,942</u></u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities – Enterprise Funds				Total Business-Type Activities - Enterprise Fund
	Water	Wastewater	Refuse	Airport	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 11,685,914	\$ 25,859,448	\$ 7,966,290	\$ 598,096	\$ 46,109,748
Payments to Suppliers	(9,029,691)	(7,568,923)	(7,514,954)	(423,466)	(24,537,034)
Payments to Employees	(3,484,040)	(2,999,689)	-	(407,497)	(6,891,226)
Other Nonoperating Receipts (Expenses)	38,771	57,394	5,089	33,863	135,117
Customer Deposits (Payments)	(197,243)	23,044	-	(1,249)	(175,448)
Net Cash Flows Provided (Used) by Operating Activities	(986,289)	15,371,274	456,425	(200,253)	14,641,157
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	-	-	-	335,650	335,650
Transfers Out	(520,800)	(53,000)	-	-	(573,800)
Tax Receipts	244,089	-	-	14,779	258,868
Interfund Borrowings	-	-	-	(423,898)	(423,898)
Net Cash Flows Provided by Noncapital Financing Activities	(276,711)	(53,000)	-	(73,469)	(403,180)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Grants and Contributions	-	657,995	-	3,683,455	4,341,450
Purchases of Capital Assets	(4,219,119)	(5,245,574)	-	(3,196,004)	(12,660,697)
Principal Paid on Capital Debt	(502,098)	(5,311,691)	-	-	(5,813,789)
Interest Paid on Capital Debt	(113,196)	(8,312,747)	-	-	(8,425,943)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(4,834,413)	(18,212,017)	-	487,451	(22,558,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and Dividends	697,449	709,150	64,363	2,927	1,473,889
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(5,399,964)	(2,184,593)	520,788	216,656	(6,847,113)
Cash and Cash Equivalents - Beginning of Year	53,802,916	39,339,571	4,790,015	27,591	97,960,093
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 48,402,952</u>	<u>\$ 37,154,978</u>	<u>\$ 5,310,803</u>	<u>\$ 244,247</u>	<u>\$ 91,112,980</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>					
Cash and Investments	\$ 47,986,128	\$ 22,049,842	\$ 5,310,803	\$ 217,905	\$ 75,564,678
Restricted Cash and Investments	416,824	15,105,136	-	26,342	15,548,302
Total Cash and Cash Equivalents	<u>\$ 48,402,952</u>	<u>\$ 37,154,978</u>	<u>\$ 5,310,803</u>	<u>\$ 244,247</u>	<u>\$ 91,112,980</u>

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities – Enterprise Funds				Total Business-Type Activities - Enterprise Fund
	Water	Wastewater	Refuse	Airport	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (4,244,813)	\$ 4,236,079	\$ 479,081	\$ (1,144,162)	\$ (673,815)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	3,347,020	10,861,463	-	959,448	15,167,931
Other Nonoperating Receipts (Expenses)	38,771	57,394	5,089	33,863	135,117
Change in Assets/Liabilities:					
Receivables, Net	46,250	82,701	(43,689)	(55,996)	29,266
Prepaid Items	(15,081)	(137,346)	-	(222)	(152,649)
OPEB Asset	(12,122)	(10,450)	-	(1,606)	(24,178)
Accounts Payable	187,248	323,099	6,357	4,865	521,569
Intergovernmental Payable	7,686	2,986	-	460	11,132
Accrued Wages and Benefits	21,824	5,502	-	(7,196)	20,130
Compensated Absences	23,010	23,061	-	6,411	52,482
Unearned Revenue	7,773	14,663	9,587	7,062	39,085
Customer Deposits Payable	(197,243)	23,044	-	(1,249)	(175,448)
Pension and OPEB Liability	237,324	307,528	-	65,900	610,752
Deferred Outflows of Resources - Pension and OPEB	164,530	135,535	-	17,306	317,371
Deferred Inflows of Resources - Pension and OPEB	(598,466)	(553,985)	-	(85,137)	(1,237,588)
Net Cash Provided (Used) by Operating Activities	\$ (986,289)	\$ 15,371,274	\$ 456,425	\$ (200,253)	\$ 14,641,157

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Other costs of \$38,936, deferred amount on refunding of \$95,258 and premiums of \$748,802 were amortized in the Wastewater Fund during the year.

Capital asset purchases of \$461,237, \$833,658, and \$3,786,556 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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Havasu City, Arizona (the 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, 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

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. The District was dissolved in fiscal year 2023 with the retirement of the general obligation debt.

**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. On May 23, 2023, the City Council officially dissolved Improvement District No. 4.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 (Dissolved), Improvement Districts No. 2 and 4 (No. 4 Dissolved), 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, 2023**

**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 *Water Fund* accounts for the activities of 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, 2023**

**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 35-323, allows public monies to be invested with a maximum maturity of five years. The City's investment policy is empowered by state statute to invest in obligations issued or guaranteed by the United States, certificates of deposit, commercial paper, bonds, 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, 2023**

**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, 2023**

**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 8 Years
Subscription Assets	2 to 5 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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**

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

All benefit eligible employees accrue Paid Time Off (PTO) to be used for vacation and personal leave. The maximum PTO leave carry forward for all regular and probationary employees is 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 and SBITAs**

As lessee, the City recognizes lease or subscription liabilities with an initial, individual value of \$10,000 or more. The City uses its estimated incremental borrowing rate to measure lease and subscription liabilities unless it can readily determine the interest rate implicit in the lease. The City used the incremental borrowing rates provided by their financial institution if the explicit interest and implicit rates are unknown. These rates are based on the number of years remaining in the term as of inception of the lease or SBITA arrangement.

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.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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)**

**9. Deferred Outflows/Inflows of Resources (Continued)**

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.

**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, 2023**

**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, 2023**

**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 2023 adopted budget required reserves as follows: General Fund \$30,029,000; HURF Fund \$841,300; Water Fund \$3,007,300; Wastewater Fund \$3,595,900.

As of June 30, 2023, the governmental fund balance details by classification are listed below:

	General Fund	HURF	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 142,328	\$ -	\$ -	\$ 142,328
Prepaid Expenditures	1,867,834	105	280	1,868,219
Total Nonspendable	<u>2,010,162</u>	<u>105</u>	<u>280</u>	<u>2,010,547</u>
Restricted:				
Highway User Tax for Transportation	-	19,730,092	-	19,730,092
Public Safety Special Programs	87,921	-	108,612	196,533
Court Enhancement	-	-	640,456	640,456
Improvement Districts	-	-	27,701	27,701
Total Restricted	<u>87,921</u>	<u>19,730,092</u>	<u>776,769</u>	<u>20,594,782</u>
Assigned:				
Leases	145,529	-	-	145,529
Public Safety Special Programs	-	-	319,656	319,656
Capital Projects	-	-	2,334,832	2,334,832
Total Assigned	<u>145,529</u>	<u>-</u>	<u>2,654,488</u>	<u>2,800,017</u>
Unassigned:	74,366,537	-	-	74,366,537
Total Fund Balances	<u>\$ 76,610,149</u>	<u>\$ 19,730,197</u>	<u>\$ 3,431,537</u>	<u>\$ 99,771,883</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 2023.

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2023 consist of the following:

Deposits:	
Cash on Hand	\$ 8,300
Cash in Bank	2,240,654
Cash on Deposit with County Treasurer	141,775
Investments:	
State Treasurer's Investment Pool (LGIP)	81,644,881
U.S. Government Securities	92,827,224
Certificates of Deposit	6,562,235
Money Market	<u>16,761,475</u>
Total Deposits and Investments	200,186,544
Restricted Assets	<u>(20,200,817)</u>
Total Cash and Investments	<u><u>\$ 179,985,727</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, 2023**

**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 fair values. Investments valued at NAV utilized Net Asset Values as provided by the State of Arizona Treasurer's Office at June 30, 2023.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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:

	June 30, 2023	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:				
U.S. Treasury Bonds	\$ 4,729,700	\$ -	\$ 4,729,700	\$ -
Federal Agency Bonds	88,097,524	-	88,097,524	-
Total Debt Securities	92,827,224	-	92,827,224	-
Venture Capital Investments:				
Certificates of Deposits	6,562,235	-	6,562,235	-
Total Investments by Fair Value Level	99,389,459	\$ -	\$ 99,389,459	\$ -
Investments Measured at Fair Value:				
State Treasurer's Investment Pool	81,644,881			
Total Investments Measured at Fair Value	181,034,340			
Investments by Amortized Cost:				
Money Market Funds	16,761,475			
Total Investments	\$ 197,795,815			

**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, 2023 consist of the following:

Investment	Amount	Investment Maturities (in Years)		
		Less than 1	1-3	4-5
State Treasurer's Investment Pools	\$ 81,644,881	\$ 81,644,881	\$ -	\$ -
Certificates of Deposit	6,562,235	2,698,260	2,654,998	1,208,977
Money Market	16,761,475	16,761,475	-	-
U.S. Government Securities	92,827,224	10,726,760	60,093,232	22,007,232
Total Investments	\$ 197,795,815	\$ 111,831,376	\$ 62,748,230	\$ 23,216,209



**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023 for each investment type.

S&P Ratings Investment Type	Total	AAA/S1+	AAA	AA+	AA-3	Not Rated	Investment Percent
State Treasurer's Investment Pools	\$ 81,644,881	\$ 6,734,642	\$ 5,309,253	\$ -	\$ 69,600,986	\$ -	41 %
Certificates of Deposit	6,562,235	-	-	-	-	6,562,235	3
Money Market	16,761,475	-	-	-	-	16,761,475	8
U.S. Treasury Notes	4,729,700	-	-	-	-	4,729,700	2
U.S. Government Securities	88,097,524	-	-	85,148,464	-	2,949,060	46
Total Investments	<u>\$ 197,795,815</u>	<u>\$ 6,734,642</u>	<u>\$ 5,309,253</u>	<u>\$ 85,148,464</u>	<u>\$ 69,600,986</u>	<u>\$ 31,002,470</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, 2023, 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, 2023**

**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, 2023 consisted of the following:

Customer Deposits	\$ 507,641
Performance Bonds Deposits	321,644
Developer Agreements	4,091,276
Court Bonds	117,100
Police Property Evidence	15,469
Forfeitures	107,026
Future Debt Service	15,040,661
Total	<u>\$ 20,200,817</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets**

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 28,770,587	\$ 416,499	\$ -	\$ 29,187,086
Construction in Progress	901,564	8,288,059	(727,829)	8,461,794
Total Capital Assets, Not Being Depreciated/Amortized	29,672,151	8,704,558	(727,829)	37,648,880
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	42,322,637	404,088	-	42,726,725
Improvements to Land	22,570,941	358,679	-	22,929,620
Infrastructure	104,114,351	-	-	104,114,351
Furniture, Machinery, and Equipment	34,332,791	2,811,698	(741,127)	36,403,362
Intangibles:				
Right-to-Use Assets:				
Subscription-Based IT Arrangements	86,848	790,907	-	877,755
Land, Buildings, and Improvements	64,830	245,244	-	310,074
Furniture, Machinery, and Equipment	679,688	1,234,406	-	1,914,094
Total Capital Assets, Being Depreciated/Amortized	204,172,086	5,845,022	(741,127)	209,275,981
Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(23,594,789)	(1,327,788)	-	(24,922,577)
Improvements to Land	(9,119,616)	(602,079)	-	(9,721,695)
Infrastructure	(70,919,682)	(1,627,128)	-	(72,546,810)
Furniture, Machinery, and Equipment	(23,210,596)	(1,707,497)	600,960	(24,317,133)
Intangibles:				
Right-to-Use Assets:				
Subscription-Based IT Arrangements	(41,575)	(390,552)	-	(432,127)
Land, Buildings, and Improvements	(55,568)	(125,808)	-	(181,376)
Furniture, Machinery, and Equipment	(158,485)	(371,433)	-	(529,918)
Total Accumulated Depreciation/Amortization	(127,100,311)	(6,152,285)	600,960	(132,651,636)
Total Capital Assets, Being Depreciated/Amortized, Net	77,071,775	(307,263)	(140,167)	76,624,345
Governmental Activities Capital Assets, Net	\$ 106,743,926	\$ 8,397,295	\$ (867,996)	\$ 114,273,225

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,298,415	\$ -	\$ -	\$ 3,298,415
Water Allocation Rights	7,584,201	-	-	7,584,201
Construction in Progress	15,188,401	14,829,837	(8,759,376)	21,258,862
Total Capital Assets, Not Being Depreciated	26,071,017	14,829,837	(8,759,376)	32,141,478
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,071,124	-	-	28,071,124
Other Improvements	-	-	-	-
Infrastructure	518,522,766	8,759,376	-	527,282,142
Machinery, Equipment, and Vehicles	16,975,345	817,394	(15,990)	17,776,749
Water Allocation Rights	2,374,554	-	-	2,374,554
Total Capital Assets, Being Depreciated	565,943,789	9,576,770	(15,990)	575,504,569
Accumulated Depreciation for:				
Buildings and Improvements	(13,042,482)	(711,291)	-	(13,753,773)
Other Improvements	-	-	-	-
Infrastructure	-	-	-	-
Infrastructure	(210,329,118)	(13,076,898)	-	(223,406,016)
Machinery, Equipment, and Vehicles	(9,560,354)	(1,320,378)	15,990	(10,864,742)
Water Allocation Rights	(717,313)	(59,364)	-	(776,677)
Total Accumulated Depreciation	(233,649,267)	(15,167,931)	15,990	(248,801,208)
Total Capital Assets, Being Depreciated, Net	332,294,522	(5,591,161)	-	326,703,361
Business-Type Activities Capital Assets, Net	<u>\$ 358,365,539</u>	<u>\$ 9,238,676</u>	<u>\$ (8,759,376)</u>	<u>\$ 358,844,839</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 2,082,846
Public Safety	1,153,833
Public Works	1,637,095
Culture and Recreation	1,094,550
Transportation Services	183,961
Total Depreciation/Amortization Expense	<u>\$ 6,152,285</u>
Business-Type Activities:	
Irrigation and Drainage	\$ 3,347,020
Wastewater	10,861,463
Airport	959,448
Total Depreciation Expense	<u>\$ 15,167,931</u>

During the year ended June 30, 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as amended. As a result, \$86,848 and \$41,575 of right-to-use subscription assets and accumulated amortization, respectively, were added as of July 1, 2022.

