



Lake Havasu City

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025







LAKE HAVASU CITY, AZ

**Prepared by the Administrative Services
Department**

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Finance Division Manager**



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INTRODUCTORY SECTION



December 29, 2025



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

We are honored to present the Annual Comprehensive Financial Report of Lake Havasu City, Arizona, for the fiscal year ending June 30, 2025. This report provides a thorough presentation of the City's financial position and results of operations for the fiscal year. In accordance with Arizona Revised Statutes, Section 9-481, all incorporated cities are required to publish a complete set of financial statements each year. These financial statements must be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a certified public accountant or a public accountant licensed by the Arizona Board of Accountancy. The accompanying report has been prepared and audited in full compliance with these statutory and professional requirements.

The Annual Comprehensive Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes responsibility for the accuracy, completeness and reliability of all the information contained within this report. To provide a reasonable basis for these representations, the management of the City has established and maintains a comprehensive framework of internal controls designed to safeguard City assets from loss, theft, or misuse and to ensure the accuracy and integrity of the data used in the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 accountant 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 ending June 30, 2025, are free of material misstatement. Based upon their audit, the independent auditor concluded that the City's financial statements for the fiscal year ending June 30, 2025, 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 conducted as part of a broader federal and state-mandated “Single Audit”, designed to address the specific requirements 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 (GAAP) 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 formed with the construction of the Parker Dam in the 1930s. Prior to this time, the water now known as Lake Havasu, was a remote section of the Colorado River. In 1963, entrepreneur Robert P. McCulloch purchased a 26-square-mile parcel of barren desert that would become the site for Lake Havasu City. Conceived as a master-planned community, the City was designed to highlight the area’s natural beauty while promoting recreation and a premier residential environment for retirees.

Robert P. McCulloch captured the world’s attention in 1967 when he purchased the London Bridge and relocated it from England to the shores of the stunning Colorado River. The bridge was carefully dismantled brick by brick in London, each stone numbered and transported to Lake Havasu City, where it was authentically reconstructed over a three-year period. In addition, a mile-long channel was dredged, with the bridge as link to an island in the Colorado River and the mainland of Lake Havasu City. The reconstruction of the bridge was completed, and a formal “rededication” of the London Bridge occurred on October 10, 1971. To this day it is one of the most iconic landmarks in western Arizona and a catalyst for the City’s growth and tourism.

In 1963, Lake Havasu City did not yet qualify for incorporation under Arizona law and became a recognized Irrigation and Drainage District (IDD). The IDD’s Board of Directors acted as City Councilmembers to run the City. During the early 1970s, the Board continued to work toward incorporation, which was made possible later in the decade, with a new state law that allowed emerging municipalities to assume trusteeship of bonded debts and special districts. As a result, Lake Havasu City was officially incorporated in 1978 following a favorable vote of its residents.



Current Profile - Lake Havasu City, is located in western Arizona within Mohave County, the fifth largest county in the United States. The City is bordered by the Colorado River to the west and the Mohave Mountains to the east. and is located just 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 is the largest city in Mohave County, covering 46 square miles and housing an estimated population of 59,257. The City ranks in the upper quartile for Population Density compared to other cities, towns, and Census Designated Places in Arizona while also attracting more than 1 million visitors annually with its historic London Bridge, scenic lake, welcoming community, abundant sunshine, annual events, and diverse dining and lodging options. The City's demographic profile reflects a significant retiree population, with a median age of 55 and has steadily increased over the last fifteen years. Boasting 300 days of sunshine each year, the City is host to approximately 15,000 winter visitors from fall through the early spring. These seasonal visitors, primarily from colder climates across North America, increase the population of the City by approximately 25 percent. The local economy is supported by key industries including 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 and appoints the City Manager, City Attorney, and City Magistrate, who are 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, fire and EMS 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

Lake Havasu City's economy is anchored by tourism, leveraging our natural beauty and year-round recreational opportunities to attract visitors from across the region. Four key industries drive our economic vitality: tourism and recreation, retail and hospitality, healthcare services, and real estate and construction. Our community has experienced steady growth over the past decade, with our population reaching approximately 59,257 residents. This expansion reflects robust demand across retail, hospitality, healthcare, and real estate sectors, signaling a dynamic community with evolving economic opportunities.

Lake Havasu City's healthcare sector continues its strategic expansion with significant investments in infrastructure and services. The hospital continues adding specialized providers to serve our growing community. The Lake Havasu Community Health Center represents a transformative \$20 million investment, featuring a 17,063-square-foot primary care facility and an adjacent 27,717-square-foot medical office building. This project will create over 100 new jobs and significantly expand healthcare capacity for residents.

Lake Havasu City's median household income stands at \$68,131 with an average household expenditure of \$90,697. The City's Cost of Living Index (COLI) is 119.1, reflecting higher costs than the national average, primarily due to a housing cost index of 156.9. While housing costs exceed those in Phoenix (COLI 103.3, housing index 113.8), they reflect our community's desirable lakefront location and strong market demand.

Strategic investments are transforming our community's infrastructure and expanding economic capacity. The City now has a comprehensive fiber optic network that serves 93.97% of residents, providing the high-speed connectivity essential for modern businesses and remote workers.



Two significant residential projects are expanding housing options to meet Lake Havasu City's workforce demand. The DL Ranch development located in nearby Havasu Heights, adjacent to Lake Havasu City and located in Mohave County, will add 928 homes across nearly 380 acres and is currently in the grading and site development phase. The COME-TOGETHER project features a 102-unit apartment complex at the workforce housing site near The Shops at Lake Havasu. Additionally, Falcon Eye Ventures is investing \$398 million in a master-planned development that will include a world-class resort, multiple boat launch ramps, new dining options, mixed-use retail and residential spaces, and a dynamic waterfront promenade.

These coordinated investments in healthcare, infrastructure, housing, and recreation position Lake Havasu City for sustained economic growth while enhancing quality of life for current and future residents. Our diversified economy, coupled with strategic public and private investments, creates a strong foundation for continued prosperity.

Tourism and Visitation

Tourism is Lake Havasu City's largest industry and a significant contributor to the local economy. The City's unique blend of lake and desert activities, along with the iconic London Bridge, draws more than one million visitors to the City throughout the year. 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 Arizona's beautiful section of the Colorado River. Today, the City's tourism profile includes Arizona's most visited state park, Lake Havasu State Park, and the new public-private partnership of the Havasu Riviera, which features a launch ramp, marina, and gas docks. Tourists are attracted to the City due to the natural beauty of the Colorado River and the dramatic landscape of 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 and 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. Whether attending special events on Mainstreet, off-roading on desert trails, discovering hidden coves by paddleboard, or relaxing aboard luxury high-performance boats in the Bridgewater Channel, visitors find endless ways to enjoy the Lake Havasu City lifestyle.

Transaction Privilege (Sales) Tax

Lake Havasu City's primary source of general fund revenue is sales tax collected from various business sectors, including automotive, retail stores, hotels, restaurants, utilities, and rentals. Sales tax revenue is generated both directly through the City's tax rate and indirectly via its share of the State of Arizona's sales tax collection. In Fiscal Year 2025, total local sales tax collections slightly declined by 0.1% percent from the fiscal year 2024. This minor decrease indicates a stabilization in consumer spending after several years of robust growth. The business categories communication and utilities, use tax, and rental, leasing, and licensing showed the most significant gains. The City's three-cent hotel/motel tax revenues (bed tax) decreased by 1.6%, and the restaurant and bar one-cent tax revenues rose modestly by 0.5% from the fiscal year 2024.

Economic Development

Residential permits saw an overall decrease of 1.6% in the number of permits issued compared to the previous year, with single-family housing permits up by 11.4% and multi-family housing permits up by 257.1%; all other residential improvement permits decreased by 5.4%. Residential valuations increased 9.0%, from \$86 million in the fiscal year 2024 up to \$93 million in the fiscal year 2025. Commercial/Tenant Improvement permits remained consistent with the previous year, but new commercial buildings increased by 40.0%. Commercial valuations were down 19.2% over the previous year. Revenue generated from residential and commercial building permits increased by 11.9%, from \$1.9 million in the fiscal year 2024 up to \$2.1 million in the fiscal year 2025. Residential and commercial growth has continued to be supported by development code changes, rezones, and general plan amendments.

Trinity at Havasu Foothills Estates subdivision has final platted the remaining phases which consists of approximately 68 new single-family lots.

Commercial development in Lake Havasu City has continued to progress. Notable commercial projects include Broken Yolk Cafe, Billiards & Restaurant, Bonfire Kitchen, Paradyme Gym & Parking Garage, Anderson Power Sports, and Palm Tree RV.

Property Values

Lake Havasu City's primary assessed property tax values increased by 6.4% in fiscal year 2025 and 6.4% in fiscal year 2026. New construction accounted for \$15.6 million of the \$60.5 million assessed valuation increase. The City is statutorily allowed to set the primary property tax rate at a 2.0% 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 expenditures 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 offers a long-term perspective on current-year budget decisions that impact 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 are designed to avoid funding recurring expenses 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

Several significant projects were completed as part of the City's Capital Improvement Plan in fiscal year 2025. Notable among these was the City Core Paving Project, which repaved key roadways including McCulloch Boulevard, Smoketree Avenue, Riviera Drive, and Swanson Avenue. The total cost of this project was \$3.0 million. The Island Path Repave Project was also completed at a cost of \$1.8 million, which was fully funded through grant sources.

The following highlights several of the accomplishments achieved by the City in fiscal year 2025:

- Projects and Infrastructure Improvements:
 - Partial refinancing of Wastewater Utility Fund bonded debt, reducing annual debt service by approximately \$1.2 million
 - Rehabilitation of Runway Safety Area
 - Havasupai Wash 6 Improvements

- Street and parking lot repaving
- Sewer lift station upgrades
- Water main replacements
- Water tank improvements and replacements

For the Future

Lake Havasu City has adopted a budget for fiscal year 2026 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, 2025, combining capital and operating expenses, amounts to \$262.5 million, excluding depreciation. The City has projected a slight revenue increase of \$1.8 million over the prior year's budget. 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. Additional expenditures in priority areas, such as implementation of the Classification and Compensation study, public safety retirement, park amenities and upgrades, fire truck replacement and refurbishment, and Citywide vehicle replacements. It includes a 6.4% or \$433,565 increase in property tax revenue for new construction and holding the tax levy rate.

- City Sales Tax is projected to remain flat.
- Wages and benefits increased by 7.6% or \$5.9 million. The includes a 3.5% overall increase, a merit increase on employees' classification dates, as well as implementation of the Classification and Compensation Study. The budget adds 11 new full-time positions throughout the City departments.

The 2026 capital budget includes new and continuing projects totaling \$83.2 million, including:

- \$2.5 million - fire engine replacements
- \$1.5 million - APX handheld radios for the Police Department
- \$3.4 million - part of a multi-year \$7.3 million Police and Jail Rehabilitation project
- \$4.5 million - part of a multi-year \$9.0 million new fire station
- \$8.7 million - wastewater infrastructure improvements
- \$1.8 million - water treatment plant improvements
- \$4.7 million - water main replacements
- \$6.2 million - other water infrastructure improvements
- \$3.6 million - wash stabilization and drainage improvements



- \$2.5 million - new outdoor pool
- \$2.9 million - other recreation facility improvements
- \$3.2 million - airport runway improvements
- \$18.1 million - part of a multi-year \$35.5 million Second Bridge project
- \$6.5 million - street preservation and paving

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, 2024. 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 Annual Comprehensive Financial Report that reflects transparency and full disclosure that goes beyond the minimum requirements of generally accepted accounting principles and meets applicable legal requirements. A Certificate of Achievement is only valid for one year. We believe the 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* from the GFOA for conformity in budget presentation for the fiscal year beginning July 1, 2025. The current budget continues to conform to the program requirements, and we expect to receive this award again for the fiscal year beginning July 1, 2026.