**4. Construction Commitments**

The City had active construction projects at June 30, 2023. 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:

Project	Governmental Activities	
	Spent-to-Date	Remaining Commitment
General Government	\$ 350,558	\$ 404,263
Municipal Facilities	3,751,214	3,118,244
Public Safety - Police/Fire	15,880	245,620
Streets	41,501	8,368
Culture and Recreation	3,012,630	199,107
Total Governmental Activities	<u>\$ 7,171,783</u>	<u>\$ 3,975,602</u>
Project	Business-Type Activities	
	Spent-to-Date	Remaining Commitment
Water System	\$ 803,631	\$ 548,701
Wastewater System	6,222,327	1,061,859
Airport Improvements	6,320,164	449,702
Total Business-Type Activities	<u>\$ 13,346,122</u>	<u>\$ 2,060,262</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**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, 2023, the City recognized \$160,655 and \$33,541 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**Governmental Activities**

Land leases. Annual installments totaling \$83,833 plus interest at rates ranging from 1.15% to 1.51%, due dates ranging from 2024 to 2042.

Building lease: Annual installments totaling \$13,230 plus interest at an interest rate of 1.18%, due dates ranging from 2024 to 2029.

**Business-Type Activities**

Hangar and land leases. Annual installments totaling \$74,550 plus interest at rates ranging from 1.18% to 1.51%, due dates ranging from 2024 to 2049.

**B. Interfund Receivables, Payables, and Transfers**

As of June 30, 2023, interfund receivables and payables were as follows:

	Due To	Due From Nonmajor Governmental Funds
General Fund		\$ 18,862

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

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfers to	Transfers From					Total
	General Fund	HURF Fund	Nonmajor Governmental Funds	Irrigation and Drainage	Wastewater	
General Fund	\$ -	\$ 40,000	\$ 11,734	\$ 520,800	\$ 53,000	\$ 625,534
HURF Fund	10,000,000	-	-	-	-	10,000,000
Funds	3,000,000	-	-	-	-	3,000,000
Airport Fund	335,650	-	-	-	-	335,650
Total	\$ 13,335,650	\$ 40,000	\$ 11,734	\$ 520,800	\$ 53,000	\$ 13,961,184

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, 2023**

**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 all remaining debt obligations were paid on July 1, 2022.

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, 2023**

**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 \$74,651,500, Series 2015B \$182,949,250, and WIFA \$49,434,912. Principal and interest (excluding amortized premium) paid for the current year and total customer net revenues were \$13,528,449 and \$20,430,083, respectively. Debt coverage on the Senior Lien debt is 1.51.

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 \$3,594,841. Principal and interest paid for the current year and total customer net revenues were \$597,277 and \$47,042,904, 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 77.47.



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Long-Term Obligations (Continued)**

Long-term obligations are comprised of the following:

	<u>Long-Term Obligations Outstanding (in Thousands)</u>
<u>General Obligation Bonds</u>	
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.	\$ 54,160
<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.	1,811
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.	1,503
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.	42,994
Total Business-Type Long-Term Liabilities	<u>\$ 198,768</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Long-Term Obligations (Continued)**

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Other Liabilities:					
Financed Purchases	\$ 1,185,311	\$ -	\$ (512,180)	\$ 673,131	\$ 320,157
Leases Payable	441,362	1,234,405	(362,341)	1,313,426	429,924
Subscriptions Payables	45,273	790,907	(402,986)	433,194	265,794
Compensated Absences	3,364,647	3,127,442	(2,928,920)	3,563,169	3,131,582
Other Postemployment Benefits	10,019,314	-	(2,388,040)	7,631,274	730,410
Net Pension OPEB Liability	24,026	-	(13,512)	10,514	-
Net Pension Liability	83,085,556	13,376,236	-	96,461,792	-
Total Other Liabilities					
Governmental Activities					
Long-Term Liabilities	<u>\$ 98,165,489</u>	<u>\$ 18,528,990</u>	<u>\$ (6,607,979)</u>	<u>\$ 110,086,500</u>	<u>\$ 4,877,867</u>
<b>Business-Type Activities</b>					
Bonds, Notes, and Loans Payable:					
General Obligation Bonds	\$ 56,685,000	\$ -	\$ (2,525,000)	\$ 54,160,000	\$ 2,640,000
Revenue Bonds	98,300,000	-	-	98,300,000	-
WIFA Loans Payable	49,596,560	-	(3,288,789)	46,307,771	3,371,050
Plus Deferred Amount on Premium	9,133,241	-	(748,802)	8,384,439	-
Total Bonds, Notes, and Loans Payable	213,714,801	-	(6,562,591)	207,152,210	6,011,050
Other Liabilities:					
Compensated Absences	434,380	462,435	(409,953)	486,862	427,891
Other Postemployment Benefits	3,210,049	-	(482,509)	2,727,540	144,200
Net Pension OPEB Liability	7,588	-	(3,901)	3,687	-
Net Pension Liability	4,426,826	1,097,142	-	5,523,968	-
Total Other Liabilities	<u>8,078,843</u>	<u>1,559,577</u>	<u>(896,363)</u>	<u>8,742,057</u>	<u>572,091</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 221,793,644</u>	<u>\$ 1,559,577</u>	<u>\$ (7,458,954)</u>	<u>\$ 215,894,267</u>	<u>\$ 6,583,141</u>

During the year ended June 30, 2023, the City implemented the provisions of GASB Statement No. 63, *Subscription-Based Information Technology Arrangements*. As a result, \$45,273 of subscription payable liabilities were added as of July 1, 2022.

Debt service requirements on long-term debt at June 30, 2023 are as follows:

Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2024	\$ 6,011,050	\$ 8,105,580
2025	6,230,402	7,935,822
2026	6,396,913	7,747,182
2027	6,585,629	7,538,001
2028	6,796,610	7,321,696
2029 - 2033	35,139,557	32,795,149
2034 - 2038	41,552,610	25,210,552
2039 - 2043	52,185,000	13,649,750
2044 - 2046	37,870,000	1,559,000
Total	<u>\$ 198,767,771</u>	<u>\$ 111,862,732</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 320,157	\$ 1,859
2025	176,487	-
2026	176,487	-
Total	<u>\$ 673,131</u>	<u>\$ 1,859</u>

**E. Leases**

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

**Governmental Activities**

Leases with options to purchase equipment. Annual installments totaling \$394,785 plus interest at rates ranging from 1.2% to 4.5%, due dates ranging from 2024 to 2028.

Land, building, and office space lease. Annual installments totaling \$26,830 plus interest at a rate of 1.5%, due dates ranging from 2025 to 2030.

Total future minimum payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 429,924	\$ 36,945
2025	371,288	28,322
2026	276,792	18,053
2027	196,798	9,191
2028	29,203	848
2029	7,057	143
2030	2,364	36
Total	<u>\$ 1,313,426</u>	<u>\$ 93,538</u>

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

	<u>Governmental Activities</u>
Buildings	\$ 310,074
Equipment	1,914,094
Less: Accumulated Amortization	(711,294)
Total	<u>\$ 1,512,874</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Subscription-Based Information Technology Arrangements**

The City has entered into subscription based-information technology arrangements (SBITAs) for software related to the ERP system, civic engagement efforts, and police department tasers. Annual installments totaling \$265,794 plus interest at rates ranging from 4.10% to 4.51%, due dates ranging from 2024 to 2027.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$877,755 and \$432,127, respectively.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending June 30.</u>	Governmental Activities	
	Principal	Interest
2024	\$ 265,794	\$ 36,945
2025	80,529	28,322
2026	42,563	18,053
2027	44,308	9,191
Total	\$ 433,194	\$ 92,511

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, which the City is a participating member. The basic coverage is \$2,000,000 per occurrence with a \$6,000,000 annual aggregate. In addition, the City has a \$13,000,000 excess policy. No significant reduction in insurance coverage occurred during the year, and no settlements exceeded insurance coverage during any of the past three fiscal years.

Arizona Municipal Risk Retention Pool Workers Compensation insures the City for potential worker-related accidents.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

The City joined the Northern 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.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Contingent Liabilities**

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not adversely affect its financial position, changes in financial position, or liquidity.

**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 Wolford 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. Development Fees**

The City had collected development fees for constructing a second bridge to the island. The agreement specified that the bridge must be built within ten years. However, the bridge was not constructed within the given timeframe. Consequently, the Developer or the then owner(s) of the portion of the Property that paid the fee, or their successors in interest, might have the right to request a refund.

The City believes that liability is not probable due to the age of the contract, and many of the businesses that paid the development fees are no longer in operation. Therefore, it is difficult to determine the amount, if any, that could be requested during the remaining period, nor whether they would have a legal right to the refund. The time to request a refund will expire on May 14, 2028.

**F. Subsequent Events**

On May 23, 2023, the City Council officially dissolved Improvement District No. 4. This district was established to maintain the gas lights and median landscaping on McCulloch Boulevard from Smoketree Avenue to Lake Havasu Avenue. The City levied property taxes through fiscal year 2023 and will assume all future financial responsibility for maintaining the improvements on City-owned property within the district, which is approximately \$60,000 annually. Any final dollars remaining in the fund were moved to the general fund in fiscal year 2024.

The City signed an intergovernmental agreement with the state of Arizona on October 18, 2023, to accept appropriated funding from the State general fund for highway projects in the amount of \$35,500,000 to construct an emergency evacuation bridge in Lake Havasu City.

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans**

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

At June 30, 2023, 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	\$ 1,321,621	\$ 184,308	\$ 1,505,929
Net OPEB Liability	10,514	3,687	14,201
Net Pension Liability	96,461,792	5,523,968	101,985,760
Deferred Outflows of Resources - OPEB	170,259	19,115	189,374
Deferred Outflows of Resources - Pension	20,089,579	819,691	20,909,270
Deferred Inflows of Resources - OPEB	717,632	115,032	832,664
Deferred Inflows of Resources - Pension	1,103,063	43,620	1,146,683
OPEB Expense	(199,253)	(32,062)	(231,315)
Pension Expense	11,536,886	539,266	12,076,152

The City reported \$12.1 million of pension and OPEB expenditures in the governmental funds and \$570,219 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](http://www.azasrs.gov).

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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	Sum of Years and Age	30 Years, Age 55
Required to Receive Benefits	Equals 80	25 Years, Age 60
	10 Years, Age 62	10 Years, Age 62
	5 Years, Age 50*	5 Years, Age 50*
	Any Years, Age 65	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, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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 12.17% (12.03% for retirement and 0.14% 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 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% 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 9.68% (9.62% for retirement and 0.06% 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, 2023 were \$2.5 million.

During fiscal year 2023, the City paid for ASRS pension and OPEB contributions as follows: 70% from the General Fund and 30% from all other funds.

**Pension Liability**

At June 30, 2023, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/ OPEB (Asset) Liability
ASRS:	
Pension	\$ 24,640,027
Health Insurance Premium Benefit	(858,628)
Long-Term Disability	14,201

The net asset and net liabilities were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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, 2022. The City's proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

	<u>Proportion June 30, 2022</u>	<u>Increase (Decrease) from June 30, 2021</u>
ASRS:		
Pension	0.15096 %	(0.00045)%
Health Insurance Premium Benefit	0.15382	(0.00106)
Long-Term Disability	0.15200	(0.00115)

**Expense**

For the year ended June 30, 2023, the City recognized the following pension and OPEB expense.

	<u>Pension/OPEB Expense</u>
ASRS:	
Pension	\$ 2,332,638
Health Insurance Premium Benefit	(125,683)
Long-Term Disability	3,605

**Deferred Outflows/Inflows of Resources**

At June 30, 2023, 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	\$ 209,948	\$ -	\$ -	\$ 438,112	\$ 7,307	\$ 13,081
Changes of Assumptions or Other Inputs	1,222,932	-	13,933	23,413	7,645	34,264
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	649,042	-	28,918	-	436
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	102,867	1,758	84	-	5,709
City Contributions Subsequent to the Measurement Date	2,415,798	-	22,293	-	28,408	-
Total	<u>\$ 3,848,678</u>	<u>\$ 751,909</u>	<u>\$ 37,984</u>	<u>\$ 490,527</u>	<u>\$ 43,360</u>	<u>\$ 53,490</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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, 2024. 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>
2024	\$ 1,086,631	\$ (130,690)	\$ (4,179)
2025	(317,593)	(142,127)	(4,964)
2026	(1,126,890)	(155,960)	(8,253)
2027	1,038,823	(23,127)	(1,818)
2028	-	(22,932)	(7,435)
Thereafter	-	-	(11,889)

**Actuarial Assumptions**

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

Actuarial Valuation Date	June 30, 2021
Actuarial Roll Forward Date	June 30, 2022
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, 2021 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, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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 %	3.90 %
Fixed Income - Credit	20	5.30
Fixed Income - Interest Rate Sensitive	10	(0.20)
Real Estate	20	6.00
Total	<u>100 %</u>	

**Discount Rate**

At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. 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 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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)**

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's Proportionate Share of the Net Pension Liability	\$ 36,355,624	\$ 24,640,027	\$ 14,871,045
Net Insurance Premium Benefit Liability (Asset)	(617,284)	(858,628)	(1,063,105)
Net Long-Term Disability Liability	23,272	14,201	5,090

**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](http://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, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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, 2023, 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	65	65	50	50
Inactive Employees Entitled to but Not Yet Receiving Benefits	22	4	18	9
Active Employees	45	45	59	59
Total	<u>132</u>	<u>114</u>	<u>127</u>	<u>118</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. 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, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active Members - Pension	7.65-8.41%	7.65-8.41%
City:		
PSPRS Tier 1/2	67.89	68.81
PSPRS Tier 3	9.12	9.12

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	\$ 4,686,651	\$ 18,018	\$ 5,472,810	\$ -

During fiscal year 2023, the City paid PSPRS pension contributions 100% from the General Fund.

**Liability**

At June 30, 2023, the City reported the following asset and liabilities:

	Net Pension Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 39,731,775	(103,333)
PSPRS Fire	37,613,958	(543,968)

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Liability (Continued)**

The net assets and liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0 – 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

**Actuarial Assumptions**

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

Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	7.2%
Wage Inflation	3.0 - 6.25%% for Pensions/Not Applicable for OPEB
Price Inflation	2.5% for Pensions/Not Applicable for OPEB
Cost-of-Living Adjustment	1.85% for Pensions/Not Applicable for OPEB
Mortality Rates	PubS-2010 Tables
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Public Equity	24 %	3.49 %
International Public Equity	16	4.47
Global Private Equity	20	7.18
Other Assets (Capital Appreciation)	7	4.83
Core Bonds	2	0.45
Private Credit	20	5.10
Diversifying Strategies	10	2.68
Cash - Mellon	1	(0.35)
Total	<u>100 %</u>	

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Pension Discount Rates**

At June 30, 2022, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. 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	\$ 68,521,290	\$ 33,867,176	\$ 34,654,114	\$ 1,180,650	\$ 1,380,411	\$ (199,761)
Changes for the Year:						
Service Cost	849,444	-	849,444	18,309	-	18,309
Interest on the Total Pension Liability	4,945,931	-	4,945,931	85,387	-	85,387
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	969,707	-	969,707	(59,718)	-	(59,718)
Changes of Assumptions or Other Inputs	1,110,906	-	1,110,906	12,573	-	12,573
Contributions - Employer	-	3,761,637	(3,761,637)	-	14,600	(14,600)
Contributions - Employee	-	423,067	(423,067)	-	-	-
Net Investment Income	-	(1,361,818)	1,361,818	-	(53,524)	53,524
Benefit Payments, Including Refunds of Employee Contributions	(3,236,501)	(3,236,501)	-	(58,557)	(58,557)	-
Administrative Expenses	-	(24,559)	24,559	-	(953)	953
Net Changes	<u>4,639,487</u>	<u>(438,174)</u>	<u>5,077,661</u>	<u>(2,006)</u>	<u>(98,434)</u>	<u>96,428</u>
Balances at End of Year	<u>\$ 73,160,777</u>	<u>\$ 33,429,002</u>	<u>\$ 39,731,775</u>	<u>\$ 1,178,644</u>	<u>\$ 1,281,977</u>	<u>\$ (103,333)</u>



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

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

	PSPRS Fire					
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balance at Beginning of Year	\$ 70,568,747	\$ 37,605,082	\$ 32,963,665	\$ 1,145,167	\$ 1,822,046	\$ (676,879)
Changes for the Year:						
Service Cost	1,154,638	-	1,154,638	24,738	-	24,738
Interest on the Total Pension Liability	5,122,676	-	5,122,676	83,576	-	83,576
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	55,458	-	55,458	(81,193)	-	(81,193)
Changes of Assumptions or Other Inputs	1,026,567	-	1,026,567	33,133	-	33,133
Contributions - Employer	-	3,814,986	(3,814,986)	-	-	-
Contributions - Employee	-	448,667	(448,667)	-	-	-
Net Investment Income	-	(1,527,075)	1,527,075	-	(71,386)	71,386
Benefit Payments, Including Refunds of Employee Contributions	(3,099,482)	(3,099,482)	-	(50,068)	(50,068)	-
Administrative Expenses	-	(27,532)	27,532	-	(1,271)	1,271
Net Changes	<u>4,259,857</u>	<u>(390,436)</u>	<u>4,650,293</u>	<u>10,186</u>	<u>(122,725)</u>	<u>132,911</u>
Balances at End of Year	<u>\$ 74,828,604</u>	<u>\$ 37,214,646</u>	<u>\$ 37,613,958</u>	<u>\$ 1,155,353</u>	<u>\$ 1,699,321</u>	<u>\$ (543,968)</u>

**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 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
PSPRS Police:			
Net Pension Liability	\$ 49,677,983	\$ 39,731,775	\$ 31,657,278
Net OPEB (Asset) Liability	24,290	(103,333)	(210,749)
PSPRS Fire:			
Net Pension Liability	\$ 47,820,979	\$ 37,613,958	\$ 29,249,110
Net OPEB (Asset) Liability	(410,217)	(543,968)	(656,881)

**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](http://www.psprs.com).

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Pension Expense**

For the year ended June 30, 2023, the City recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Police	\$ 5,175,574	\$ (33,061)
PSPRS Fire	4,567,940	(76,176)

**Deferred Outflows/Inflows of Resources**

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	PSPRS - Police			
	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	\$ 2,004,112	\$ -	\$ 312	\$ 80,491
Changes of Assumptions or Other Inputs	740,604	-	12,649	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	419,304	-	20,740	-
City Contributions Subsequent to the Measurement Date	4,686,651	-	18,018	-
Total	\$ 7,850,671	\$ -	\$ 51,719	\$ 80,491
	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	\$ 1,957,878	\$ 394,774	\$ -	\$ 206,629
Changes of Assumptions or Other Inputs	1,342,174	-	30,894	1,527
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	437,059	-	25,417	-
City Contributions Subsequent to the Measurement Date	5,472,810	-	-	-
Total	\$ 9,209,921	\$ 394,774	\$ 56,311	\$ 208,156

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

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, 2024. 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>	<u>Police</u>		<u>Fire</u>	
	<u>Pension</u>	<u>Health</u>	<u>Pension</u>	<u>Health</u>
2024	\$ 1,518,099	\$ (39,998)	\$ 1,132,998	\$ (55,766)
2025	1,233,165	(11,818)	990,768	(48,027)
2026	(360,811)	(25,505)	355,824	(62,584)
2027	773,567	30,531	862,747	14,532
2028	-	-	-	-
Thereafter	-	-	-	-

**H. 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, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**H. 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	64
Active Plan Members	74
Total	138

**Total OPEB Liability**

The City’s total OPEB liability of \$10,358,814 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

**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, 2022 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, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**H. Other Postemployment Benefits – Single Employer Plan (Continued)  
Actuarial Methods and Assumptions (Continued)**

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.69%
Health Care Trend Rates	6.8% in 2023, Fluctuating Downward Until 3.9% in 2075

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 2022.

**Changes in Total OPEB Liability**

A change in the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The following table shows the changes in OPEB liability as of June 30, 2023.

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 13,229,363
Changes for the Year:	
Service Cost	418,331
Interest	254,163
Differences Between Expected and Actual	(1,443,859)
Change in Assumptions	(1,278,976)
Contributions	(820,208)
Net Changes	<u>(2,870,549)</u>
Balance at June 30, 2023	<u>\$ 10,358,814</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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1%	Discount Rate	1%
	Decrease		Increase
	(2.69%)	(3.69%)	(4.69%)
Net OPEB Liability	<u>\$ 10,873,334</u>	<u>\$ 10,358,814</u>	<u>\$ 9,870,016</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**H. 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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.8% Fluctuating Downward Until 2.9% in 2075)	Current Trend Rates (6.8% Fluctuating Downward Until 3.9% in 2075)	1% Increase (7.8% Fluctuating Downward Until 4.9% in 2075)
Net OPEB Liability	\$ 9,769,671	\$ 10,358,814	\$ 10,995,346

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

For the year ended June 30, 2023, the City recognized OPEB expense of (\$835,095). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 154,227	\$ 777,417
Net Difference Between Projected and Actual Investment Earnings	-	973,306
Contributions Between Measurement Date and Reporting Date	797,927	-
Total	\$ 952,154	\$ 1,750,723

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

Year Ending June 30,	Future Recognition
2024	(1,044,418)
2025	(552,078)
2025	-
2026	-

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability:			
Service Cost	\$ 418,331	\$ 369,671	\$ 353,208
Interest	254,163	316,801	406,683
Differences Between Expected and Actual	(1,443,859)	-	-
Changes of Assumptions	(1,278,976)	336,917	(135,271)
Contributions	<u>(820,208)</u>	<u>(709,992)</u>	<u>(697,027)</u>
Net Change in Total OPEB Liability	(2,870,549)	313,397	(72,407)
Total OPEB Liability - Beginning	<u>13,229,363</u>	<u>12,915,966</u>	<u>12,988,373</u>
Total OPEB Liability - Ending (a)	10,358,814	13,229,363	12,915,966
Plan Fiduciary Net Position:			
Contributions - Employer	820,208	709,992	697,027
Benefit Payments	<u>(820,208)</u>	<u>(709,992)</u>	<u>(697,027)</u>
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>-</u>	<u>-</u>	<u>-</u>
City's Net OPEB Liability - Ending (a) - (b)	<u>\$ 10,358,814</u>	<u>\$ 13,229,363</u>	<u>\$ 12,915,966</u>
Covered-Employee Payroll	\$ 7,370,773	\$ 7,938,412	\$ 7,707,196
City's Net OPEB Liability as a Percentage of Covered-Employee Payroll	140.54%	166.65%	167.58%

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



<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 434,899	\$ 424,722	\$ 459,852
527,738	511,977	431,911
-	-	-
(1,773,379)	(50,613)	(573,685)
<u>(688,788)</u>	<u>(709,650)</u>	<u>(676,460)</u>
<u>(1,499,530)</u>	<u>176,436</u>	<u>(358,382)</u>
<u>14,487,903</u>	<u>14,311,467</u>	<u>14,669,849</u>
12,988,373	14,487,903	14,311,467
688,788	709,650	676,460
<u>(688,788)</u>	<u>(709,650)</u>	<u>(676,460)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,988,373</u>	<u>\$ 14,487,903</u>	<u>\$ 14,311,467</u>
\$ 9,432,741	\$ 10,831,018	\$ 11,030,000
137.69%	133.76%	129.75%

See accompanying Notes to Required Supplementary Information.

**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, 2023**

**Pension**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
City's Proportion of the Net Pension Liability	0.15096%	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	\$ 24,640,027	\$ 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	\$ 20,266,762	\$ 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	121.58%	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	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

**Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
City's Proportion of the Net OPEB Liability	0.15382%	0.15488%	0.15575%	0.16333%	0.16709%	0.17556%
City's Proportionate Share of the Net OPEB Liability	\$ (858,628)	\$ (754,589)	\$ (110,270)	\$ (45,137)	\$ (60,168)	\$ (95,569)
City's Covered Payroll	\$ 20,266,762	\$ 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	-4.24%	-4.21%	-0.65%	-0.28%	-0.37%	-0.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	137.79%	130.24%	104.33%	101.62%	102.00%	103.57%

**Long-Term Disability**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
City's Proportion of the Net OPEB Liability	0.15200%	0.15315%	0.15433%	0.16209%	0.16508%	0.17400%
City's Proportionate Share of the Net OPEB Liability	\$ 14,201	\$ 31,614	\$ 117,077	\$ 105,593	\$ 86,255	\$ 63,071
City's Covered Payroll	\$ 20,266,762	\$ 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	0.07%	0.18%	0.69%	0.65%	0.53%	0.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.40%	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, 2023**

<u>Pension</u>	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 2,415,798	\$ 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	2,415,798	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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 20,266,762	\$ 17,929,709	\$ 17,044,086	\$ 16,708,987	\$ 16,182,096	\$ 16,322,972	\$ 16,926,187	\$ 16,926,187	\$ 15,607,806
City's Contributions as a Percentage of Covered Payroll	11.92%	12.01%	11.65%	11.45%	11.64%	10.90%	10.78%	10.00%	10.70%

<u>Health Insurance Premium Benefit</u>	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Statutorily Required Contribution	\$ 22,293	\$ 37,652	\$ 67,044	\$ 81,874	\$ 104,462	\$ 97,781
City's Contribution in Relation to the Statutorily Required Contribution	22,293	37,652	67,044	81,874	104,462	97,781
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 20,266,762	\$ 17,929,709	\$ 17,044,086	\$ 16,708,987	\$ 16,182,096	\$ 16,322,972
City's Contributions as a Percentage of Covered Payroll	0.11%	0.21%	0.39%	0.49%	0.65%	0.60%

<u>Long-Term Disability</u>	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Statutorily Required Contribution	\$ 28,408	\$ 33,930	\$ 30,693	\$ 28,433	\$ 26,962	\$ 25,960
City's Contribution in Relation to the Statutorily Required Contribution	28,408	33,930	30,693	28,433	26,962	25,960
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 20,266,762	\$ 17,929,709	\$ 17,044,086	\$ 16,708,987	\$ 16,182,096	\$ 16,322,972
City's Contributions as a Percentage of Covered Payroll	0.14%	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.