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

Respectfully submitted,

Jill Olsen
Administrative Services Director

Trinna Ware
Finance Division Manager, MBA



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lake Havasu City
Arizona**

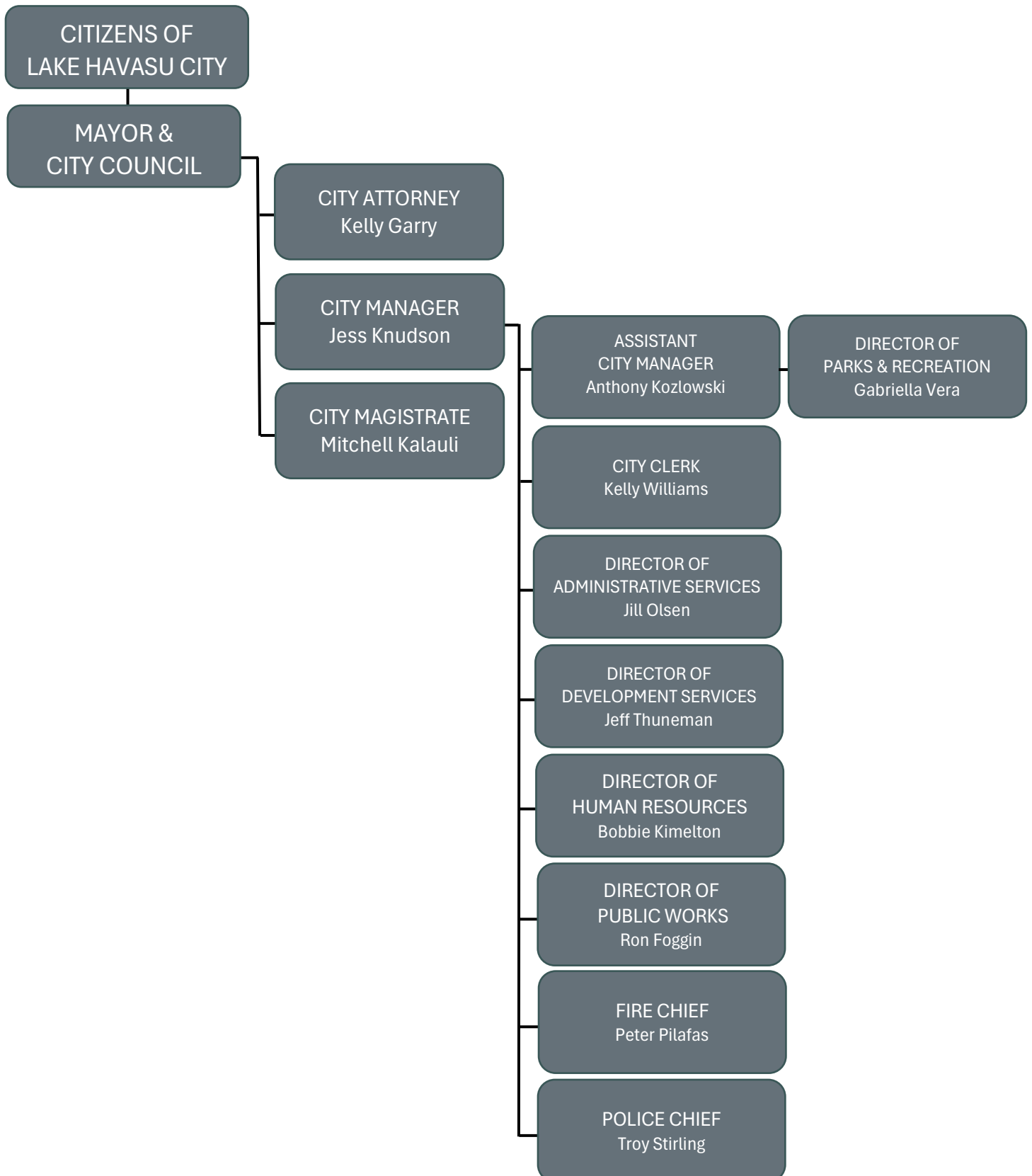
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART





CITY COUNCIL

NANCY CAMPBELL, COUNCILMEMBER

JIM DOLAN, COUNCILMEMBER

CAMERON MOSES, COUNCILMEMBER

CAL SHEEHY, MAYOR

JENI COKE, COUNCILMEMBER

DAVID DIAZ, COUNCILMEMBER

MICHELE LIN, VICE MAYOR

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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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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

As discussed in Note 1E to the financial statements, the City restated beginning net position and fund balance in the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds for the correction of an error. Our opinions are 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/OPEB Liability, Schedule of City Pension/OPEB Contributions, and Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios, General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Hurf Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and the Second Bridge – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 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 29, 2025, 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 the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2025

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025, and 2024. 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 2025 by \$462.8 million (net position). Of this amount, \$84.6 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 \$4.9 million from the prior fiscal year.
- As of June 30, 2025, the City's governmental funds had a combined ending fund balance of \$172.3 million, an increase of \$15.0 million (9.6%) compared with the prior fiscal year. The increase in fund balance was primarily due to matching expenses with revenue, as well as some increases in investment earnings and the introduction of new emergency transport services that began mid-June 2024.
- At the close of the fiscal year, the General Fund had an ending fund balance of \$97.5 million, representing a \$10.5 million increase from the prior fiscal year. Of that amount, the unassigned fund balance for the General Fund was \$92.6 million or 115.0% of the total General Fund expenditures of \$80.6 million.
- The City's total liabilities decreased by \$28.3 million to \$321.3 million during the current fiscal year. This decrease was primarily due to the refinancing of wastewater debt (\$14.1 million) and principal payments on wastewater and water debt (\$5.7 million). In addition, there was a \$4.5 million decrease related to developer agreements upon expiration of the agreement and determination of release of liability.

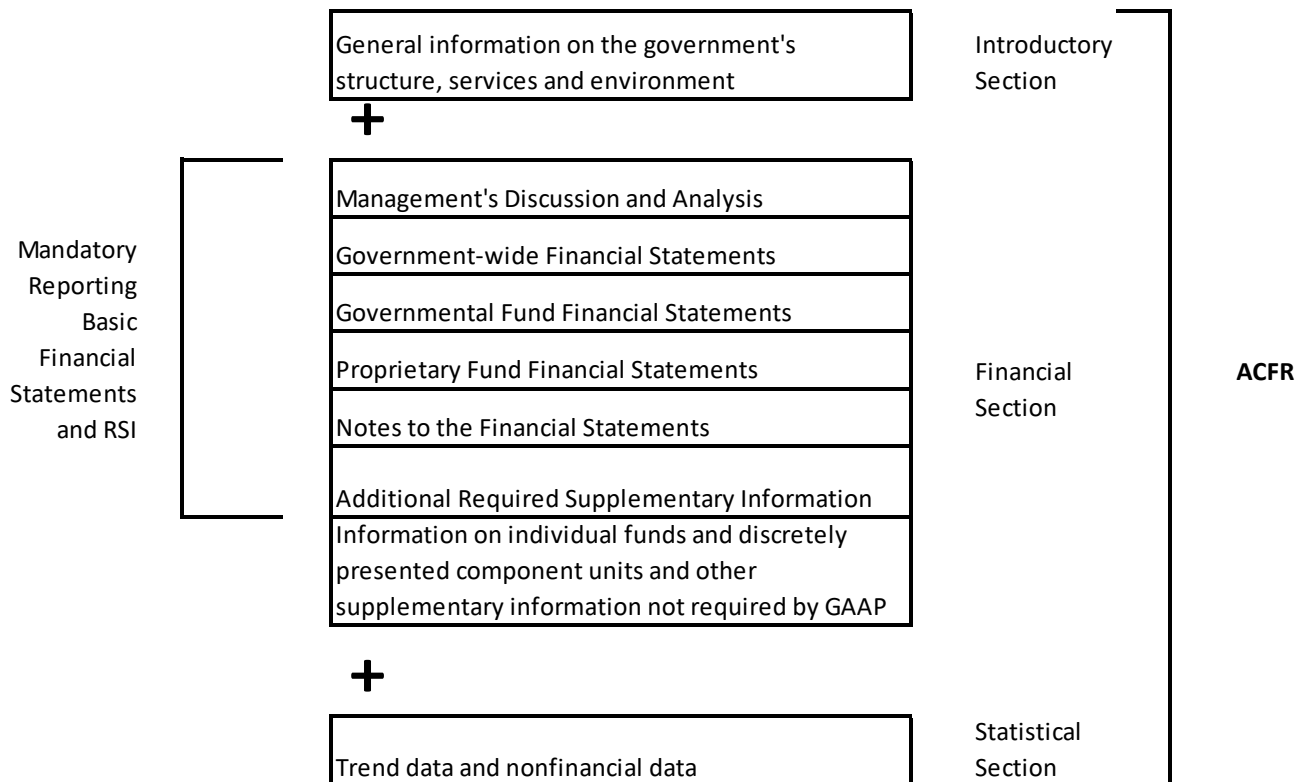
**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025

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, 2025

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 \$462.8 million at the close of the fiscal year 2025 and \$429.4 million at the close of the fiscal year 2024.

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, 2025 and 2024
(in thousands of dollars)

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|---------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | |
| Assets: | | | | | | | |
| Current and Other Assets | \$ 191,886 | \$ 181,398 | \$ 80,453 | \$ 94,665 | \$ 272,338 | \$ 276,062 | (1.3)% |
| Capital Assets: | | | | | | | |
| Nondepreciable | 35,606 | 40,004 | 14,987 | 31,619 | 50,593 | 71,623 | (29.4) |
| Depreciable | 119,861 | 102,221 | 326,807 | 310,982 | 446,668 | 413,204 | 8.1 |
| Total Assets | <u>347,352</u> | <u>323,623</u> | <u>422,247</u> | <u>437,266</u> | <u>769,599</u> | <u>760,889</u> | |
| Deferred Outflows of Resources | <u>24,341</u> | <u>22,599</u> | <u>1,460</u> | <u>1,002</u> | <u>25,801</u> | <u>23,601</u> | 9.3 |
| Liabilities: | | | | | | | |
| Other Liabilities | 15,410 | 21,907 | 10,548 | 8,932 | 25,958 | 30,839 | (15.8) |
| Noncurrent Liabilities: | | | | | | | |
| Due Within One Year | 5,827 | 4,816 | 5,498 | 6,778 | 11,325 | 11,594 | (2.3) |
| Due in More Than One Year | 100,334 | 104,685 | 183,649 | 202,487 | 283,984 | 307,172 | (7.5) |
| Total Liabilities | <u>121,571</u> | <u>131,408</u> | <u>199,695</u> | <u>218,197</u> | <u>321,267</u> | <u>349,605</u> | |
| Deferred Inflows of Resources | <u>6,013</u> | <u>2,934</u> | <u>5,370</u> | <u>2,570</u> | <u>11,383</u> | <u>5,504</u> | 106.8 |
| Net Positions: | | | | | | | |
| Net Investment in Capital Assets | 148,678 | 136,954 | 158,909 | 138,949 | 307,588 | 275,903 | 11.5 |
| Restricted | 69,301 | 64,310 | 1,246 | 9,506 | 70,547 | 73,816 | (4.4) |
| Unrestricted | 26,130 | 10,616 | 58,486 | 69,047 | 84,616 | 79,663 | 6.2 |
| Total Net Positions | <u>\$ 244,109</u> | <u>\$ 211,880</u> | <u>\$ 218,641</u> | <u>\$ 217,501</u> | <u>\$ 462,750</u> | <u>\$ 429,381</u> | |

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

The most significant portion of the City's net position in the fiscal year 2025 and fiscal year 2024, \$307.6 million (66.5%) and \$275.9 million (64.2%), 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 \$70.5 million (15.2%) in the fiscal year 2025, represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$84.6 million (18.3%), may be used to meet the government's ongoing obligations to citizens and creditors. In the prior fiscal year, \$73.8 million (17.3%) of the City's net position was subject to external restrictions, and \$79.7 million (18.5%) was available to meet the government's ongoing obligations to citizens and creditors.