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
ALL PENSION/OPEB PLANS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**PSPRS Police - Pension**

	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,686,651	\$ 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	4,686,651	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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (636,109)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,903,301	\$ 6,356,790	\$ 5,838,302	\$ 5,689,821	\$ 5,360,332	\$ 5,482,280	\$ 5,482,280	\$ 5,429,036	\$ 4,819,831
City's Contributions as a Percentage of Covered Payroll	67.89%	63.24%	56.47%	29.42%	55.74%	42.96%	40.32%	41.05%	32.52%

**PSPRS Police - Health**

	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 14,600	\$ 18,485	\$ 27,077	\$ 11,612	\$ 15,557	\$ 18,110
City's Contribution in Relation to the Actuarially Determined Contribution	14,600	18,485	27,077	11,612	15,557	18,110
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,903,301	\$ 6,356,790	\$ 5,838,302	\$ 5,689,821	\$ 5,360,332	\$ 5,482,280
City's Contributions as a Percentage of Covered Payroll	0.21%	0.29%	0.46%	0.20%	0.29%	0.33%

**PSPRS Fire - Pension**

	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 5,472,810	\$ 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	5,472,810	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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (737,794)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 7,953,510	\$ 6,776,954	\$ 6,216,768	\$ 6,182,281	\$ 5,905,879	\$ 5,721,646	\$ 5,721,646	\$ 5,876,745	\$ 5,533,617
City's Contributions as a Percentage of Covered Payroll	68.81%	57.58%	34.09%	34.28%	54.35%	36.53%	40.87%	38.34%	27.95%

**PSPRS Fire - OPEB**

	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Contribution in Relation to the Actuarially Determined Contribution	-	-	-	-	-	-
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 7,953,510	\$ 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%	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.

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 RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE**  
**YEAR ENDED JUNE 30, 2023**

**PSPRS Police - Pension**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability									
Service Cost	\$ 849,444	\$ 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	4,945,931	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	969,707	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	1,110,906	-	-	1,561,991	-	1,480,171	1,778,435	-	3,938,245
Benefit Payments, Including Refunds of Employee Contributions	(3,236,501)	(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	4,639,487	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	68,521,290	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)	73,160,777	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	3,761,637	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	423,067	423,243	512,821	437,628	732,863	625,344	595,760	554,019	549,533
Net Investment Income	(1,361,818)	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	(3,236,501)	(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	(24,559)	(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	(438,174)	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	33,867,176	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)	33,429,002	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)	<u>\$ 39,731,775</u>	<u>\$ 34,654,114</u>	<u>\$ 37,904,718</u>	<u>\$ 35,113,126</u>	<u>\$ 33,345,103</u>	<u>\$ 33,338,217</u>	<u>\$ 30,001,970</u>	<u>\$ 25,639,249</u>	<u>\$ 24,317,528</u>

**PSPRS Police - Pension**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	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	45.69%	57.07%	40.67%	40.67%	42.26%	39.49%	39.49%	39.35%	43.15%
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	\$ 4,534,608
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	625.03%	537.89%	609.05%	707.13%	640.48%	614.20%	691.69%	615.30%	565.41%

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 RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

**PSPRS Police - OPEB**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability						
Service Cost	\$ 18,309	\$ 18,945	\$ 21,909	\$ 15,929	\$ 15,415	\$ 20,087
Interest on the Total OPEB Liability	85,387	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	(59,718)	625	(108,226)	(43,220)	12,611	(122)
Changes of Assumptions or Other Inputs	12,573	-	-	16,099	-	(24,753)
Benefit Payments, Including Refunds of Employee Contributions	(58,557)	(56,109)	(54,815)	(60,685)	(59,732)	(52,499)
Net Change in Total OPEB Liability	(2,006)	45,651	(53,584)	13,977	49,884	27,379
Total OPEB Liability - Beginning	1,180,650	1,134,999	1,188,583	1,174,606	1,124,722	1,097,343
Total OPEB Liability - Ending (a)	1,178,644	1,180,650	1,134,999	1,188,583	1,174,606	1,124,722
Plan Fiduciary Net Position						
Contributions - Employer	14,600	21,311	16,214	14,273	5,351	18,900
Contributions - Employee	-	-	-	-	-	-
Net Investment Income	(53,524)	301,332	14,166	59,210	74,773	117,526
Benefit Payments, Including Refunds of Employee Contributions	(58,557)	(56,109)	(54,815)	(60,685)	(59,732)	(52,499)
Administrative Expenses	(953)	(1,239)	(1,152)	(1,022)	(1,138)	(1,040)
Other Changes	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(98,434)	265,295	(25,587)	11,776	19,254	82,887
Plan Fiduciary Net Position - Beginning	1,380,411	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)	1,281,977	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>\$ (103,333)</u>	<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)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.77%	116.92%	98.25%	95.97%	94.88%	97.38%
Covered Payroll	\$ 4,485,170	\$ 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	-2.30%	-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 RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

**PSPRS Fire - Pension**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability									
Service Cost	\$ 1,154,638	\$ 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	5,122,676	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	55,458	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	1,026,567	-	-	985,058	-	2,126,762	1,911,648	-	4,840,056
Benefit Payments, Including Refunds of Employee Contributions	(3,099,482)	(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	4,259,857	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	70,568,747	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)	74,828,604	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	3,814,986	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	448,667	463,141	473,865	484,989	470,921	657,879	628,285	575,092	510,116
Net Investment Income	(1,527,075)	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	(3,099,482)	(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	(27,532)	(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	(390,436)	9,290,906	755,229	2,852,764	1,400,974	3,102,160	390,573	(139,475)	986,738
Plan Fiduciary Net Position - Beginning	37,605,082	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)	37,214,646	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)	<u>\$ 37,613,958</u>	<u>\$ 32,963,665</u>	<u>\$ 37,703,665</u>	<u>\$ 33,942,264</u>	<u>\$ 32,173,166</u>	<u>\$ 33,463,637</u>	<u>\$ 30,042,860</u>	<u>\$ 25,579,847</u>	<u>\$ 24,149,826</u>

**PSPRS Fire - Pension**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	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	49.73%	62.43%	42.89%	42.89%	44.81%	41.05%	41.05%	40.21%	43.65%
Covered Payroll	\$ 7,953,510	\$ 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	472.92%	453.99%	533.20%	638.41%	593.23%	547.47%	604.73%	581.90%	509.74%

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 RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

**PSPRS Fire - OPEB**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability						
Service Cost	\$ 24,738	\$ 27,429	\$ 29,054	\$ 18,686	\$ 18,686	\$ 20,569
Interest on the Total OPEB Liability	83,576	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	(81,193)	(98,159)	(24,112)	(105,985)	(53,289)	(50,019)
Changes of Assumptions or Other Inputs	33,133	-	-	10,236	-	(9,867)
Benefit Payments, Including Refunds of Employee Contributions	(50,068)	(56,759)	(59,982)	(62,889)	(58,653)	(69,239)
Net Change in Total OPEB Liability	10,186	(40,970)	30,414	(51,557)	(5,024)	(17,038)
Total OPEB Liability - Beginning	1,145,167	1,186,137	1,155,723	1,207,280	1,212,304	1,229,342
Total OPEB Liability - Ending (a)	1,155,353	1,145,167	1,186,137	1,155,723	1,207,280	1,212,304
Plan Fiduciary Net Position						
Contributions - Employer	-	-	-	(93)	890	-
Net Investment Income	(71,386)	402,825	19,001	79,985	100,268	158,083
Benefit Payments, Including Refunds of Employee Contributions	(50,068)	(56,759)	(59,982)	(62,889)	(58,653)	(69,239)
Administrative Expenses	(1,271)	(1,656)	(1,545)	(1,381)	(1,526)	(1,398)
Net Change in Plan Fiduciary Net Position	(122,725)	344,410	(42,526)	15,622	40,979	87,446
Plan Fiduciary Net Position - Beginning	1,822,046	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)	1,699,321	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>\$ (543,968)</u>	<u>\$ (676,879)</u>	<u>\$ (291,499)</u>	<u>\$ (364,439)</u>	<u>\$ (295,326)</u>	<u>\$ (249,323)</u>

**PSPRS Fire - OPEB**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	147.08%	159.11%	124.58%	131.53%	124.46%	120.57%
Covered Payroll	\$ 5,317,197	\$ 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	-10.23%	-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.

See accompanying Notes to Required Supplementary Information.



**LAKE HAVASU CITY, ARIZONA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**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 2021 Actuarial Valuation	20 years
Asset Valuation Method	7-Year Smoothed Fair Value; 80%/120% Market Corridor

Actuarial Assumptions:

Investment Rate of Return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected Salary Increases	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 2019 actuarial valuation, changed to PubS-2010 tables. 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).

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**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.

**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, 2023**

	Special Revenue		
	Metropolitan Planning Organization	Grants	Improvement Districts
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 6,450,927	\$ 26,510
Restricted Cash	-	-	-
Receivables:			
Taxes Receivable	-	-	678
Intergovernmental Receivable	28,906	865,666	1,376
Interest Receivable	-	-	154
Prepaid Items	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 28,906</u>	<u>\$ 7,316,593</u>	<u>\$ 28,718</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 317	\$ 50,130	\$ 1,017
Accrued Wages and Benefits	9,727	-	-
Intergovernmental Payable	-	687	-
Due to Other Funds	18,862	-	-
Unearned Revenue	-	7,265,776	-
Retainage Payable	-	-	-
Total Liabilities	<u>28,906</u>	<u>7,316,593</u>	<u>1,017</u>
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted	-	-	27,701
Assigned	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>27,701</u>
Total Liabilities and Fund Balance	<u>\$ 28,906</u>	<u>\$ 7,316,593</u>	<u>\$ 28,718</u>

<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Special Programs</u>	<u>Capital Projects</u>	
\$ 961,145	\$ 4,293,094	\$ 11,731,676
107,026	-	107,026
-	-	678
-	-	895,948
3,970	19,078	23,202
280	-	280
<u>\$ 1,072,421</u>	<u>\$ 4,312,172</u>	<u>\$ 12,758,810</u>
\$ 3,417	\$ 1,350,679	\$ 1,405,560
-	-	9,727
-	-	687
-	-	18,862
-	-	7,265,776
-	626,661	626,661
<u>3,417</u>	<u>1,977,340</u>	<u>9,327,273</u>
280	-	280
749,068	-	776,769
319,656	2,334,832	2,654,488
<u>1,069,004</u>	<u>2,334,832</u>	<u>3,431,537</u>
<u>\$ 1,072,421</u>	<u>\$ 4,312,172</u>	<u>\$ 12,758,810</u>

**LAKE HAVASU CITY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	Special Revenue		
	Metropolitan Planning Organization	Grants	Improvement Districts
<b>REVENUE</b>			
Taxes:			
Property Taxes	\$ -	\$ -	\$ 79,739
Intergovernmental Revenue	264,396	2,644,645	-
Fines and Forfeitures	-	-	-
Contributions and Donations	-	-	-
Investment Earnings (Loss)	-	-	615
Other	-	-	-
Total Revenue	<u>264,396</u>	<u>2,644,645</u>	<u>80,354</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	1,686,258	79,109
Public Safety	-	948,043	-
Culture and Recreation	-	10,344	-
Transportation Services	264,396	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>264,396</u>	<u>2,644,645</u>	<u>79,109</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	-	1,245
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	1,245
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>26,456</u>
<b>NET BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,701</u></u>