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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 \$33.7 million in the fiscal year 2025 compared to an increase in net position of \$73.6 million during the prior fiscal year. These changes are explained in the government and business-type activities discussion.

Statement of Activities
Fiscal Years Ended June 30, 2025 and 2024
(in thousands of dollars)

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | |
| REVENUES | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 9,324 | \$ 6,150 | \$ 54,874 | \$ 50,597 | \$ 64,198 | \$ 56,747 | 13.1 % |
| Operating Grants and Contributions | 10,574 | 9,259 | 137 | 43 | 10,711 | 9,302 | 15.2 |
| Capital Grants and Contributions | 6,698 | 48,395 | 851 | 1,030 | 7,549 | 49,425 | (84.7) |
| General Revenues: | | | | | | | |
| Property Taxes | 6,762 | 6,380 | - | 4 | 6,762 | 6,384 | 5.9 |
| Business Taxes | 40,286 | 40,145 | 14 | 14 | 40,300 | 40,159 | 0.4 |
| Other Taxes and State Shared Revenues | 30,338 | 32,445 | - | - | 30,338 | 32,445 | (6.5) |
| Investment Earnings | 8,862 | 6,239 | 4,079 | 5,582 | 12,941 | 11,821 | 9.5 |
| Gain (Loss) on Disposal of Capital Assets | 173 | 1,742 | 5 | - | 178 | 1,742 | 100.0 |
| Other | 5,267 | 897 | 628 | 174 | 5,895 | 1,071 | 450.4 |
| Total Revenues | 118,285 | 151,652 | 60,588 | 57,444 | 178,873 | 209,096 | |
| EXPENSES | | | | | | | |
| General Government | 20,082 | 24,788 | - | - | 20,082 | 24,788 | (19.0) |
| Public Safety | 45,892 | 37,979 | - | - | 45,892 | 37,979 | 20.8 |
| Highways and Streets | 7,329 | 6,296 | - | - | 7,329 | 6,296 | 16.4 |
| Culture and Recreation | 10,294 | 8,497 | - | - | 10,294 | 8,497 | 21.1 |
| Tourism and Promotion | 2,094 | 2,139 | - | - | 2,094 | 2,139 | (2.1) |
| Transportation | 1,286 | 929 | - | - | 1,286 | 929 | 38.4 |
| Interest on Long-Term Debt | 48 | 61 | - | - | 48 | 61 | 100.0 |
| Refuse | - | - | 8,281 | 7,900 | 8,281 | 7,900 | 4.8 |
| Water | - | - | 17,717 | 15,759 | 17,717 | 15,759 | 12.4 |
| Wastewater | - | - | 30,238 | 29,301 | 30,238 | 29,301 | 3.2 |
| Airport | - | - | 1,941 | 1,880 | 1,941 | 1,880 | 3.2 |
| Total Expenses | 87,024 | 80,689 | 58,177 | 54,840 | 145,201 | 135,529 | |
| CHANGE IN NET POSITIONS BEFORE TRANSFERS | 31,261 | 70,963 | 2,412 | 2,604 | 33,673 | 73,567 | (54.2) |
| Transfers | 301 | 96 | (301) | (96) | - | - | |
| CHANGE IN NET POSITIONS | 31,562 | 71,059 | 2,110 | 2,508 | 33,673 | 73,567 | |
| Net Positions - Beginning of Year, as previously presented | 211,880 | 122,963 | 217,502 | 232,852 | 429,382 | 355,815 | |
| Change in financial reporting entity (formerly business-type activity to governmental activity) | - | 17,858 | - | (17,858) | - | - | |
| Error Correction | 667 | - | (971) | - | (305) | - | |
| Net Positions - Beginning of Year, as adjusted | 212,547 | 140,821 | 216,531 | 214,994 | 429,077 | 355,815 | |
| NET POSITIONS - END OF YEAR | <u>\$ 244,109</u> | <u>\$ 211,880</u> | <u>\$ 218,641</u> | <u>\$ 217,502</u> | <u>\$ 462,750</u> | <u>\$ 429,382</u> | |

LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Governmental Activities. Compared to the beginning balance, Governmental activities increased the City's net position by \$31.6 million (14.8%) in the fiscal year 2025 and increased the City's net position by \$71.1 million (57.8%) in the prior fiscal year.

Total revenue for Governmental activities decreased by \$33.4 million (22.0%) 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.

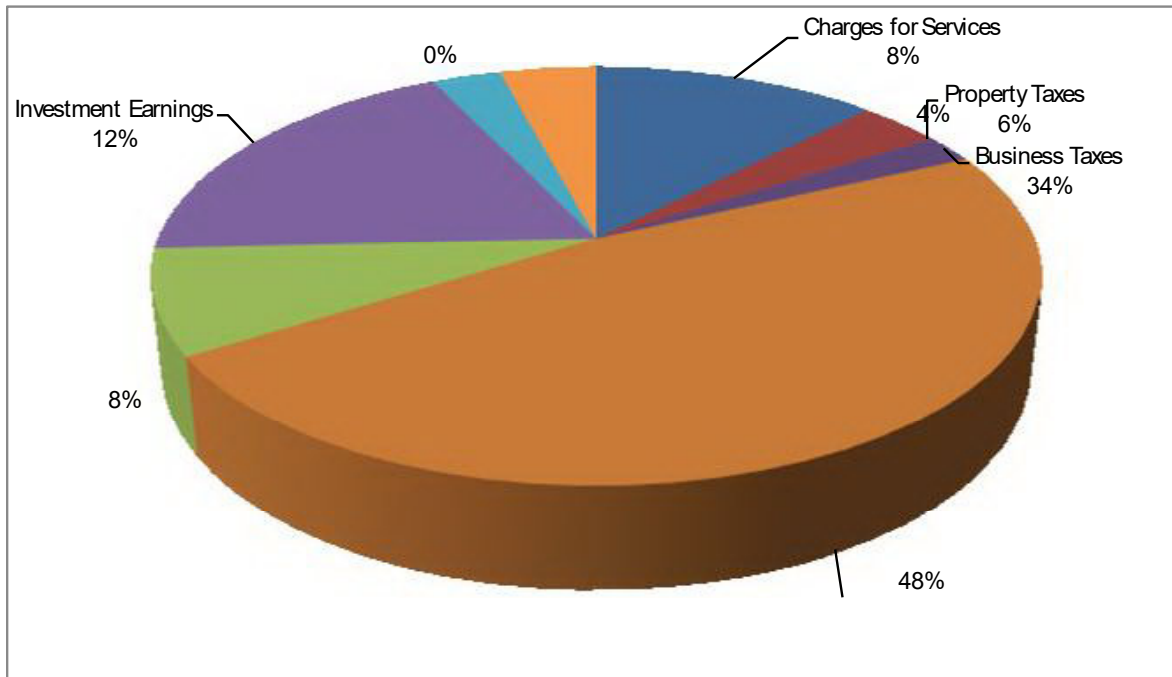
The City experienced a decrease in total revenues from Governmental activities over the prior year primarily due to the following:

- Tax revenue reflected steady economic conditions. General Property Tax collections increased by \$380,000, or 6.0%, to \$6.74 million. Franchise Fees grew by \$264,000 or 10.6%, totaling \$2.76 million. The fire insurance premium tax increased \$165,000 or 45.1%. General Sales and Use Tax remained virtually flat with a slight decrease of \$24,000 or 0.1%, totaling \$39.77 million.
- Significant increases in revenue from charges for services across several departments, reflecting expanded services. Total public safety charges for services rose sharply by \$2.86 million, or 448.6% increasing to \$3.49 million. This growth was primarily driven by Emergency Medical Services (EMS) transports, which began providing services in mid-June 2024. Fiscal Year 2025 marked the first full year of EMS transport operations, during which the program generated \$3.13 million in net revenue. Culture and Recreation services offered many new programs, which modestly increased revenue by 5.0%, reaching \$1.13 million. Transportation Services remained relatively stable, with a slight 1.4% decrease.
- Capital grants and contributions revenue decreased by \$41.9 million (86.2%). The decrease was primarily due to \$35.6 million received in fiscal year 2024 under an intergovernmental agreement with ADOT for the second bridge project. The remainder was due to a decrease in ARPA funds recognized.
- Other Revenue increased due to the resolution of a long-standing development agreement that expired in August 2024. Following a review, the City determined that a previously recorded \$4.6 million liability was no longer owed. This amount was recognized as miscellaneous revenue in the General Fund, as no valid claim to the funds exists.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

**Governmental Activities Revenues
Fiscal Year 2024-25**



The total cost of programs and services for governmental activities increased by \$6.3 million (7.8%) over the previous fiscal year to \$87.0 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 (52.7%). Public Safety costs increased by \$7.9 million (20.8%) over the previous year. This increase is primarily attributed to 3.5% market-stabilization wage increases, implemented to maintain competitive compensation, and to annual step increases of 3.5%, reflecting tenure-based progression and retirement contributions. Wages and benefits increased \$1.9 million (5.3%). Operational costs also grew moderately across equipment, training, and support services. The remaining increase is due to pension valuation adjustments, which are covered in detail in the notes following the financial statements.
- General Government represents the second largest category of governmental expenses, accounting for 23.1% of total costs. This category includes Public Works, Municipal Court, Development Services (Building and Planning Divisions), and City Administrative Departments. Compared to the previous year, General Government expenditures decreased by \$4.7 million (-19.0%). While wages and benefits increased by 5.2%, this was offset by a decline in general operating expenses. The primary drivers of the overall reduction were lower costs for Information Technology software services, decreased pension valuation adjustments, and development agreements.
-

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

- Highways and Streets costs increased by \$1.0 million (16.4%) over the previous fiscal year due to major street restoration projects being completed.
- Culture and Recreation increased by \$1.8 million (21.1%) due to an increase in labor and benefits (7.7%) and upgrades to parks and amenities.

Business-Type Activities. Business-type activities increased the City's net position in the fiscal year 2025 by \$1.1 million (0.5%), bringing the total net position to \$218.6 million.

Total revenue for Business-type activities increased by \$3.1 million (5.5%).

- Water fees, fines, and service charges increased by \$2.6 million (18.9%) due to a rate increase in fiscal year 2025, changing both the rates and usage tiers. Water usage decreased by 3.3% when compared to the prior year.
- Wastewater fees, fines, and charges for services increased by \$1.3 million (4.6%) over the previous fiscal year due to rate changes in fiscal year 2025.
- Refuse charges for services increased by \$462 thousand (5.1%). This is due to a 4.5% rate increase in January 2024 and a 3.0% increase in January 2025.
- Grants for the airport decreased by \$336 thousand as projects on the runways were completed.

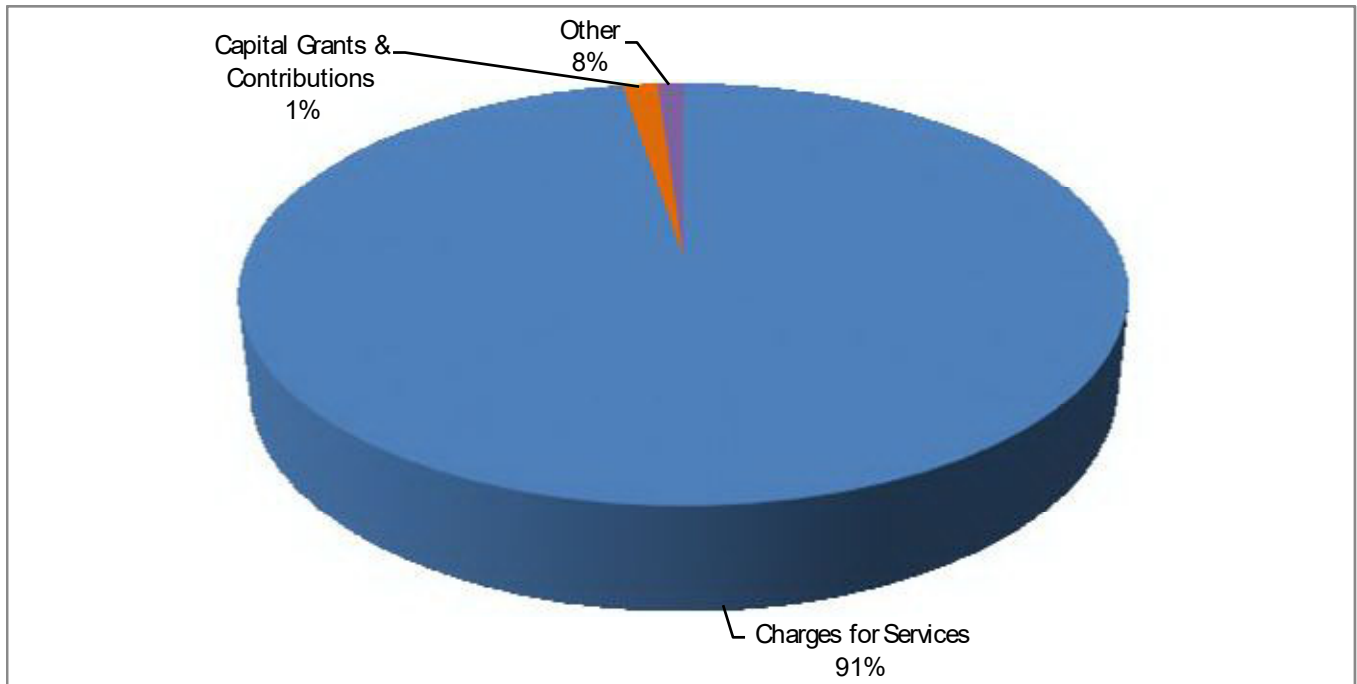
Total costs of programs and services for Business-type activities increased by \$3.3 million (6.1%) over the previous fiscal year. Significant changes in the costs of programs and services include:

- Water Fund expenses increased by \$1.9 million (12.4%) in the current fiscal year. A significant portion of this increase is due to a \$544,000 (19.5%) rise in wages and benefits, driven by pay scale adjustments. Other notable cost increases include a \$459,000 (15.5%) rise in electric utility expenses, \$321,000 for pavement repairs, and \$200,000 in additional water authority fees.
- Wastewater Fund expenses increased by \$937,000 (3.2%) in the current fiscal year. Key contributors to this rise include a \$116,000 (5.6%) increase in operating supplies costs and \$81,000 (4.5%) increase in utility expenses. Additionally, wages and benefits rose by \$123,000 (3.7%), primarily due to pay scale adjustments. The City also refinanced wastewater-related debt, which resulted in a \$1.0 million issuance cost. These increases were partially offset by slight decreases in debt payments and a decrease in outsourced services.
- Residential trash collection is outsourced to a third-party contractor, with costs based on the number of active trash accounts billed by the City. In the current fiscal year, Refuse Fund expenses increased by \$381,000 (4.8%) compared to the prior year. This rise is primarily attributed to a 3.0% rate increase paid by the City to the contractor for trash collection services.
- Expenses in the Airport Fund increased by \$61 thousand (3.2%) this fiscal year. The largest increases were in utilities of \$15,000 (21.5%) and professional services of \$18,000.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As shown in the “Business-type Activities Revenues by Source” chart, charges for services provided the largest share of revenues (91%), followed by other revenues (8%), and capital grants and contributions (1%).

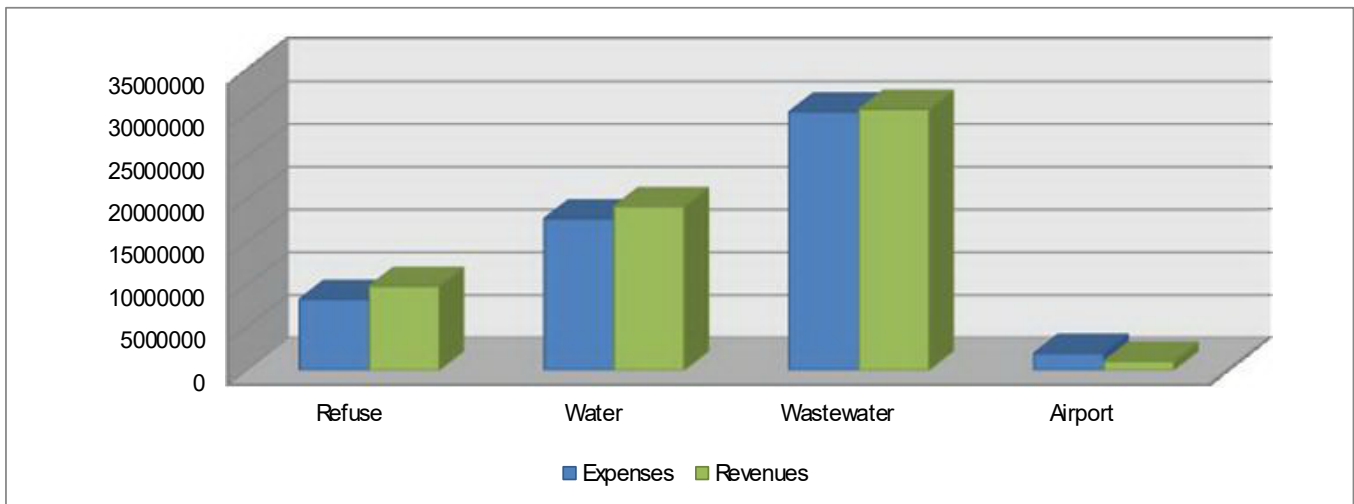
**Business-type Activities Revenues by Source
Fiscal Year 2024-25**



**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 \$30.2 million in the fiscal year 2025, followed by Water with \$17.7 million, Refuse with \$8.3 million, and Airport with \$1.9 million.

**Business-type Activities Program Revenues and Expenses
Fiscal Year 2024-25**



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.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As of the end of the fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$172.3 million, an increase of \$15.0 million (9.6%) compared with the prior fiscal year fund balance of \$157.3 million. The majority of the fund balance, \$92.5 million (53.7%), is unassigned and available for use at the government's discretion. Approximately \$65.5 million (38.0%) is restricted in its usage by externally enforceable limitations. Approximately \$10.7 million (6.2%) is assigned by management for specifically identified uses. The remaining \$3.5 million (2.1%) is non-spendable and is the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

The General Fund is the chief operating fund of the City. At the end of the fiscal year 2025, the total fund balance of the General Fund reached \$97.5 million, a 12.1% increase over the prior year. The non-spendable portion of the fund balance is \$3.5 million (3.6%), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$1.4 million (1.4%), and the unassigned fund balance is \$92.6 million (95.0%), which is available at the City's discretion. At the end of the prior fiscal year, the total fund balance was \$87.3 million. Of that fund balance, \$2.1 million (2.5%) was non-spendable, \$112 thousand (0.1%) was restricted, and \$85.0 million (97.4%) was unassigned.

The City's General Fund balance increased by \$10.5 million (12.1%) during the fiscal year 2025. Key factors for this increase are:

- Overall, total revenues in the fiscal year 2025 reflected an increase of \$5.0 million (5.3%). Revenues primarily increased due to Emergency Medical Services (EMS) transports, which began providing services in mid-June 2024. Fiscal Year 2025 marked the first full year of EMS transport operations, during which the program generated \$3.13 million in net revenue. In addition, other revenue increased due to the resolution of a long-standing development agreement that expired in August 2024. A previously recorded \$4.6 million liability was no longer owed, and this was recorded as revenue.
- Total sales tax revenue in the General Fund remained steady compared to the previous year but continues to surpass budget expectations. In fiscal year 2025, there was a slight increase of \$142 thousand (0.4%) over fiscal year 2024. Growth was driven by Communications/Utilities (+15.7%), Rental/Leasing (+22.0%), Retail Marketplace (+9.1%), and Use Tax (+15.6%). These increases were offset by declines in Construction (-15.0%), Accommodation (-3.4%), and a slight slowdown in Retail (-0.6%).
- Property tax and franchise taxes both had increases of \$379 thousand (5.9%) and \$264 thousand (10.6%), respectively. The property tax rate did not increase; rising property values and new construction drove growth.
- In the fiscal year 2025, General Fund expenditures increased by \$6.8 million, representing a 9.2% overall rise. General Government spending rose by \$1.4 million, or 7.2%; Public Safety expenditures increased by \$4.6 million, or 11.0%; and Culture and Recreation spending grew by \$790 thousand, or 9.1%. Overall expenditures increased largely due to higher salary and benefit costs, totaling \$4.3 million, a 7.6% increase. This included a 3.5% market stabilization wage adjustment to maintain competitive compensation levels, as well as 3.5% annual step increases tied to tenure-based progression across all departments. Additional contributing factors included \$388,000 for parking lot maintenance, \$440 thousand for bad debt expense—primarily related to the implementation of EMS transport services, which has experienced a high rate of non-payment—and \$1.6 million for capital outlay. The capital outlay increase was driven by the purchase of additional vehicles and investments in Subscription-Based Information Technology Arrangements (SBITAs).

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The HURF Fund, which accounts for the City's highway and street activities, had a net increase in fund balance of \$212 thousand (1.1%) in the fiscal year 2025. This is a result of increased wages and benefits, street repair contracts, and traffic signal supplies.

The Second Bridge Fund, which accounts for the appropriated funding from the State general fund for highway projects to construct a second bridge to use in case of emergency evacuation, had a net increase in fund balance of \$78 thousand (0.2%) in the fiscal year 2025. This increase is due to investment revenue allocated to the fund in the fiscal year 2025, offset by design expenses incurred for the second bridge project.