<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Special Programs</u>	<u>Capital</u>	
\$ -	\$ -	\$ 79,739
323,283	298,353	3,530,677
83,765	-	83,765
-	144,548	144,548
16,624	40,852	58,091
1,430	50,000	51,430
<u>425,102</u>	<u>533,753</u>	<u>3,948,250</u>
-	-	1,765,367
296,621	-	1,244,664
-	-	10,344
-	-	264,396
-	7,188,219	7,188,219
<u>296,621</u>	<u>7,188,219</u>	<u>10,472,990</u>
128,481	(6,654,466)	(6,524,740)
-	3,000,000	3,000,000
(11,734)	-	(11,734)
<u>(11,734)</u>	<u>3,000,000</u>	<u>2,988,266</u>
116,747	(3,654,466)	(3,536,474)
952,257	5,989,298	6,968,011
<u>\$ 1,069,004</u>	<u>\$ 2,334,832</u>	<u>\$ 3,431,537</u>

**LAKE HAVASU CITY, ARIZONA  
GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		
	Original and Final	Actual	Variance with Final Budget
<b>REVENUE</b>			
Intergovernmental Revenue	\$ 14,437,006	\$ 2,644,645	\$ (11,792,361)
<b>EXPENDITURES</b>			
Current:			
General Government	10,941,454	1,686,258	9,255,196
Public Safety	3,495,552	948,043	2,547,509
Culture and Recreation	-	10,344	(10,344)
Total Expenditures	<u>14,437,006</u>	<u>2,644,645</u>	<u>11,792,361</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2023**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>			
Taxes:			
Property Taxes	\$ 79,491	\$ 79,739	\$ 248
Investment Earnings (Loss)	175	615	440
Total Revenue	<u>79,666</u>	<u>80,354</u>	<u>688</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>79,505</u>	<u>79,109</u>	<u>396</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	161	1,245	1,084
Fund Balance - Beginning of Year	<u>30,177</u>	<u>26,456</u>	<u>(3,721)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 30,338</u></u>	<u><u>\$ 27,701</u></u>	<u><u>\$ (2,637)</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, 2023**

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
<b>REVENUE</b>			
Intergovernmental Revenue	\$ 565,600	\$ 323,283	\$ (242,317)
Fines and Forfeitures	172,500	83,765	(88,735)
Investment Earnings (Loss)	4,130	16,624	12,494
Other	6,000	1,430	(4,570)
Total Revenue	<u>748,230</u>	<u>425,102</u>	<u>(323,128)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	508,070	296,621	211,449
Total Expenditures	<u>508,070</u>	<u>296,621</u>	<u>211,449</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	240,160	128,481	(111,679)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(15,000)</u>	<u>(11,734)</u>	<u>3,266</u>
<b>NET CHANGE IN FUND BALANCE</b>	225,160	116,747	(108,413)
Fund Balance - Beginning of Year	<u>977,649</u>	<u>952,257</u>	<u>(25,392)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,202,809</u>	<u>\$ 1,069,004</u>	<u>\$ (133,805)</u>

**LAKE HAVASU CITY, ARIZONA  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>			
Intergovernmental Revenue	\$ 1,778,000	\$ 298,353	\$ (1,479,647)
Contributions and Donations	815,000	144,548	(670,452)
Investment Earnings (Loss)	3,826	40,852	37,026
Other	-	50,000	50,000
Total Revenue	<u>2,596,826</u>	<u>533,753</u>	<u>(2,063,073)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>12,527,275</u>	<u>7,188,219</u>	<u>5,339,056</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(9,930,449)	(6,654,466)	3,275,983
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(6,930,449)	(3,654,466)	3,275,983
Fund Balance - Beginning of Year	<u>6,976,269</u>	<u>5,989,298</u>	<u>(986,971)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 45,820</u>	<u>\$ 2,334,832</u>	<u>\$ 2,289,012</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 annual comprehensive financial reports for the relevant year.

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

	Fiscal Year			
	2014	2015 (1)	2016	2017 (2) (As Restated)
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 87,718,006	\$ 86,704,197	\$ 88,095,353	\$ 88,995,496
Net Position-Restricted	8,971,642	9,629,813	3,703,586	4,798,406
Net Position-Unrestricted	25,319,806	(30,958,540)	(31,635,385)	(47,404,855)
Total Governmental Activities Net Position	<u>\$ 122,009,454</u>	<u>\$ 65,375,470</u>	<u>\$ 60,163,554</u>	<u>\$ 46,389,047</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 112,968,345	\$ 114,768,401	\$ 137,877,796	\$ 139,060,241
Net Position-Restricted	-	-	-	-
Net Position-Unrestricted	92,849,079	83,956,728	66,001,694	66,595,391
Total Business-Type Activities Net Position	<u>\$ 205,817,424</u>	<u>\$ 198,725,129</u>	<u>\$ 203,879,490</u>	<u>\$ 205,655,632</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 200,686,351	\$ 201,472,598	\$ 225,973,149	\$ 228,055,737
Net Position-Restricted	8,971,642	9,629,813	3,703,586	4,798,406
Net Position-Unrestricted	118,168,885	52,998,188	34,366,309	19,190,536
Total Primary Government Net Position	<u>\$ 327,826,878</u>	<u>\$ 264,100,599</u>	<u>\$ 264,043,044</u>	<u>\$ 252,044,679</u>

(1) 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.

(2) 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					
2018	2019	2020	2021	2022	2023
\$ 85,407,317	\$ 99,783,955	\$ 103,999,904	\$ 103,715,303	\$ 104,701,620	\$ 109,641,615
5,990,275	4,587,301	7,961,989	9,704,368	11,521,472	22,155,998
(46,342,804)	(45,275,653)	(46,482,104)	(28,064,741)	(13,213,060)	(8,834,675)
<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>	<u>\$ 122,962,938</u>
\$ 140,976,250	\$ 134,618,689	\$ 134,988,785	\$ 131,836,295	\$ 140,439,906	\$ 144,590,501
20,929	13,207	9,984	8,684,191	8,829,744	8,985,631
68,758,191	73,866,305	76,661,116	81,724,669	81,056,619	79,275,810
<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>	<u>\$ 232,851,942</u>
\$ 226,383,567	\$ 234,402,644	\$ 238,988,689	\$ 235,551,598	\$ 245,141,526	\$ 254,232,116
6,011,204	4,600,508	7,971,973	18,388,559	20,351,216	31,141,629
22,415,387	28,590,652	30,179,012	53,659,928	67,843,559	70,441,135
<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>	<u>\$ 355,814,880</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 12,152,114	\$ 13,730,439	\$ 16,565,010	\$ 16,508,917
Public Safety	25,670,858	29,639,702	27,851,569	35,730,398
Highways and Streets	6,844,661	7,581,803	5,954,241	6,527,976
Transportation Services	1,602,639	590,799	3,524,708	3,211,372
Tourism and Promotion	1,651,955	1,614,399	1,866,653	2,011,849
Culture and Recreation	1,860,313	2,069,458	796,465	649,522
Interest on Long-Term Debt	85,885	79,518	71,419	336,191
Total Governmental Activities	<u>49,868,425</u>	<u>55,306,118</u>	<u>56,630,065</u>	<u>64,976,225</u>
Business-Type Activities:				
Refuse	5,267,207	5,376,827	5,462,233	5,579,670
Recreation / Aquatic Center	1,518,700	1,675,056	-	-
Irrigation and Drainage	10,173,601	9,961,106	10,695,127	10,873,128
Wastewater	26,965,114	26,687,095	28,630,254	26,012,366
Airport	1,358,396	1,361,177	1,401,684	1,425,314
Total Business-Type Activities	<u>45,283,018</u>	<u>45,061,261</u>	<u>46,189,298</u>	<u>43,890,478</u>
Total Primary Government Expenses	<u>\$ 95,151,443</u>	<u>\$ 100,367,379</u>	<u>\$ 102,819,363</u>	<u>\$ 108,866,703</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Fines, Fees, and Charges for Services:				
General Government	\$ 3,274,126	\$ 3,820,613	\$ 3,632,889	\$ 3,824,870
Public Safety	422,645	264,639	413,385	306,598
Highways and Streets	26,621	9,897	56,878	4,586
Culture and Recreation	613,049	717,178	959,528	994,556
Transportation Services	100,508	10,507	11,193	11,440
Operating Grants and Contributions	6,419,567	6,486,534	7,398,931	7,634,226
Capital Grants and Contributions	2,263,972	1,501,131	1,500	13,750
Total Governmental Activities	<u>13,120,488</u>	<u>12,810,499</u>	<u>12,474,304</u>	<u>12,790,026</u>
Business-Type Activities:				
Charges for Services:				
Refuse	5,645,063	5,762,381	5,900,766	6,032,980
Recreation / Aquatic Center	373,728	424,825	-	-
Irrigation and Drainage	10,586,519	10,320,272	10,690,585	10,694,299
Wastewater	22,408,732	22,529,002	22,592,658	22,619,965
Airport	490,596	487,182	496,145	502,238
Operating Grants and Contributions	112,131	96,035	111,029	46,241
Capital Grants and Contributions	3,103,082	629,838	2,394,886	3,981,141
Total Business-Type Activities	<u>42,719,851</u>	<u>40,249,535</u>	<u>42,186,069</u>	<u>43,876,864</u>
Total Primary Government Program Revenues	<u>\$ 55,840,339</u>	<u>\$ 53,060,034</u>	<u>\$ 54,660,373</u>	<u>\$ 56,666,890</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 15,966,111	\$ 16,231,859	\$ 16,402,595	\$ 15,174,305	\$ 14,160,054	\$ 18,085,131
32,534,876	31,099,502	32,192,767	33,965,247	34,090,742	37,046,315
5,986,275	5,506,988	5,656,106	6,277,283	6,144,340	5,050,185
3,394,900	3,119,629	5,734,866	5,843,346	6,928,950	7,768,263
2,263,539	2,438,028	2,405,167	2,867,170	2,092,764	2,092,488
723,931	644,651	642,960	906,453	1,018,294	1,044,473
377,281	156,484	11,765	19,396	12,789	-
<u>61,246,913</u>	<u>59,197,141</u>	<u>63,046,226</u>	<u>65,053,200</u>	<u>64,447,933</u>	<u>71,086,855</u>
5,824,942	6,397,111	6,722,388	6,871,359	7,194,997	7,521,311
-	-	-	-	-	-
12,388,033	11,471,349	13,441,560	12,715,389	12,944,039	15,981,883
25,175,765	26,016,553	26,483,548	25,493,376	28,561,097	28,937,640
1,558,591	1,875,148	1,927,072	1,614,475	1,781,468	1,791,192
<u>44,947,331</u>	<u>45,760,161</u>	<u>48,574,568</u>	<u>46,694,599</u>	<u>50,481,601</u>	<u>54,232,026</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>	<u>\$ 125,318,881</u>
\$ 4,109,375	\$ 4,192,315	\$ 2,728,789	\$ 4,885,904	\$ 4,739,871	\$ 4,693,983
394,571	355,788	1,632,331	252,069	224,177	286,872
14,847	10,789	-	-	-	-
954,783	1,003,937	652,479	532,709	858,477	888,323
17,094	18,583	13,734	7,598	32,250	62,415
7,163,483	7,539,313	7,392,366	15,056,265	8,645,102	9,745,958
223,288	-	1,637,186	403,143	534,969	847,197
<u>12,877,441</u>	<u>13,120,725</u>	<u>14,056,885</u>	<u>21,137,688</u>	<u>15,034,846</u>	<u>16,524,748</u>
6,451,980	6,830,556	6,726,489	7,089,572	7,332,512	8,000,392
-	-	-	-	-	-
11,941,916	10,849,791	11,020,390	12,356,158	11,368,009	11,631,891
22,334,847	23,014,325	22,978,761	24,253,123	25,532,009	25,762,084
515,049	504,332	530,108	570,892	589,232	647,030
-	-	88,712	-	-	-
3,703,711	3,133,115	3,588,771	3,714,417	10,859,143	9,106,899
<u>44,947,503</u>	<u>44,332,119</u>	<u>44,933,231</u>	<u>47,984,162</u>	<u>55,680,905</u>	<u>55,148,296</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>	<u>\$ 71,673,044</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>NET (EXPENSE)/REVENUE</b>				
Governmental Activities	\$ (36,747,937)	\$ (42,495,619)	\$ (44,155,761)	\$ (52,186,199)
Business-Type Activities	(2,563,167)	(4,811,726)	(4,003,229)	(13,614)
Total Primary Government Net Expense	<u>\$ (39,311,104)</u>	<u>\$ (47,307,345)</u>	<u>\$ (48,158,990)</u>	<u>\$ (52,199,813)</u>
<b>GENERAL REVENUE AND OTHER</b>				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 15,185,171	\$ 18,442,101	\$ 20,205,820	\$ 21,750,919
Property Taxes	4,231,510	4,237,577	4,378,580	4,404,669
Franchise Taxes	1,795,899	2,300,347	1,971,867	2,017,919
State Revenue Sharing	5,854,801	6,358,718	6,324,244	6,551,824
State Sales Tax Revenue Sharing	4,572,096	4,800,376	4,961,508	4,903,171
Auto Lieu Tax Revenue Sharing	2,506,953	2,666,247	2,871,694	3,114,874
Investment Earnings (Loss)	439,967	355,158	567,614	115,537
Other	114,948	58,081	21,866	-
Transfers	3,476,349	1,448,372	(5,800,353)	2,043,948
Total Governmental Activities	<u>38,177,694</u>	<u>40,666,977</u>	<u>35,502,840</u>	<u>44,902,861</u>
Business-Type Activities:				
Sales Taxes	-	-	-	-
Property Taxes	5,953,459	5,392,116	5,726,275	5,701,272
Investment Earnings (Loss)	1,037,304	772,282	1,071,967	94,445
Other	-	-	-	-
Transfers	(3,476,349)	(1,448,372)	5,800,353	(2,043,948)
Total Business-Type Activities	<u>3,514,414</u>	<u>4,716,026</u>	<u>12,598,595</u>	<u>3,751,769</u>
Total Primary Government	<u>\$ 41,692,108</u>	<u>\$ 45,383,003</u>	<u>\$ 48,101,435</u>	<u>\$ 48,654,630</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 1,429,757	\$ (1,828,642)	\$ (8,652,921)	\$ (7,283,338)
Business-Type Activities	951,248	(95,700)	8,595,366	3,738,155
Total Primary Government	<u>\$ 2,381,005</u>	<u>\$ (1,924,342)</u>	<u>\$ (57,555)</u>	<u>\$ (3,545,183)</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (48,369,472)	\$ (46,076,416)	\$ (48,989,341)	\$ (43,915,512)	\$ (49,413,087)	\$ (54,562,107)
172	(1,428,042)	(3,641,337)	1,289,563	5,199,304	916,270
<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>	<u>\$ (53,645,837)</u>
\$ 23,510,466	\$ 25,600,426	\$ 28,509,382	\$ 35,735,174	\$ 39,539,774	\$ 39,173,800
4,509,789	4,738,836	5,034,301	5,301,635	5,683,917	6,066,615
1,915,660	1,920,789	1,899,083	2,073,506	2,135,944	2,278,646
6,656,582	6,589,165	7,123,935	7,983,889	7,495,130	11,056,566
5,167,905	5,478,702	5,696,977	6,627,439	8,059,064	8,615,595
3,403,444	3,614,782	3,638,920	4,658,251	4,602,177	4,887,882
158,966	1,213,816	1,273,380	116,967	(1,401,638)	1,050,999
-	337,401	631,097	823,176	563,519	729,222
1,712,401	8,550,633	1,566,452	470,616	390,302	238,150
<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>	<u>74,097,475</u>
7,918	20,545	22,675	14,427	20,434	14,779
5,702,082	5,693,531	5,694,267	5,701,311	5,713,605	-
101,967	2,736,835	2,507,455	252,465	(2,652,521)	1,697,657
-	270,595	145,076	172,926	190,594	135,117
(1,712,401)	(8,550,633)	(1,566,452)	(470,616)	(390,302)	(238,150)
<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>1,609,403</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>	<u>\$ 75,706,878</u>
\$ (1,334,259)	\$ 11,968,134	\$ 6,384,186	\$ 19,875,141	\$ 17,655,102	\$ 19,952,906
4,099,738	(1,257,169)	3,161,684	6,960,076	8,081,114	2,525,673
<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>	<u>\$ 22,478,579</u>

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

FUNCTION/PROGRAM	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental Activities:</b>				
General Government	\$ 3,932,496	\$ 4,574,380	\$ 5,046,899	\$ 4,919,685
Public Safety	1,045,352	902,861	1,066,458	1,376,751
Highways and Streets	6,490,956	6,223,620	4,772,852	4,985,665
Culture and Recreation	668,427	827,472	1,085,432	1,075,382
Transportation Services	983,257	282,166	502,663	432,543
Subtotal Governmental Activities	<u>13,120,488</u>	<u>12,810,499</u>	<u>12,474,304</u>	<u>12,790,026</u>
<b>Business-Type Activities:</b>				
Refuse	5,645,063	5,762,381	5,900,766	6,032,980
Recreation/Aquatic Center	373,728	424,825	-	-
Irrigation and Drainage	13,161,156	10,429,386	12,529,606	12,783,382
Wastewater	23,009,681	23,136,248	23,259,010	23,267,652
Airport	530,223	496,695	496,687	1,792,850
Subtotal Business-Type Activities	<u>42,719,851</u>	<u>40,249,535</u>	<u>42,186,069</u>	<u>43,876,864</u>
 Total Primary Government	 <u>\$ 55,840,339</u>	 <u>\$ 53,060,034</u>	 <u>\$ 54,660,373</u>	 <u>\$ 56,666,890</u>



Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,344,231	\$ 5,339,004	\$ 3,541,596	\$ 5,643,615	\$ 5,417,641	\$ 6,237,511
1,040,186	982,952	2,297,655	7,714,638	1,181,726	1,628,649
5,110,258	5,439,830	7,003,845	6,389,594	6,235,679	6,394,725
984,594	1,020,467	753,999	547,118	1,125,530	1,523,090
398,172	338,472	459,790	842,723	1,074,270	740,773
<u>12,877,441</u>	<u>13,120,725</u>	<u>14,056,885</u>	<u>21,137,688</u>	<u>15,034,846</u>	<u>16,524,748</u>
6,451,980	6,830,556	6,726,489	7,089,572	7,332,512	8,000,392
-	-	-	-	-	-
13,967,644	13,039,227	13,449,583	14,852,351	14,040,524	14,483,240
23,128,673	23,649,210	23,680,221	25,322,173	26,307,900	26,420,079
1,399,206	813,126	1,076,938	720,066	7,999,969	6,244,585
<u>44,947,503</u>	<u>44,332,119</u>	<u>44,933,231</u>	<u>47,984,162</u>	<u>55,680,905</u>	<u>55,148,296</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>	<u>\$ 71,673,044</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>GENERAL FUND</b>				
Nonspendable	\$ 285,386	\$ 244,483	\$ 244,483	\$ 227,087
Restricted	68,775	79,848	79,848	108,473
Committed	398,755	95,764	95,764	58,712
Assigned	2,122,957	1,413,446	1,413,446	7,468,453
Unassigned	23,222,099	25,280,515	25,280,515	31,008,000
Total General Fund	<u>\$ 26,097,972</u>	<u>\$ 27,114,056</u>	<u>\$ 27,114,056</u>	<u>\$ 38,870,725</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ 130,823	\$ 128,761	\$ 74,285	\$ 74,255
Restricted	8,840,988	9,549,965	3,602,063	4,689,933
Committed	277,375	219,487	-	-
Assigned	2,531,132	2,659,010	3,212,360	1,202,633
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,780,318</u>	<u>\$ 12,557,223</u>	<u>\$ 6,888,708</u>	<u>\$ 5,966,821</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 9,224,831	\$ 374,462	\$ 389,679	\$ 476,244	\$ 1,551,526	\$ 2,010,162
140,783	200,369	211,712	115,718	87,549	87,921
28,614	-	452,553	-	-	-
2,680,187	4,049,451	2,143,468	923,434	534,760	145,529
<u>27,377,087</u>	<u>34,519,442</u>	<u>37,243,172</u>	<u>57,871,982</u>	<u>70,241,846</u>	<u>74,366,537</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>	<u>\$ 76,610,149</u>
\$ 69,753	\$ -	\$ -	\$ 80,950	\$ 4,772	\$ 385
5,455,777	4,044,645	7,350,685	8,948,638	9,807,774	20,506,861
-	-	138,784	-	-	-
1,269,128	767,047	3,278,511	4,472,156	6,273,147	2,654,488
-	-	-	-	(4,772)	-
<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>	<u>\$ 23,161,734</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>REVENUES</b>				
Taxes	\$ 21,169,738	\$ 25,075,151	\$ 26,556,267	\$ 28,173,507
Intergovernmental	21,368,041	21,639,174	21,331,956	21,815,664
Fines and Forfeitures	1,405,615	1,343,136	1,271,265	1,399,042
Licenses and Permits	1,645,593	1,850,142	2,058,628	2,109,402
Charges for Services	1,122,442	991,026	1,289,882	1,243,056
Rents and Royalties	89,409	106,506	160,822	85,969
Contributions and Donations	206,306	113,472	225,921	388,431
Investment Earnings (Loss)	347,167	331,702	536,861	115,537
Other	237,210	602,595	293,276	304,581
<b>Total Revenues</b>	<b>47,591,521</b>	<b>52,052,904</b>	<b>53,724,878</b>	<b>55,635,189</b>
<b>EXPENDITURES</b>				
General Government	11,552,268	13,842,743	15,342,933	15,975,867
Public Safety	27,492,419	25,466,301	26,472,416	27,609,870
Highways and Streets	5,130,647	5,331,664	4,418,578	5,007,050
Culture and Recreation	1,835,350	1,943,385	3,290,143	3,287,776
Transportation Services	1,427,796	479,373	1,866,653	2,011,849
Tourism and Promotion	1,651,955	1,628,426	726,537	598,367
Capital Outlay	3,638,147	259,668	3,244,793	5,485,194
Debt Service:				
Principal Retirement	150,000	160,000	165,000	2,416,813
Interest on Long-Term Debt	85,885	79,518	71,419	168,588
<b>Total Expenditures</b>	<b>52,964,467</b>	<b>49,191,078</b>	<b>55,598,472</b>	<b>62,561,374</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,372,946)</b>	<b>2,861,826</b>	<b>(1,873,594)</b>	<b>(6,926,185)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,589,871	3,443,746	2,467,823	5,856,721
Transfers Out	(2,961,494)	(4,512,583)	(6,994,555)	(1,897,778)
Sale of Capital Assets	-	-	-	-
Issuance of Debt	3,875,428	-	3,046,010	11,279,439
<b>Total Other Financing Sources (Uses)</b>	<b>11,503,805</b>	<b>(1,068,837)</b>	<b>(1,480,722)</b>	<b>15,238,382</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 6,130,859</b>	<b>\$ 1,792,989</b>	<b>\$ (3,354,316)</b>	<b>\$ 8,312,197</b>
Debt Service as a Percentage of Noncapital Expenditures	0.5%	0.5%	0.5%	4.6%

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 29,935,915	\$ 32,260,051	\$ 35,442,766	\$ 43,110,315	\$ 47,359,629	\$ 47,519,061	
22,332,270	23,188,181	23,821,996	34,151,895	28,965,539	35,334,239	
1,302,600	1,460,470	1,364,192	1,549,597	1,637,775	1,630,530	
2,631,312	2,523,596	2,610,734	3,225,243	2,941,949	2,902,593	
1,257,008	1,262,243	940,297	797,245	1,115,217	1,238,296	
100,130	95,269	112,110	106,195	159,834	160,174	
265,824	33,781	242,388	173,949	370,883	236,497	
158,966	1,213,816	1,273,380	116,967	(1,401,638)	1,050,999	
199,620	239,834	631,097	831,727	563,544	729,222	
<u>58,183,645</u>	<u>62,277,241</u>	<u>66,438,960</u>	<u>84,063,133</u>	<u>81,712,732</u>	<u>90,801,611</u>	
16,397,581	15,871,643	14,475,351	14,878,532	14,496,160	19,694,822	
28,148,429	28,865,141	28,661,397	32,051,874	35,359,631	38,889,682	
4,503,401	7,160,326	3,899,565	4,728,260	5,358,088	5,859,318	
4,069,418	3,043,090	5,430,346	5,570,806	6,150,320	7,155,926	
2,263,539	2,438,028	2,405,167	2,867,170	2,092,764	2,092,488	
670,192	607,028	655,906	1,091,801	1,254,013	909,337	
5,565,035	5,807,593	306,767	3,855,123	1,208,602	7,188,219	
9,217,626	7,543,000	6,331,000	74,874	925,126	-	
266,211	156,484	11,765	19,396	12,789	-	
<u>71,101,432</u>	<u>71,492,333</u>	<u>62,177,264</u>	<u>65,137,836</u>	<u>66,857,493</u>	<u>81,789,792</u>	
(12,917,787)	(9,215,092)	4,261,696	18,925,297	14,855,239	9,011,819	
7,348,011	6,601,080	3,842,104	3,994,557	3,047,951	13,625,534	
(5,635,610)	(2,086,814)	(2,275,652)	(3,523,941)	(2,657,649)	(13,387,384)	
-	337,401	-	-	-	-	
12,614,000	-	-	1,881,502	361,939	2,025,312	
<u>14,326,401</u>	<u>4,851,667</u>	<u>1,566,452</u>	<u>2,352,118</u>	<u>752,241</u>	<u>2,263,462</u>	
<u>\$ 1,408,614</u>	<u>\$ (4,363,425)</u>	<u>\$ 5,828,148</u>	<u>\$ 21,277,415</u>	<u>\$ 15,607,480</u>	<u>\$ 11,275,281</u>	
14.5%	12.4%	10.3%	0.2%	1.5%	0.0%	



**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
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
2023	34,712,823	5,986,876	2,278,647	2,196,904	1,971,490	47,146,740
Change, 2014-2023	130.5%	42.9%	26.9%	213.4%	107.3%	107.7%

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

Years 2014 - 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			
	2014 (1)	2015 (1)	2016 (1)	2017
Accommodation				\$ 29,106,398
Communications and Utilities				27,075,402
Construction				90,281,093
Other				12,142,565
Rental, Leasing & License				20,238,906
Restaurant and Bar				119,446,455
Retail				624,440,905
Retail Market Place (2)				-
Use Tax				57,846,455
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980,578,176</u>
City Sales Tax Rate	2.00 %	2.00 %	2.00 %	2.00 %
Accommodations	5.00	5.00	5.00	5.00
Restaurant and Bar	3.00	3.00	3.00	3.00

(1) In fiscal year 2016-17, the Arizona Department of Revenue began reporting on Business Code vs. NAICS Code. As a result, comparable data by category is not available.