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

At the end of the fiscal years 2025 and 2024, the unrestricted net position for the Water Fund was \$34.8 million and \$40.2 million, respectively; the Wastewater Fund was \$16.0 million and \$21.9 million, respectively; the Refuse Fund was \$8.0 million and \$6.8 million, respectively; and the Airport Fund was (\$289) thousand and \$52 thousand, respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's Business-type activities.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for its General Fund. A Budgetary Comparison Statement has been provided for the General Fund to demonstrate compliance with this budget. General Fund revenues for the fiscal year 2025 were \$7.7 million more than projected. The most significant differences between final estimated revenues and actual revenues were as follows (in thousands):

| Revenue Source: | <u>Actual Revenues</u> | <u>Estimated Revenues</u> | <u>Difference</u> |
|----------------------------|----------------------------|-------------------------------|-------------------|
| Taxes | \$ 49,792 | \$ 47,683 | \$ 2,109 |
| Investment Earnings | 5,099 | 1,514 | 3,585 |
| Intergovernmental Revenues | 29,442 | 32,189 | (2,747) |
| Other | 4,887 | 284 | 4,603 |

The increase in taxes resulted from transaction privilege taxes exceeding projections, driven by continued strength in the online marketplace and communication business categories. The increase in investments led to higher-than-anticipated market interest rates. The decrease in intergovernmental revenues was due to lower-than-anticipated grant funding.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The cost of programs and services was \$11.8 million less than the fiscal year 2025 budget, mainly due to the following:

- Non-Departmental expenses were \$7.2 million less; additional funds were budgeted for unknown grants, contingency, and possible labor attrition.
- Public Works expenses came in \$1.7 million below projections for the fiscal year. This variance was primarily driven by lower spending in several key areas, including \$281 thousand in compensation costs, \$556 thousand in street repairs, and \$358 thousand in building maintenance and grounds supplies. Additionally, vehicle replacement costs were \$184 thousand lower than expected, and \$361 thousand in project expenditures were deferred due to contingent revenue that did not materialize.
- Public Safety expenses were \$8.6 million less than projected. There was \$7.9 million less in capital outlay, of which \$4.7 million was due to delays in the delivery of fire trucks, and \$685 thousand due to delays in police office furniture and vehicles. Fire was \$1.5 million below budget in compensation.
- Culture and Recreation expenditures were \$702 thousand less than projected for the fiscal year. This variance was primarily due to lower compensation costs of \$97 thousand, reduced utility expenses of \$108 thousand, and lower spending on park amenities and beautification totaling \$125 thousand. Additionally, there was a \$ 272 thousand delay in capital outlay, resulting in lower expenditures than budgeted.
- Administrative Services expenditures were \$1.4 million below projections for the fiscal year. This variance was primarily due to \$545 thousand in reduced expenses for information technology software support agreements and implementations, along with \$544 thousand less in capital outlay for IT-related equipment. Additionally, compensation costs were \$316 thousand lower than anticipated, as both the Finance and Information Technology divisions continued to face recruitment challenges throughout the year.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025, and 2024, totaled \$497.3 million and \$484.2 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 2025 and 2024 was an increase of 2.6%.

**Capital Assets, Net of Depreciation
June 30, 2025 and 2024
(in thousands of dollars)**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | |
| Land | \$ 29,088 | \$ 29,088 | \$ 3,298 | \$ 3,298 | \$ 32,385 | \$ 32,385 | - % |
| Improvements to Land | 21,955 | 12,595 | - | - | 21,955 | 12,595 | 74.3 |
| Buildings, Structures, and Improvements | 30,887 | 28,173 | 13,027 | 13,607 | 43,915 | 41,781 | 5.1 |
| Furniture, Machinery, and Equipment | 16,539 | 15,424 | 9,150 | 7,083 | 25,690 | 22,507 | 14.1 |
| Construction in Progress | 6,518 | 10,917 | 4,104 | 20,737 | 10,621 | 31,653 | (66.4) |
| Infrastructure | 46,396 | 44,226 | 303,151 | 288,755 | 349,547 | 332,981 | 5.0 |
| Water Allocation Rights | - | - | 9,063 | 9,123 | 9,063 | 9,123 | (0.7) |
| Right-to-Use Lease Assets | 1,431 | 1,440 | - | - | 1,431 | 1,440 | (0.6) |
| Right-to-Use Subscription Assets | 2,653 | 363 | - | - | 2,653 | 363 | 630.2 |
| Total Capital Assets | <u>\$ 155,466</u> | <u>\$ 142,224</u> | <u>\$ 341,794</u> | <u>\$ 342,603</u> | <u>\$ 497,260</u> | <u>\$ 484,827</u> | 2.6 |

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

- Infrastructure Improvements.
 - Water Main Replacements
 - Water Main Rehabilitation – Lake Havasu Avenue and Mesquite
 - Major Street Repaving:
 - Lake Havasu and Mesquite
 - McCulloch, Smoketree, and Riviera
 - Industrial, Kiowa, and S Palo Verde
 - Grand Island Path Repave

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 2025, the City had a total bonded debt outstanding of \$179.2 million, a decrease of \$21.2 million (10.6%). At the end of the fiscal year 2024, the bonded debt totaled \$200.4 million. Of the fiscal year 2025 total bonded debt, \$130.2 million is in revenue bonds pledging wastewater revenues for repayment, and \$39.5 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, 2025

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, 2025, is \$113.3 million in the 6% capacity and \$227.6 million in the 20% capacity. In the fiscal year 2024, the 6% capacity limit was \$93.5 million, and \$225.1 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 2025 and 2024 were \$98.6 million and \$102.1 million, respectively. Additional information on the City's pensions can be found in Note 4.F To the financial statements.

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 2025 and 2024 were \$8.2 million and \$10.0 million, respectively. Additional information on the City's OPEB can be found in Note 4.G to the financial statements.

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, 2025 and 2024
(in thousands of dollars)

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|-------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | |
| General Obligation Bonds | \$ - | \$ - | \$ - | \$ 51,520 | \$ - | \$ 51,520 | (100.0) |
| Revenue Bonds | - | - | 130,230 | 98,300 | 130,230 | 98,300 | 32.5 |
| Bond Premium | - | - | 10,485 | 7,662 | 10,485 | 7,662 | 36.8 |
| WIFA Loans Payable | - | - | 39,481 | 42,937 | 39,481 | 42,937 | (8.0) |
| Financed Purchases Payable | 175 | 349 | - | - | 175 | 349 | (50.0) |
| Leases Payable | 1,209 | 1,222 | - | - | 1,209 | 1,222 | (1.1) |
| Subscription Payable | 2,400 | 301 | - | - | 2,400 | 301 | 697.2 |
| Compensated Absences | 4,024 | 3,816 | 510 | 510 | 4,534 | 4,326 | 4.8 |
| Net Pension Liability | 92,654 | 96,426 | 5,932 | 5,644 | 98,586 | 102,070 | (3.4) |
| Other Postemployment Benefits | 5,698 | 7,373 | 2,509 | 2,687 | 8,207 | 10,060 | (18.4) |
| Total Long-Term Liabilities | <u>\$ 106,158</u> | <u>\$ 109,485</u> | <u>\$ 189,146</u> | <u>\$ 209,260</u> | <u>\$ 295,305</u> | <u>\$ 318,748</u> | |

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 2025, the City Council approved a \$278.8 million budget.

Highlights of the City's budget for the 2026 fiscal year include the following:

The 2026 combined budgets for operating and capital programs total \$278.8 million, representing a \$20.7 million or 8.6% increase over the 2025 combined budget.

The Fiscal Year 2026 capital budget totals \$89.0 million, representing an increase of \$7.1 million, or 8.6%, over the prior year. This budget supports both new initiatives and the continuation of existing capital projects. Significant investments outlined in the City's 5-Year Capital Improvement Plan (CIP) include \$18.1 million to initiate construction of the second bridge, \$3.4 million for the second phase of the police facility rehabilitation, \$4.5 million for the construction of a new fire station, \$3.2 million in airport infrastructure improvements, \$6.5 million for street repaving projects, and \$21.4 million dedicated to utility infrastructure enhancements. The 2026 capital budget includes capital outlay and new and continuing projects totaling \$89.0 million, an increase of \$7.1 million (8.6%) over the 2025 budget.

The budget sets aside \$2.7 million in contingency funds to address routine unforeseen expenses. Contingency funds are reserves built into the budget to provide flexibility for unexpected costs that may arise during the year. In addition, the budget includes \$11.4 million in appropriations to accommodate potential revenue increases, such as higher-than-anticipated collections or new grant funding opportunities.

Total revenue projections for Fiscal Year 2026 are \$1.7 million, or 0.9%, higher than the prior year's adopted budget. For general government operations, the primary revenue source—local taxes—is budgeted at \$49.6 million, reflecting an increase of \$1.9 million, or 4.0%, over the FY 2025 budget. This growth is primarily driven by a \$434,000 (6.4%) increase in property tax revenue and a \$1.3 million (3.3%) increase in sales tax collections. Conversely, intergovernmental revenues are projected to decrease by \$16.3 million, largely due to lower anticipated grant funding. Enterprise fund revenues also reflect notable increases. Wastewater revenue is budgeted at \$32.0 million, an increase of \$2.1 million (7.1%), while water revenue is projected at \$21.2 million, an increase of \$2.6 million (13.8%). These increases are primarily the result of rate adjustments implemented to support the ongoing maintenance and improvement of critical infrastructure.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Requests for Information

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

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



BASIC FINANCIAL STATEMENTS



LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2025

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and Investments | \$ 171,058,017 | \$ 70,604,332 | \$ 241,662,349 |
| Restricted Cash | 574,342 | 2,029,285 | 2,603,627 |
| Receivables, Net: | | | |
| Accounts Receivable | 1,515,197 | 5,433,435 | 6,948,632 |
| Property Taxes Receivable | 157,106 | 2,017 | 159,123 |
| Intergovernmental Receivable | 11,045,743 | 489,712 | 11,535,455 |
| Interest Receivable | 604,809 | 257,603 | 862,412 |
| Lease Receivable | 1,583,350 | 1,186,166 | 2,769,516 |
| Internal Balances | 81,940 | (81,940) | - |
| Inventories | 173,102 | - | 173,102 |
| Prepaid Items | 3,346,356 | 76,204 | 3,422,560 |
| Other Assets | - | 234,492 | 234,492 |
| Net OPEB Asset | 1,745,831 | 221,390 | 1,967,221 |
| Capital Assets: | | | |
| Nondepreciable | 35,605,693 | 14,986,839 | 50,592,532 |
| Depreciable | 119,860,789 | 326,807,122 | 446,667,911 |
| Total Assets | <u>347,352,275</u> | <u>422,246,657</u> | <u>769,598,932</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources - Pension Liability | 22,904,928 | 1,269,489 | 24,174,417 |
| Deferred Outflows of Resources - Net OPEB Liability | 829,042 | 25,193 | 854,235 |
| Deferred Outflows of Resources - OPEB Liability | 607,334 | 164,893 | 772,227 |
| Total Deferred Outflows of Resources | <u>24,341,304</u> | <u>1,459,575</u> | <u>25,800,879</u> |
| LIABILITIES | | | |
| Accounts Payable | 8,159,572 | 4,323,093 | 12,482,665 |
| Accrued Salaries and Fringes | 5,355,526 | 276,848 | 5,632,374 |
| Accrued Interest Payable | - | 3,967,911 | 3,967,911 |
| Customer Deposits | - | 28,712 | 28,712 |
| Intergovernmental Payable | 63,155 | 157,525 | 220,680 |
| Retainage Payable | 909,313 | 572,258 | 1,481,571 |
| Unearned Revenue | 565,706 | 758,541 | 1,324,247 |
| Performance Bonds Payable | 357,127 | - | 357,127 |
| Liabilities Payable from Restricted Assets | - | 462,919 | 462,919 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 5,826,683 | 5,498,141 | 11,324,824 |
| Due in More Than One Year | 100,334,266 | 183,649,471 | 283,983,737 |
| Total Liabilities | <u>121,571,348</u> | <u>199,695,419</u> | <u>321,266,767</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources - Pension Liability | 2,920,521 | 260,598 | 3,181,119 |
| Deferred Inflows of Resources - Net OPEB Liability | 570,163 | 83,273 | 653,436 |
| Deferred Inflows of Resources - OPEB Liability | 992,502 | 128,784 | 1,121,286 |
| Deferred Inflows of Resources - Leases | 1,530,233 | 1,183,045 | 2,713,278 |
| Deferred Inflows of Resources - Bond Refinancing | - | 3,714,062 | 3,714,062 |
| Total Deferred Inflows of Resources | <u>6,013,419</u> | <u>5,369,762</u> | <u>11,383,181</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 148,678,158 | 158,909,404 | 307,587,562 |
| Restricted for: | | | |
| Public Safety | 1,662,678 | - | 1,662,678 |
| Highways and Streets | 20,565,543 | - | 20,565,543 |
| Second Bridge | 36,561,853 | - | 36,561,853 |
| Opioid Programs | 992,761 | - | 992,761 |
| Debt Service | - | 1,024,194 | 1,024,194 |
| Flood Control | 6,932,191 | - | 6,932,191 |
| OPEB Benefits | 1,745,831 | 221,390 | 1,967,221 |
| Other Purposes | 840,128 | - | 840,128 |
| Unrestricted | 26,129,669 | 58,486,063 | 84,615,732 |
| Total Net Position | <u>\$ 244,108,812</u> | <u>\$ 218,641,051</u> | <u>\$ 462,749,863</u> |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------|---|--|--|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 20,081,612 | \$ 4,769,739 | \$ 233,630 | \$ - |
| Public Safety | 45,892,006 | 3,445,584 | 2,478,867 | 146,366 |
| Highways and Streets | 7,329,088 | - | 6,661,072 | 1,278,983 |
| Culture and Recreation | 10,293,742 | 1,031,005 | 44,874 | 5,272,632 |
| Tourism and Promotion | 2,094,216 | - | - | - |
| Transportation Services | 1,285,725 | 77,613 | 1,155,863 | - |
| Interest on Long-term Debt | 47,758 | - | - | - |
| Total Governmental Activities | 87,024,147 | 9,323,941 | 10,574,306 | 6,697,981 |
| Business-Type Activities: | | | | |
| Refuse | 8,281,273 | 9,466,792 | - | - |
| Water | 17,716,627 | 16,225,678 | 113,863 | - |
| Wastewater | 30,237,815 | 28,398,924 | - | 655,600 |
| Airport | 1,940,824 | 782,898 | 23,283 | 195,597 |
| Total Business-Type Activities | 58,176,539 | 54,874,292 | 137,146 | 851,197 |
| Total Primary Government | \$ 145,200,686 | \$ 64,198,233 | \$ 10,711,452 | \$ 7,549,178 |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2025

| Functions/Programs | Net Revenue (Expense) and Changes in Net Position | | |
|--|--|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| PRIMARY GOVERNMENT | | | |
| Governmental Activities: | | | |
| General Government | \$ (15,078,243) | \$ - | \$ (15,078,243) |
| Public Safety | (39,821,189) | - | (39,821,189) |
| Highways and Streets | 610,967 | - | 610,967 |
| Culture and Recreation | (3,945,231) | - | (3,945,231) |
| Tourism and Promotion | (2,094,216) | - | (2,094,216) |
| Transportation Services | (52,249) | - | (52,249) |
| Interest on Long-term Debt | (47,758) | - | (47,758) |
| Total Governmental Activities | (60,427,919) | - | (60,427,919) |
| Business-Type Activities: | | | |
| Refuse | - | 1,185,519 | 1,185,519 |
| Water | - | (1,377,086) | (1,377,086) |
| Wastewater | - | (1,183,291) | (1,183,291) |
| Airport | - | (939,046) | (939,046) |
| Total Business-Type Activities | - | (2,313,904) | (2,313,904) |
| Total Primary Government | (60,427,919) | (2,313,904) | (62,741,823) |
| GENERAL REVENUES | | | |
| Taxes: | | | |
| Sales Taxes | 40,286,314 | 13,503 | 40,299,817 |
| Property Taxes | 6,762,255 | - | 6,762,255 |
| Franchise Taxes | 2,763,218 | - | 2,763,218 |
| Unrestricted State Urban Revenue Sharing | 12,605,619 | - | 12,605,619 |
| Unrestricted State Sales Tax Revenue Sharing | 9,086,432 | - | 9,086,432 |
| Unrestricted Auto Lieu Tax Revenue Sharing | 5,421,267 | - | 5,421,267 |
| Unrestricted Miscellaneous Revenue Sharing | 461,706 | - | 461,706 |
| Investment Earnings | 8,862,414 | 4,079,016 | 12,941,430 |
| Gain on Disposal of Capital Assets | 173,058 | 4,802 | 177,860 |
| Other | 5,266,553 | 628,340 | 5,894,893 |
| Transfers | 301,352 | (301,352) | - |
| Total General Revenues and Transfers | 91,990,188 | 4,424,309 | 96,414,497 |
| CHANGES IN NET POSITION | 31,562,269 | 2,110,405 | 33,672,674 |
| Net Position - Beginning of Year, as Previously Presented | 211,879,967 | 217,501,933 | 429,381,900 |
| Error Correction | 666,576 | (971,287) | (304,711) |
| Net Position - Beginning of Year, as Restated | 212,546,543 | 216,530,646 | 429,077,189 |
| NET POSITION - END OF YEAR | <u>\$ 244,108,812</u> | <u>\$ 218,641,051</u> | <u>\$ 462,749,863</u> |

See accompanying Notes to Basic Financial Statements.

**LAKE HAVASU CITY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | General | HURF | Second Bridge | Capital Projects | Nonmajor Funds | Totals |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| ASSETS | | | | | | |
| Cash and Investments | \$ 97,374,854 | \$ 20,420,181 | \$ 36,432,146 | \$ 11,031,089 | \$ 5,799,747 | \$ 171,058,017 |
| Restricted Cash | 426,140 | - | - | - | 148,202 | 574,342 |
| Receivables: | | | | | | |
| Accounts Receivable | 1,455,157 | 2,540 | - | - | 57,500 | 1,515,197 |
| Taxes Receivable | 156,592 | - | - | - | 514 | 157,106 |
| Intergovernmental Receivable | 5,117,201 | 656,933 | - | 982,054 | 4,289,555 | 11,045,743 |
| Leases Receivable | 1,583,350 | - | - | - | - | 1,583,350 |
| Interest Receivable | 340,135 | 74,771 | 129,707 | 32,340 | 27,856 | 604,809 |
| Due from Other Funds | 539,558 | - | - | - | - | 539,558 |
| Inventories | 173,102 | - | - | - | - | 173,102 |
| Prepaid Items | 3,339,474 | 1,000 | - | - | 5,882 | 3,346,356 |
| | | | | | | |
| Total Assets | <u>\$110,505,563</u> | <u>\$ 21,155,425</u> | <u>\$ 36,561,853</u> | <u>\$ 12,045,483</u> | <u>\$ 10,329,256</u> | <u>\$ 190,597,580</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 5,788,841 | \$ 2,023,586 | \$ - | \$ 263,987 | \$ 83,158 | \$ 8,159,572 |
| Accrued Wages and Benefits | 5,223,698 | 71,983 | - | - | 59,845 | 5,355,526 |
| Intergovernmental Payable | 62,532 | 45 | - | - | 578 | 63,155 |
| Due to Other Funds | - | - | - | - | 457,618 | 457,618 |
| Unearned Revenue | 77,859 | - | - | - | 487,847 | 565,706 |
| Retainage Payable | - | 362,326 | - | 546,317 | 670 | 909,313 |
| Performance Bonds Payable | 357,127 | - | - | - | - | 357,127 |
| Total Liabilities | <u>11,510,057</u> | <u>2,457,940</u> | <u>-</u> | <u>810,304</u> | <u>1,089,716</u> | <u>15,868,017</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred Inflows - Leases | 1,530,233 | - | - | - | - | 1,530,233 |
| Deferred Inflows - Unavailable Revenue | - | - | - | 889,726 | - | 889,726 |
| Total Deferred Inflows of Resources | <u>1,530,233</u> | <u>-</u> | <u>-</u> | <u>889,726</u> | <u>-</u> | <u>2,419,959</u> |
| FUND BALANCE | | | | | | |
| Nonspendable | 3,512,576 | 1,000 | - | - | 5,882 | 3,519,458 |
| Restricted | 1,364,685 | 18,696,485 | 36,561,853 | - | 8,914,872 | 65,537,895 |
| Assigned | - | - | - | 10,345,453 | 374,383 | 10,719,836 |
| Unassigned | 92,588,012 | - | - | - | (55,597) | 92,532,415 |
| Total Fund Balance | <u>97,465,273</u> | <u>18,697,485</u> | <u>36,561,853</u> | <u>10,345,453</u> | <u>9,239,540</u> | <u>172,309,604</u> |
| | | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$110,505,563</u> | <u>\$ 21,155,425</u> | <u>\$ 36,561,853</u> | <u>\$ 12,045,483</u> | <u>\$ 10,329,256</u> | <u>\$ 190,597,580</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, 2025

| | |
|--|----------------|
| Total Fund Balances for Governmental Funds | \$ 172,309,604 |
|--|----------------|

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 | 301,644,513 |
| Less: Accumulated Depreciation and Amortization | (146,178,031) |
| Capital and Right-to-Use Assets Used in Governmental Activities | 155,466,482 |

| | |
|--|---------|
| Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.. | 889,726 |
|--|---------|

| | |
|---|-----------|
| Net OPEB assets are not current financial resources and, therefore, are not reported in the governmental funds. | 1,745,831 |
|---|-----------|

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 | 22,904,928 |
| Deferred Outflows of Resources Related to Net OPEB | 829,042 |
| Deferred Outflows of Resources Related to OPEB | 607,334 |

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 | (2,920,521) |
| Deferred Inflows of Resources Related to Net OPEB | (570,163) |
| Deferred Inflows of Resources Related to OPEB | (992,502) |

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 | (2,398,519) |
| Leases Payable | (1,207,990) |
| Financed Purchases Liability | (174,543) |
| Compensated Absences | (4,023,903) |
| Other Postemployment Benefits | (5,698,450) |
| Net OPEB Liability | (3,125) |
| Net Pension Liability | (92,654,419) |

| | |
|---|----------------|
| Total Net Position of Governmental Activities | \$ 244,108,812 |
|---|----------------|

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, 2025

| | General | HURF | Second Bridge | Capital Projects | Nonmajor Funds | Totals |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| REVENUE | | | | | | |
| Taxes: | | | | | | |
| Sales Taxes | \$ 40,286,314 | \$ - | \$ - | \$ - | \$ - | \$ 40,286,314 |
| Property Taxes | 6,742,586 | - | - | - | 19,669 | 6,762,255 |
| Franchise Taxes | 2,763,218 | - | - | - | - | 2,763,218 |
| Intergovernmental Revenue | 29,442,301 | 6,649,824 | - | 1,728,131 | 6,522,449 | 44,342,705 |
| Fines and Forfeitures | 1,428,607 | - | - | - | 99,869 | 1,528,476 |
| Licenses and Permits | 3,088,552 | - | - | - | - | 3,088,552 |
| Charges for Services | 4,555,502 | - | - | - | - | 4,555,502 |
| Rents and Royalties | 151,411 | - | - | - | - | 151,411 |
| Contributions and Donations | 93,763 | - | - | - | 5,012 | 98,775 |
| Investment Earnings (Loss) | 5,098,995 | 1,141,903 | 1,772,135 | 445,270 | 404,111 | 8,862,414 |
| Other | 4,887,093 | 16,278 | 1 | 20,240 | 343,527 | 5,267,139 |
| Total Revenue | 98,538,342 | 7,808,005 | 1,772,136 | 2,193,641 | 7,394,637 | 117,706,761 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 17,739,680 | - | - | - | 995,384 | 18,735,064 |
| Public Safety | 42,894,185 | - | - | - | 1,948,442 | 44,842,627 |
| Highways and Streets | - | 7,488,839 | - | - | - | 7,488,839 |
| Culture and Recreation | 9,203,075 | - | - | - | - | 9,203,075 |
| Tourism and Promotion | 2,086,716 | - | - | - | - | 2,086,716 |
| Transportation Services | 799,960 | - | - | - | 260,021 | 1,059,981 |
| Debt Service: | | | | | | |
| Principal Retirement | 1,204,805 | - | - | - | - | 1,204,805 |
| Interest on Long-Term Debt | 47,758 | - | - | - | - | 47,758 |
| Capital Outlay | 6,618,824 | 8,178,099 | 83,872 | 4,799,828 | 1,899,540 | 21,580,163 |
| Total Expenditures | 80,595,003 | 15,666,938 | 83,872 | 4,799,828 | 5,103,387 | 106,249,028 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 17,943,339 | (7,858,933) | 1,688,264 | (2,606,187) | 2,291,250 | 11,457,733 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 467,176 | 8,110,692 | - | 4,975,000 | - | 13,552,868 |
| Transfers Out | (11,070,721) | (40,000) | (1,610,692) | - | (530,103) | (13,251,516) |
| Issuance of Leases | 476,807 | - | - | - | - | 476,807 |
| Issuance of Subscriptions | 2,638,865 | - | - | - | - | 2,638,865 |
| Sale of Capital Assets | 43,138 | - | - | 129,920 | - | 173,058 |
| Total Other Financing Sources (Uses) | (7,444,735) | 8,070,692 | (1,610,692) | 5,104,920 | (530,103) | 3,590,082 |
| NET CHANGE IN FUND BALANCE | 10,498,604 | 211,759 | 77,572 | 2,498,733 | 1,761,147 | 15,047,815 |
| Fund Balance - Beginning of Year, as Previously Presented | 87,294,100 | 18,553,788 | 35,583,874 | 7,707,120 | 7,456,331 | 156,595,213 |
| Error Correction | (327,431) | (68,062) | 900,407 | 139,600 | 22,062 | 666,576 |
| Fund Balance - Beginning of Year, as Restated | 86,966,669 | 18,485,726 | 36,484,281 | 7,846,720 | 7,478,393 | 157,261,789 |
| FUND BALANCE - END OF YEAR | <u>\$ 97,465,273</u> | <u>\$ 18,697,485</u> | <u>\$ 36,561,853</u> | <u>\$ 10,345,453</u> | <u>\$ 9,239,540</u> | <u>\$ 172,309,604</u> |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