(2) In October 2019 remote sellers and marketplace facilitators began paying Transaction Privilege Tax (TPT)

Source: Arizona Department of Revenue



Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 32,543,968	\$ 37,774,353	\$ 44,419,368	\$ 71,432,541	\$ 77,805,587	\$ 73,834,463	
24,486,305	24,261,301	20,150,357	22,685,276	18,894,821	20,968,163	
106,465,774	127,594,201	130,718,131	142,946,354	174,985,101	171,033,213	
13,600,168	10,891,087	12,466,230	10,480,583	13,853,903	12,452,923	
23,153,951	28,523,010	30,419,607	34,028,258	34,400,305	33,162,764	
131,938,468	138,771,999	137,955,810	171,858,918	192,701,995	202,774,751	
663,339,900	702,877,412	787,056,417	948,721,655	1,006,533,808	1,016,398,897	
-	-	42,037,179	83,982,378	101,211,819	111,709,892	
64,023,740	72,610,890	73,724,131	91,494,126	114,830,274	90,325,690	
<u>\$ 1,059,552,272</u>	<u>\$ 1,143,304,251</u>	<u>\$ 1,278,947,228</u>	<u>\$ 1,577,630,088</u>	<u>\$ 1,735,217,611</u>	<u>\$ 1,732,660,756</u>	
2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	
5.00	5.00	5.00	5.00	5.00	5.00	
3.00	3.00	3.00	3.00	3.00	3.00	



**LAKE HAVASU CITY, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS  
RATES AS OF JUNE 30, 2023**

Fiscal Year	City Sales Tax	City Restaurant and Bar Tax	(2) City Transient Occupancy Tax	(1) Mohave County	(1) State of Arizona
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
2023	2.00	1.00	3.00	0.00	5.60

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

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

Source: Arizona Department of Revenue ([www.azdor.gov](http://www.azdor.gov)) and Arizona Secretary of State ([www.azsos.gov](http://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
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
2023	P	879,754,356	7,917,965,117	12,734,735	82,407,251
	S	1,207,112,538	10,855,877,553	16,085,410	103,867,943

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.

Net Assessed Value		Total Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 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	0.7	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	
892,489,091	8,000,372,368	0.6718	11.16	
1,223,197,948	10,959,745,496	-		

**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	Improvement District #2	Improvement District #4
2014	P	0.7381	-	0.7381	-	-	-
	S	-	-	-	\$ 268.85/acre	0.4059	0.6458
2015	P	0.7408	-	0.7408	-	-	-
	S	-	-	-	\$268.85/acre	0.6014	0.6762
2016	P	0.7235	-	0.7235	-	-	-
	S	-	-	-	\$268.85/acre	0.8502	0.6941
2017	P	0.7000	-	0.7000	-	-	-
	S	-	-	-	\$268.85/acre	0.8585	0.7158
2018	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	\$268.85/acre	0.8349	0.5456
2019	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	\$268.85/acre	0.7740	0.5040
2020	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	\$268.85/acre	0.7370	0.5040
2021	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	\$268.85/acre	0.7370	0.5040
2022	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	\$268.85/acre	0.7370	0.5040
2023	P	0.6718	-	0.6718	-	-	-
	S	-	-	-	0.0000	0.7370	0.5040

Source: Mohave County Treasurer.

Overlapping Rates

Total County Rate	Total School Rate	Total State Rate	Rate Total
1.8196	3.1962	0.5123	6.2662
1.0103	0.7828	-	2.8448 plus \$268.85/acre
1.8196	4.1683	0.5089	7.2376
0.9936	0.7297	-	3.0009 plus \$268.85/acre
1.9696	4.0121	0.5054	7.2106
0.7436	0.0000	-	2.2879 plus \$268.85/acre
1.9696	3.9873	0.5010	7.1579
0.7436	0.0000	-	2.3179 plus \$268.85/acre
1.9696	3.6727	0.0000	6.3141
0.7916	0.8660	0.49	3.5256 plus \$268.85/acre
1.9696	3.1334		5.7748
0.8916	0.8361	0.4740	3.4797 plus \$268.85/acre
1.9496	3.3652		5.9866
0.8116	0.7403	0.4566	3.2495 plus \$268.85/acre
1.9000	3.2906		5.8624
0.8316	0.7227	0.4426	3.2379 plus \$268.85/acre
1.8240	3.2261		5.7219
0.8111	1.2407	0.4263	3.7191 plus \$268.85/acre
1.7547	3.1242	-	6.2225
0.9111	0.7544	-	2.9065

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Unisource Energy Corporation	\$ 16,330,478	1	1.96 %	\$ 9,822,254	1	1.70 %
PHC Lake Havasu Inc	5,439,259	2	0.65	5,409,260	2	0.94 %
Island Development Group LLC	2,554,212	3	0.31	-	-	-
Walmart Stores Inc	2,235,876	4	0.27	1,821,266	5	0.32
Lowe's HIW Inc	1,773,284	5	0.21	1,424,596	10	0.25
Citizen's Rural Division	1,582,450	6	0.19	3,485,497	3	0.60
Mickel Havasu LLC	1,284,837	7	0.15	-	-	-
Zac Havasu I LLC	1,192,727	8	0.14	-	-	-
Zac IV CPWC LLC	1,180,752	9	0.14	-	-	-
Home Depot USA Inc	1,178,565	10	0.14	-	-	-
SFT Havasu LLC Etal	-	-	-	2,872,527	4	0.50
London Bridge Resort	-	-	-	1,543,568	8	0.27
Sterilite Corporation	-	-	-	1,631,190	7	0.28
Anderson Family LLC	-	-	-	1,749,680	6	0.30
Steinle Janice A Chapter 11 Trustee	-	-	-	1,514,855	9	0.26
Havasu Regional Medical Center LLC	-	-	-	-	-	-
LHHL Partners LLC	-	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>		<b>4.16 %</b>	<b>\$ 31,274,693</b>		<b>5.42 %</b>
<b>Net Assessed Value</b>	<b>\$ 834,726,780</b>			<b>\$ 578,144,696</b>		

Source: Mohave County Assessor.

Note: Above taxable assessed valuations are as of 1/1/2022 and 2013, respectively, and the associated tax levies were due in fiscal years ended June 30, 2023 and 2014, respectively.



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

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percent of Adjusted Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2014	\$ 4,151,309	\$ 4,032,532	97.14 %	\$ 118,627	\$ 4,151,309	100.00 %
2015	4,227,634	4,135,746	97.83	91,886	4,227,632	100.00
2016	4,281,065	4,194,139	97.97	86,924	4,281,063	100.00
2017	4,337,823	4,255,053	98.09	82,616	4,337,669	100.00
2018	4,403,471	4,320,370	98.11	93,101	4,403,471	100.00
2019	4,665,585	4,576,135	98.08	89,449	4,665,584	100.00
2020	4,942,849	4,850,293	98.13	91,530	4,941,823	99.98
2021	5,285,497	5,188,945	98.17	95,413	5,284,358	99.98
2022	5,610,881	5,506,499	98.14	102,208	5,608,707	99.96
2023	6,004,662	5,885,868	98.02	-	5,885,868	98.02

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

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

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percent of Adjusted Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	
2014	\$ 5,665,704	\$ 5,442,107	96.05 %	\$ 223,597	\$ 5,665,704	100.00 %	
2015	5,665,700	5,517,668	97.39	148,032	5,665,700	100.00	
2016	5,665,427	5,521,460	97.46	143,967	5,665,427	100.00	
2017	5,700,920	5,572,372	97.75	128,548	5,700,920	100.00	
2018	5,701,726	5,573,862	97.76	127,864	5,701,726	100.00	
2019	5,694,791	5,568,222	97.78	126,569	5,694,791	100.00	
2020	5,694,801	5,572,375	97.85	122,426	5,694,801	100.00	
2021	5,704,306	5,588,121	97.96	115,647	5,703,768	99.99	
2022	5,713,448	5,594,413	97.92	118,497	5,712,910	99.99	
2023	-	-	-	-	-	-	

(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 was 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<sup>(1)</sup>  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percent of Adjusted Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	
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	14,481	100.00	
2022	15,752	14,194	90.11	1,558	15,752	100.00	
2023	16,135	14,002	86.78	-	15,808	97.97	

(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<sup>(1)</sup>  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percent of Adjusted Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	
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	1,639	61,630	99.92	
2022	62,468	60,305	96.54	2,161	62,466	100.00	
2023	63,992	61,334	95.85	-	63,931	99.90	

- (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) On May 23, 2023, the City Council officially dissolved Improvement District No. 4.
- (3) 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/Leases/SBITAs Payable	Revenue Bonds	(2) Financed Purchases	Sewer Bonds	Water
2014	\$ -	\$ -	\$ 1,940,000	\$ 5,931,270	\$ 288,304,435	\$ 4,131,389
2015	-	-	1,780,000	5,064,524	278,204,383	5,436,978
2016	-	-	1,615,000	8,115,676	244,601,444	5,398,622
2017	-	-	10,477,626	6,705,608	239,070,575	4,389,305
2018	-	-	13,874,000	3,626,109	233,291,955	5,624,550
2019	-	-	6,331,000	2,799,105	228,072,839	5,191,639
2020	-	-	-	2,099,433	222,688,413	4,744,641
2021	-	1,631,073	-	1,385,121	219,168,484	4,283,094
2022	-	529,461	-	1,097,212	209,898,282	3,806,519
2023	-	1,746,620	-	673,131	203,837,789	3,314,421

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

(2) Beginning 7/1/2021 with the implementation of GASB 87, the financial reporting term was changed to Financed Purchases Payable. Formerly reported as Capital Leases Payable.

Business-Type Activities				(1)	
Airport	General Obligation Bonds	(2) Financed Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 95,000	\$ 1,683,448	\$ 302,050,047	21.26	\$ 5,709
-	80,000	1,581,455	290,242,179	N/A	5,492
-	70,000	369,352	245,913,082	20.12	4,855
3,960	60,000	340,583	261,047,657	19.96	4,853
-	50,000	-	256,466,614	18.03	4,680
-	40,000	-	242,394,583	15.48	4,360
-	30,000	-	229,532,487	14.36	4,046
-	20,000	-	226,487,772	12.26	3,941
-	10,000	-	215,341,474	10.86	3,714
-	-	-	209,103,623	9.50	3,574





**LAKE HAVASU CITY, ARIZONA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2023**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Overlapping Debt</b>			
Lake Havasu Unified School District No. 1	\$ 38,605,000	90%	\$ 34,929,521
<b>City Direct Debt</b>			
Lake Havasu City Financed Purchases Payable	673,131	100%	673,131
Lake Havasu City Notes/Leases/SBITAs Payable	1,746,620	100%	1,746,620
Lake Havasu City, Arizona Direct Debt			<u>2,419,751</u>
Total Direct and Overlapping Debt			<u><u>\$ 37,349,272</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>20% Limitation (1)</u></b>				
Debt Limit	\$ 114,963,683	\$ 115,628,939	\$ 128,635,132	\$ 149,751,352
Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt)	<u>126,686,249</u>	<u>120,719,896</u>	<u>98,935,166</u>	<u>123,962,603</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ (11,722,566)</u>	<u>\$ (5,090,957)</u>	<u>\$ 29,699,966</u>	<u>\$ 25,788,749</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	110.20%	104.40%	76.91%	82.78%
<b><u>6% Limitation (2)</u></b>				
Debt Limit	\$ 34,489,105	\$ 34,688,682	\$ 38,590,540	\$ 44,925,406
Total Net Debt Applicable to 6% Limit	<u>-</u>	<u>-</u>	<u>13,661,633</u>	<u>874,481</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ 34,489,105</u>	<u>\$ 34,688,682</u>	<u>\$ 24,928,907</u>	<u>\$ 44,050,925</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 161,710,188	\$ 174,398,217	\$ 187,317,071	\$ 206,205,870	\$ 214,687,454	\$ 244,639,590
<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>92,905,768</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>	<u>\$ 151,733,822</u>
77.19%	65.70%	58.76%	50.73%	46.06%	37.98%
\$ 48,513,056	\$ 52,319,465	\$ 56,195,121	\$ 61,861,761	\$ 64,406,236	\$ 73,391,877
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 73,391,877</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**LAKE HAVASU CITY, ARIZONA  
CALCULATION OF LEGAL DEBT MARGIN  
JUNE 30, 2023**

Net Secondary Assessed Valuation (1)		<u>\$ 1,223,197,948</u>
<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>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 244,639,590
Debt Applicable to Limit:		
General Obligation Bonds Outstanding	\$ 97,153,350	
Plus: Excess Premium (2)	5,308,621	
Less Amount Set Aside for Repayment of Debt	<u>(9,556,203)</u>	
Net Debt Applicable to Limit		<u>92,905,768</u>
20% Legal Debt Margin		151,733,822
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Secondary Net Assessed Valuation		73,391,877
Debt Applicable to Limit:		
General Obligation Bonds Outstanding	-	
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>73,391,877</u>
Total Legal Debt Margin		<u>\$ 225,125,699</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)				Excise Tax Revenue Bonds (2) (3)			
	Excise Tax (1)	Debt Service Principal	Debt Service Interest	Coverage	Excise Tax (3)	Debt Service Principal	Debt Service Interest	Coverage
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	21,750,889	2,596,000	179,418	7.84
2018	39,320,608	180,000	56,657	166.15	23,297,543	9,760,000	209,554	2.34
2019	43,528,759	1,260,000	3,529	34.45	25,375,655	6,283,000	152,955	3.94
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-

- (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) Excise Tax revenues are pledged for the 2016 Excise Tax Bonds and include the City's sales and transaction privilege taxes.
- (3) Excise Tax revenues are pledged for the 2017 Excise Tax Bonds and include the City's sales and transaction privilege taxes.