| | |
|--|---------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 15,047,815 |
|--|---------------|

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 | 21,448,662 |
| Less: Current Year Depreciation and Amortization | (8,092,983) |
| Excess Capital Expenditures Over Depreciation and Amortization | 13,355,679 |

| | |
|---|-----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position. | (113,582) |
|---|-----------|

| | |
|--|---------|
| Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds. | 356,027 |
|--|---------|

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 | 1,204,805 |
| Proceeds from Debt | (3,115,672) |

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 | (207,697) |
| OPEB Expense | 1,259,932 |
| Net OPEB Expense | 226,010 |
| Pension Expense | (11,395,287) |

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 | 14,887,242 |
| Current-Year OPEB Contributions | 56,998 |

| | |
|--|---------------|
| Changes in Net Position of Governmental Activities | \$ 31,562,269 |
|--|---------------|

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

| | Business-Type Activities | | | | Total Business-Type Activities |
|---|--------------------------|---------------|--------------|---------------|--------------------------------------|
| | Water | Wastewater | Refuse | Airport | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 38,067,081 | \$ 24,495,646 | \$ 8,041,605 | \$ - | \$ 70,604,332 |
| Restricted Cash | 377,203 | 1,623,370 | - | 28,712 | 2,029,285 |
| Receivables, Net: | | | | | |
| Accounts Receivable | 1,582,677 | 2,774,748 | 970,916 | 105,094 | 5,433,435 |
| Taxes Receivable | 2,017 | - | - | - | 2,017 |
| Intergovernmental Receivable | 414,421 | - | - | 75,291 | 489,712 |
| Interest Receivable | 160,150 | 73,909 | 23,458 | 86 | 257,603 |
| Lease Receivable | - | - | - | 85,305 | 85,305 |
| Prepaid Items | 50,565 | 23,942 | - | 1,697 | 76,204 |
| Other Assets | - | 234,492 | - | - | 234,492 |
| Total Current Assets | 40,654,114 | 29,226,107 | 9,035,979 | 296,185 | 79,212,385 |
| Noncurrent Assets: | | | | | |
| Lease Receivable | - | - | - | 1,100,861 | 1,100,861 |
| Net OPEB Asset | 109,598 | 97,349 | - | 14,443 | 221,390 |
| Capital Assets: | | | | | |
| Nondepreciable | 11,928,711 | 2,193,437 | - | 864,691 | 14,986,839 |
| Depreciable (Net) | 74,767,566 | 229,545,168 | - | 22,494,388 | 326,807,122 |
| Total Noncurrent Assets | 86,805,875 | 231,835,954 | - | 24,474,383 | 343,116,212 |
| Total Assets | 127,459,989 | 261,062,061 | 9,035,979 | 24,770,568 | 422,328,597 |
| DEFERRED OUTFLOWS OF RESOURCES | 784,872 | 601,397 | - | 73,306 | 1,459,575 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 1,963,934 | 1,369,435 | 972,562 | 17,162 | 4,323,093 |
| Accrued Wages and Benefits | 156,031 | 108,116 | - | 12,701 | 276,848 |
| Intergovernmental Payable | 152,406 | 4,659 | - | 460 | 157,525 |
| Interest Payable | 35,754 | 3,932,157 | - | - | 3,967,911 |
| Retainage Payable | 391,960 | 180,298 | - | - | 572,258 |
| Unearned Revenue | 409,179 | 194,232 | 63,138 | 91,992 | 758,541 |
| Liabilities Payable from Restricted Assets | 339,314 | 123,605 | - | - | 462,919 |
| Due to Other Funds | - | - | - | 81,940 | 81,940 |
| Customer Deposits Payable | - | - | - | 28,712 | 28,712 |
| Compensated Absences | 188,852 | 246,420 | - | 32,530 | 467,802 |
| Other Postemployment Benefits | 25,615 | 12,810 | - | - | 38,425 |
| Bonds and Notes Payable | 541,804 | 4,450,110 | - | - | 4,991,914 |
| Total Current Liabilities | 4,204,849 | 10,621,842 | 1,035,700 | 265,497 | 16,127,888 |
| Noncurrent Liabilities: | | | | | |
| Compensated Absences | 16,928 | 22,134 | - | 2,922 | 41,984 |
| Other Postemployment Benefits | 1,360,416 | 1,109,697 | - | - | 2,470,113 |
| Net OPEB Liability | 1,606 | - | - | - | 1,606 |
| Net Pension Liability | 3,192,353 | 2,450,794 | - | 288,688 | 5,931,835 |
| Bonds and Notes Payable | 1,739,788 | 173,464,145 | - | - | 175,203,933 |
| Total Noncurrent Liabilities | 6,311,091 | 177,046,770 | - | 291,610 | 183,649,471 |
| Total Liabilities | 10,515,940 | 187,668,612 | 1,035,700 | 557,107 | 199,777,359 |
| DEFERRED INFLOWS OF RESOURCES | 237,798 | 3,923,713 | - | 1,208,251 | 5,369,762 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 82,580,439 | 52,976,242 | - | 23,352,723 | 158,909,404 |
| Restricted for OPEB Benefits | 109,598 | 97,349 | - | 14,443 | 221,390 |
| Restricted for Debt Service | 37,889 | 986,305 | - | - | 1,024,194 |
| Unrestricted | 34,763,197 | 16,011,237 | 8,000,279 | (288,650) | 58,486,063 |
| Total Net Position | \$ 117,491,123 | \$ 70,071,133 | \$ 8,000,279 | \$ 23,078,516 | \$ 218,641,051 |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

| | Business-Type Activities | | | | Total Business-Type Activities |
|---|--------------------------|----------------------|---------------------|----------------------|--------------------------------------|
| | Water | Wastewater | Refuse | Airport | |
| OPERATING REVENUE | | | | | |
| Charges for Services | \$ 16,225,678 | \$ 28,398,924 | \$ 9,466,792 | \$ 782,898 | \$ 54,874,292 |
| OPERATING EXPENSES | | | | | |
| Cost of Sales and Services | 14,773,769 | 11,350,690 | 8,281,273 | 887,748 | 35,293,480 |
| Depreciation | 2,871,350 | 10,808,097 | - | 1,053,076 | 14,732,523 |
| Total Operating Expenses | 17,645,119 | 22,158,787 | 8,281,273 | 1,940,824 | 50,026,003 |
| OPERATING INCOME (LOSS) | (1,419,441) | 6,240,137 | 1,185,519 | (1,157,926) | 4,848,289 |
| NONOPERATING REVENUE (EXPENSE) | | | | | |
| Taxes | - | - | - | 13,503 | 13,503 |
| Intergovernmental | 113,863 | - | - | 23,283 | 137,146 |
| Investment Earnings (Loss) | 2,303,367 | 1,435,574 | 339,435 | 640 | 4,079,016 |
| Gain (Loss) on Sale of Capital Assets | 4,802 | - | - | - | 4,802 |
| Interest Expense | (71,508) | (7,064,009) | - | - | (7,135,517) |
| Issuance Costs | - | (1,015,019) | - | - | (1,015,019) |
| Other Income (Expense) | 491,950 | 64,244 | 12,242 | 59,904 | 628,340 |
| Total Nonoperating Revenue (Expense) | 2,842,474 | (6,579,210) | 351,677 | 97,330 | (3,287,729) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 1,423,033 | (339,073) | 1,537,196 | (1,060,596) | 1,560,560 |
| CAPITAL CONTRIBUTIONS | - | 655,600 | - | 195,597 | 851,197 |
| TRANSFERS IN | - | - | - | 95,721 | 95,721 |
| TRANSFERS OUT | (137,426) | (259,647) | - | - | (397,073) |
| CHANGE IN NET POSITION | 1,285,607 | 56,880 | 1,537,196 | (769,278) | 2,110,405 |
| Net Position - Beginning of Year, as Previously Presented | 116,588,630 | 70,282,612 | 6,781,789 | 23,848,902 | 217,501,933 |
| Error Correction | (383,114) | (268,359) | (318,706) | (1,108) | (971,287) |
| Net Position - Beginning of Year, as Restated | 116,205,516 | 70,014,253 | 6,463,083 | 23,847,794 | 216,530,646 |
| NET POSITION - END OF YEAR | <u>\$ 117,491,123</u> | <u>\$ 70,071,133</u> | <u>\$ 8,000,279</u> | <u>\$ 23,078,516</u> | <u>\$ 218,641,051</u> |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