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

Sewer Revenue Bonds							
Fiscal Year	(1) Operating Revenue	(2) Plus: (3) Rate Stabilization	Less: Operating Expenses	Net Available Revenue for SR Debt	Senior Debt Principal	Senior Debt Interest	Total Senior Debt Service
2014	\$ 23,635,466	\$ 6,500,000	\$ 7,134,366	\$ 23,001,100	\$ 5,572,168	\$ 4,839,966	\$ 10,412,134
2015	23,722,951	6,500,000	7,034,913	23,188,038	5,046,707	3,957,947	9,004,654
2016	23,036,455	4,500,000	7,167,020	20,369,435	5,172,561	3,797,164	8,969,725
2017	22,573,416	4,500,000	7,384,401	19,689,015	5,646,925	9,261,169	14,908,094
2018	22,292,478	4,500,000	6,538,010	20,254,468	4,457,846	9,104,667	13,562,513
2019	24,165,448	4,500,000	7,310,706	21,354,742	4,616,758	8,940,868	13,557,626
2020	24,035,079	4,500,000	7,992,633	20,542,446	4,782,065	8,770,374	13,552,439
2021	24,437,633	4,500,000	8,288,913	20,648,720	4,948,800	8,593,177	13,541,977
2022	24,625,407	4,500,000	9,844,948	19,280,459	5,126,997	8,408,733	13,535,730
2023	26,594,625	4,500,000	10,664,542	20,430,083	5,311,691	8,216,758	13,528,449

Water Revenue Bonds							
Fiscal Year	(1) (4) Operating Revenue	(5) Unrestricted Net Position	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2014	\$ 16,915,442	\$ -	\$ 7,833,935	\$ 9,081,507	\$ 368,929	\$ 153,481	17.38
2015	15,972,560	-	7,488,995	8,483,565	380,912	168,371	15.44
2016	17,040,356	-	8,281,913	8,758,443	403,288	174,345	15.16
2017	16,537,197	-	8,410,995	8,126,202	825,345	158,600	8.26
2018	17,747,615	-	9,718,349	8,029,266	-	174,058	46.13
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
2023	12,512,899	47,059,689	12,529,684	47,042,904	502,098	105,179	77.47

(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.

(4) Operating revenue history updated in FY 2022 to include Irrigation and Drainage District property tax revenue.

(5) In fiscal year 2023, WIFA approved for the city to include the water unrestricted net position for additional pledged coverage.

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



Sewer Revenue Bonds

(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
2.21	12,588,966	\$ 4,694,038	\$ 5,839,593	\$ 10,533,631	1.26
2.58	14,183,384	4,922,593	5,691,546	10,614,139	1.20
2.27	11,399,710	5,182,509	2,727,094	7,909,603	1.34
1.32	4,780,921	-	-	-	n/a
1.49	6,691,955	-	-	-	n/a
1.58	7,797,116	-	-	-	n/a
1.52	6,990,007	-	-	-	n/a
1.52	7,106,743	-	-	-	n/a
1.42	5,744,729	-	-	-	n/a
1.51	6,901,634	-	-	-	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
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
2023	58,506	2,202,049,000	37,638	54.8	5,102	4.1

(1) Arizona Economic Estimates Commission and the Arizona Office of Employment and Population Statistics [www.azstats.gov/www.azeconomy.org](http://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	2023			2014		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Lake Havasu City	694	1	2.24 %	654	2	2.90 %
Havasu Regional Medical Center	671	2	2.22	695	1	3.08
Lake Havasu School District	613	3	2.02	607	3	2.69
Sterilite Corporation	353	4	1.17	450	4	1.99
Walmart	305	5	1.01	300	5	1.33
Shugrue's Restaurants	300	6	0.99	300	6	1.33
Anderson Auto Group	268	7	0.88	165	10	0.73
London Bridge Resort	250	8	0.83	250	7	1.11
River Medical	180	9	0.59	165	9	0.73
Bashas' (2 Locations)	150	10	0.50	203	8	0.90
<b>Total</b>	<b>3,784</b>		<b>12.45 %</b>	<b>3,789</b>		<b>16.79 %</b>

Total Employees in Lake  
Havasu City

30,289 (1b)

22,588 (1a)

Source: Lake Havasu Partnership for Economic Development.

(1a) Arizona Department of Administration-Office of Employment and Population Statistics [www.azstats.gov/laus-data-query-tool/](http://www.azstats.gov/laus-data-query-tool/)

(1b) FRED Economic Data St. Louis Fed

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

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

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

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

(3) Operations name changed to Public Works in 2020

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

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

(6) Engineering moved from Community 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	2023
75.0	73.0	71.0	80.0	93.0
-	9.0	8.0	-	-
26.0	26.0	17.0	18.0	18.0
122.0	118.0	118.0	120.0	126.0
86.0	86.0	85.0	90.0	96.0
3.0	2.0	11.0	13.0	11.0
4.0	4.0	4.0	4.0	4.0
51.0	38.0	29.0	29.0	28.0
N/A	N/A	N/A	N/A	N/A
9.0	9.0	9.0	10.0	10.0
30.0	33.0	32.0	33.0	33.0
34.0	34.0	33.0	34.0	35.0
11.0	27.0	35.0	36.0	36.0
<u>451.0</u>	<u>459.0</u>	<u>452.0</u>	<u>467.0</u>	<u>490.0</u>

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

Function	Fiscal Year				
	2014	2015	2016	2017	2018
<u>Police</u>					
Number of Sworn Officers	77	83	83	83	81
Number of Incidents Handled	54,843	53,897	46,906	44,635	48,828
Number of Report Numbers Issued	7,126	7,100	8,095	8,307	8,643
Number of 911 Calls Processed	18,969	20,294	20,173	19,626	21,239
Response Time, Priority 1 Calls (Minutes)	6:39	7:02	7:49	7:46	8:01
<u>Fire</u>					
Number of Field Suppression Personnel	76	75	77	77	77
Number of Structural Fires	35	25	31	19	31
Number of Emergency Responses	7,811	8,154	8,510	8,654	8,445
Response Time (Minutes)	6:16	6:06	5:54	6:06	6:06
Inspections	1,280	2,751	1,615	1,977	2,149
<u>Highways and Streets</u>					
Street Resurfacing (Miles)	96.00	40.00	58.00	74.00	44.50
Utility Patches	211	174	36	194	188
Skin Patches	35	97	13	26	14
Crackfilling (Miles)	63.00	27.00	39.00	54.50	147.00
<u>Wastewater</u>					
Total Active Sewer Connections (1)	26,129	26,351	32,117	28,802	25,227
Average Daily Flowage (mg)	3.71	3.73	3.84	3.95	3.80
Total Treated Flow (mg)	N/A	N/A	N/A	N/A	N/A
Amount of Reclaimed Water Delivered to Users (mg)	N/A	N/A	N/A	N/A	N/A
Biosolids Delivered to City Landfill (tons)	N/A	N/A	N/A	N/A	N/A
Sewer Lines Cleaned (miles)	N/A	N/A	N/A	N/A	N/A
Blue Stake Locator Requests	N/A	N/A	N/A	N/A	N/A
Number of Sewer Taps	N/A	N/A	N/A	N/A	N/A
<u>Municipal Parks</u>					
Park Uses	3,238	3,238	3,355	3,090	3,604
<u>Water</u>					
Total Active Water Meters (2)	29,737	30,072	30,358	31,701	31,947
New Connections	277	298	361	356	389
Main Breaks	69	51	60	43	48
Service Line Leaks	205	194	205	175	169
Average Daily Consumption (Gallons) per Capita	183	182	178	177	202
<u>Transit</u>					
Total Ridership (3)	87,884	8,348	8,031	9,050	13,665
Miles Driven	257,190	41,932	46,367	47,278	52,290
<u>General</u>					
Building Permits Issued	1,907	2,210	2,478	3,001	1,804
Building Inspections Conducted	9,574	11,078	12,767	13,454	13,993
Land Use Actions	102	206	189	233	243

- (1) "Total Active Sewer Connections" previously included water connections and average annual connections. These figures are now amended beginning 2014 to only show active sewer connection as of June 30th.
- (2) Figures for "Total Active Water Meters" were previously estimated. Figures in 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 Year				
2019	2020	2021	2022	2023
80	80	80	80	83
46,809	43,727	45,228	45,768	50,777
8,121	7,602	6,826	7,133	7,125
19,020	21,157	22,488	23,076	35,057
7:28	7:48	7:14	7:51	8:04
77	77	79	79	88
31	28	42	31	55
8,195	8,448	9,097	9,806	6,837
6:09	6:16	5:48	4:57	4:57
2,550	2,449	2,955	2,297	1,982
85.00	18.00	269.05	183.23	-
155	237	252	518	307
21	35	67	109	49
75.00	31.00	116.00	152.38	90.00
27,992	27,885	28,750	29,424	N/A
2.83	4.40	4.10	4.04	N/A
1,448	1,466	1,558	1,476	1,557
672	622	748	587	654
5,373	6,893	6,864	7,231	7,328
85	129	100	81	71
20	40	30	33	6,405
13	29	21	18	14
3,437	3,080	433	412	490
32,321	32,592	34,229	33,762	34,137
373	355	496	285	260
48	54	47	50	157
169	178	165	169	62
189	175	187	182	208
13,882	9,560	4,188	9,581	15,577
70,621	58,005	30,197	64,987	115,706
1,725	1,828	3,523	3,674	3,596
14,612	14,336	13,945	15,288	16,559
258	265	328	323	260

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

Function	Fiscal Year				
	2014	2015	2016	2017	2018
<u>Public Safety</u>					
Police:					
Stations	1	1	1	1	1
Patrol Units					
Cars	42	44	33	33	33
Boats	3	3	3	4	4
UTV/Motors	5	5	9	9	9
Fire:					
Stations	6	6	6	6	6
Apparatus					
Fire Trucks	16	11	11	11	11
Vehicles	23	36	34	36	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	14	14	14
<u>Culture and Recreation</u>					
Parks Acreage	130.0	130.0	130.0	201.0	201.0
Parks Acreage - Sara Park	1,082	1,082	1,082	1,082	1,082
Parks	15	15	16	16	17
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	500	456	452	486
Fire Hydrants	2,676	2,676	2,512	2,512	2,739
Available Acre Feet	28,318	28,582	25,460	28,582	28,582
<u>Sewer</u>					
Sanitary Sewers (Miles)	352.9	352.9	353.0	352.0	350.0
Number of Lift Stations	N/A	N/A	N/A	N/A	N/A
<u>Transportation</u>					
Transit Buses (1)	17	5	5	5	6
<u>Airport</u>					
Enclosed Hangars	78	78	78	103	106
Shade Ports	16	16	16	23	25

(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				
2019	2020	2021	2022	2023
1	1	1	1	1
33	33	33	33	41
3	3	3	3	3
9	9	9	6	8
6	6	6	6	6
11	11	11	11	11
36	36	37	28	34
1	1	1	1	1
435.0	435.0	435.0	435.0	435.0
84	84	84	62	114
14	14	15	14	15
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
535	539	541	542	542
2,989	2,989	3,109	3,109	3,108
28,582	28,582	25,872	28,572	28,582
350.0	350.0	432.0	393.0	380.0
78	78	78	79	81
5	7	5	10	10
120	120	120	120	120
25	25	32	32	32

**LAKE HAVASU CITY, ARIZONA  
MISCELLANEOUS STATISTICS  
JUNE 30, 2023**

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	5,102
Private	280
Charter	568
Community College (MCC)	1,222
State University (NAU/ASU)	282
Employees as of June 30, 2022:	
Full-Time	477
Part-Time	193
Elected Officials	7
Total Payroll Wages for Fiscal Year 2022	\$ 36,898,643
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	42,177
Number of Votes Cast	15,505
Percentage of Registered Voters	36.76%
At the Time of Incorporation:	
Number of Registered Voters	6,053
Active Business Licenses	5,105
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, 2023**

Population

Census Population Count (Calendar Year)

2022***	58,506
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	1,872	3.2 %
5-17 Years	7,723	13.2
18-59 Years	29,019	49.6
65+ Years	19,892	34.0
	<u>58,506</u>	<u>100 %</u>

Median Age 54.8

Median Household Income \$ 59,817

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