| | Business-Type Activities – Enterprise Funds | | | | Total Business-Type Activities - Enterprise Funds |
|--|---|----------------------|---------------------|------------------|--|
| | Water | Wastewater | Refuse | Airport | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$ 16,418,737 | \$ 28,556,940 | \$ 9,509,930 | \$ 894,050 | \$ 55,379,657 |
| Payments to Suppliers | (10,132,171) | (7,554,887) | (8,249,719) | (694,695) | (26,631,472) |
| Payments to Employees | (3,899,436) | 468,581 | - | (482,925) | (3,913,780) |
| Other Nonoperating Receipts (Expenses) | 605,813 | 64,244 | 12,242 | 96,690 | 778,989 |
| Customer Deposits (Payments) | (14,777) | 8,785 | - | 421 | (5,571) |
| Net Cash Flows Provided (Used) by Operating Activities | 2,978,166 | 21,543,663 | 1,272,453 | (186,459) | 25,607,823 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers In | - | - | - | 95,721 | 95,721 |
| Transfers Out | (137,426) | (259,647) | - | - | (397,073) |
| Interfund Borrowings | - | - | - | 79,425 | 79,425 |
| Net Cash Flows Provided (Used) by Noncapital Financing Activities | (137,426) | (259,647) | - | 175,146 | (221,927) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from Capital Debt | - | 112,960,961 | - | - | 112,960,961 |
| Capital Grants and Contributions | (414,421) | - | - | 236,383 | (178,038) |
| Purchases of Capital Assets | (9,355,847) | (3,487,124) | - | (224,792) | (13,067,763) |
| Principal Paid on Capital Debt | (524,695) | (133,612,192) | - | - | (134,136,887) |
| Interest Paid on Capital Debt | (80,064) | (7,140,337) | - | - | (7,220,401) |
| Bond Issuance Costs | - | (1,015,019) | - | - | (1,015,019) |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities | (10,375,027) | (32,293,711) | - | 11,591 | (42,657,147) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest and Dividends | 2,408,429 | 1,513,757 | 343,116 | 1,251 | 4,266,553 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (5,125,858) | (9,495,938) | 1,615,569 | 1,529 | (13,004,698) |
| Cash and Cash Equivalents - Beginning of Year, as Previously Presented | 43,953,256 | 35,883,313 | 6,440,031 | 28,291 | 86,304,891 |
| Error Correction | (383,114) | (268,359) | (13,995) | (1,108) | (666,576) |
| Beginning of Year, as Adjusted | 43,570,142 | 35,614,954 | 6,426,036 | 27,183 | 85,638,315 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 38,444,284</u> | <u>\$ 26,119,016</u> | <u>\$ 8,041,605</u> | <u>\$ 28,712</u> | <u>\$ 72,633,617</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION | | | | | |
| Cash and Investments | \$ 38,067,081 | \$ 24,495,646 | \$ 8,041,605 | \$ - | \$ 70,604,332 |
| Restricted Cash and Investments | 377,203 | 1,623,370 | - | 28,712 | 2,029,285 |
| Total Cash and Cash Equivalents | <u>\$ 38,444,284</u> | <u>\$ 26,119,016</u> | <u>\$ 8,041,605</u> | <u>\$ 28,712</u> | <u>\$ 72,633,617</u> |

See accompanying Notes to Basic Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

| | Business-Type Activities – Enterprise Funds | | | | Total Business-Type Activities - Enterprise Fund |
|---|---|---------------|--------------|----------------|---|
| | Water | Wastewater | Refuse | Airport | |
| RECONCILIATION OF OPERATING INCOME | | | | | |
| (LOSS) TO NET CASH PROVIDED (USED) | | | | | |
| BY OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (1,419,441) | \$ 6,240,137 | \$ 1,185,519 | \$ (1,157,926) | \$ 4,848,289 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation | 2,871,350 | 10,808,097 | - | 1,053,076 | 14,732,523 |
| Other Nonoperating Receipts (Expenses) | 605,813 | 64,244 | 12,242 | 96,690 | 778,989 |
| Change in Assets/Liabilities: | | | | | |
| Receivables, Net | (120,228) | 158,898 | 43,083 | 39,451 | 121,204 |
| Prepaid Items | (23,405) | (22,154) | - | (1,697) | (47,256) |
| Other Assets | - | 416,241 | - | - | 416,241 |
| OPEB Asset | (20,877) | (15,175) | - | (2,064) | (38,116) |
| Accounts Payable | 821,592 | 310,251 | 31,554 | (205,526) | 957,871 |
| Intergovernmental Payable | 2,901 | (2,009) | - | - | 892 |
| Accrued Wages and Benefits | 43,071 | 14,461 | - | 1,036 | 58,568 |
| Compensated Absences | (9,386) | 2,663 | - | 6,361 | (362) |
| Unearned Revenue | 313,287 | (882) | 55 | 71,701 | 384,161 |
| Customer Deposits Payable | (14,777) | 8,785 | - | 421 | (5,571) |
| Pension and OPEB Liability | 58,596 | 32,961 | - | 14,287 | 105,844 |
| Deferred Outflows of Resources - Pension and OPEB | (252,607) | (182,312) | - | (22,563) | (457,482) |
| Deferred Inflows of Resources - Pension and OPEB | 122,277 | 3,709,457 | - | (79,706) | 3,752,028 |
| Net Cash Provided (Used) by Operating Activities | \$ 2,978,166 | \$ 21,543,663 | \$ 1,272,453 | \$ (186,459) | \$ 25,607,823 |

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Other costs of \$38,936, deferred amount on refunding of \$95,258 and premiums of \$721,967 were amortized in the Wastewater Fund during the year.

Capital asset purchases of \$943,214, \$495,436, and \$181,601 were included in accounts payable at year-end in the Water Fund, Wastewater Fund, and Airport Fund, respectively.

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

See accompanying Notes to Basic Financial Statements.



LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This standard establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The implementation of this standard did not have a material impact on the city's financial statements.

The City also implemented the provisions of GASB Statement No. 102 *Certain Risk Disclosures* for the year ended June 30, 2025. This standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The implementation of this standard did not have a material impact on the city's financial statements.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity

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

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. Improvement District No. 2

The City has one improvement district that was 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.

2. 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 Improvement District No. 2 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Second Bridge Fund* was established to account for financial resources to be used to construct a second bridge to the island.

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

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water system.

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

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

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

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 proprietary 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.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Continued)

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.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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)

4. Inventories and Prepaid Items (Continued)

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.

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 |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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 (Continued)

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.

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 City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences includes salary-related benefits, where applicable.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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)

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 assets that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are presented in detail for governmental activities in the statement of net position. See the below table for deferred outflows of resources in detail for the City's major proprietary funds:

| <u>Deferred Outflows</u> | <u>Water</u> | <u>Wastewater</u> | <u>Airport</u> |
|---|-------------------|-------------------|------------------|
| Deferred Outflows of Resources - Pension Liability | \$ 675,090 | \$ 521,769 | \$ 72,630 |
| Deferred Outflows of Resources - Net OPEB Liability | 15,241 | 9,276 | 676 |
| Deferred Outflows of Resources - OPEB Liability | 94,541 | 70,352 | - |
| Total Deferred Outflows of Resources | <u>\$ 784,872</u> | <u>\$ 601,397</u> | <u>\$ 73,306</u> |

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 assets that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are presented in detail for governmental activities in the statement of net position. See the below table for deferred inflows of resources in detail for the City's major proprietary funds:

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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)

| <u>Deferred Inflows</u> | <u>Water</u> | <u>Wastewater</u> | <u>Airport</u> |
|---|-------------------|---------------------|---------------------|
| Deferred Inflows of Resources - Pension Liability | \$ 115,114 | \$ 125,981 | \$ 19,503 |
| Deferred Inflows of Resources - Net OPEB Liability | 39,601 | 37,969 | 5,703 |
| Deferred Inflows of Resources - OPEB Liability | 83,083 | 45,701 | - |
| Deferred Inflows of Resources - Leases | - | - | 1,183,045 |
| Deferred Inflows of Resources - Amounts Resulting from Refunded Debt | - | 3,714,062 | - |
| Total Deferred Inflows of Resources | <u>\$ 237,798</u> | <u>\$ 3,923,713</u> | <u>\$ 1,208,251</u> |

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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)

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.

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 by resolution to commit resources or to rescind the commitment. 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, 2025

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 February 2024, which requires the City to maintain a General Fund reserve of 50% based on the average actual General Fund revenues for the preceding five fiscal years. The City will maintain a fund balance reserve of 15% 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 2025 adopted budget required reserves as follows: General Fund \$36,025,520; HURF Fund \$958,280; Water Fund \$2,661,160; Wastewater Fund \$3,801,600.

As of June 30, 2025, the governmental fund balance details by classification are listed below:

| | General Fund | HURF | Second Bridge | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | \$ 173,102 | \$ - | \$ - | \$ - | \$ - | \$ 173,102 |
| Prepaid Expenditures | 3,339,474 | 1,000 | - | - | 5,882 | 3,346,356 |
| Total Nonspendable | 3,512,576 | 1,000 | - | - | 5,882 | 3,519,458 |
| Restricted: | | | | | | |
| Highway User Tax for | | | | | | |
| Transportation | - | 18,696,485 | - | - | - | 18,696,485 |
| Capital Projects | - | - | 36,561,853 | - | - | 36,561,853 |
| Flood Control | - | - | - | - | 6,932,191 | 6,932,191 |
| Public Safety Special Programs | 1,364,685 | - | - | - | 149,792 | 1,514,477 |
| Court Enhancement | - | - | - | - | 824,622 | 824,622 |
| Opioid Programs | - | - | - | - | 992,761 | 992,761 |
| Improvement Districts | - | - | - | - | 15,506 | 15,506 |
| Total Restricted | 1,364,685 | 18,696,485 | 36,561,853 | - | 8,914,872 | 65,537,895 |
| Assigned: | | | | | | |
| Public Safety Special Programs | - | - | - | - | 374,383 | 374,383 |
| Capital Projects | - | - | - | 10,345,453 | - | 10,345,453 |
| Total Assigned | - | - | - | 10,345,453 | 374,383 | 10,719,836 |
| Unassigned | 92,588,012 | - | - | - | (55,597) | 92,532,415 |
| Total Fund Balances | <u>\$ 97,465,273</u> | <u>\$ 18,697,485</u> | <u>\$ 36,561,853</u> | <u>\$ 10,345,453</u> | <u>\$ 9,239,540</u> | <u>\$ 172,309,604</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Correction of an Error in Previously Issued Financial Statements

During fiscal year 2025, the City determined that accrued interest receivable balances in the prior year were misstated in the governmental activities, business-type activities, and in each fund due to an error. Additionally, the City determined that the accounts payable accrual in the Refuse fund in the prior year was understated by \$304,711 as well as in the business-type activities. The effect of correcting these errors are shown in the table below:

| | Governmental Funds | | | | Nonmajor Governmental Funds |
|---|----------------------|----------------------|----------------------|---------------------|-----------------------------------|
| | General Fund | HURF Fund | Second Bridge | Capital Projects | |
| June 30, 2024, As Previously Reported | \$ 87,294,100 | \$ 18,553,788 | \$ 35,583,874 | \$ 7,707,119 | \$ 7,456,331 |
| Error Correction - Investment Earnings Allocation | (327,431) | (68,062) | 900,407 | 139,600 | 22,062 |
| Error Correction - Refuse Accounts Payable | - | - | - | - | - |
| June 30, 2024, As Restated | <u>\$ 86,966,669</u> | <u>\$ 18,485,726</u> | <u>\$ 36,484,281</u> | <u>\$ 7,846,719</u> | <u>\$ 7,478,393</u> |

| | Proprietary Funds | | | | Government-Wide | |
|---|-----------------------|----------------------|---------------------|----------------------|----------------------------|-----------------------------|
| | Water | Wastewater | Refuse | Airport | Governmental Activities | Business-Type Activities |
| June 30, 2024, As Previously Reported | \$ 116,588,630 | \$ 70,282,612 | \$ 6,781,789 | \$ 23,848,902 | \$ 211,879,967 | \$ 217,501,933 |
| Error Correction - Investment Earnings Allocation | (383,114) | (268,359) | (13,995) | (1,108) | 666,576 | (666,576) |
| Error Correction - Refuse Accounts Payable | - | - | (304,711) | - | - | (304,711) |
| June 30, 2024, As Restated | <u>\$ 116,205,516</u> | <u>\$ 70,014,253</u> | <u>\$ 6,463,083</u> | <u>\$ 23,847,794</u> | <u>\$ 212,546,543</u> | <u>\$ 216,530,646</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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, and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balances

At June 30, 2025, the following nonmajor governmental funds reported a deficit in fund balance:

| Fund | Deficit |
|------------------------------------|----------------|
| Nonmajor | |
| Governmental funds: | |
| Metropolitan Planning Organization | \$ (18,514) |
| Grants | (31,380) |

The Metropolitan Planning Organization (MPO) Fund ended the year with a deficit fund balance of \$18,513. The MPO operates on a reimbursement basis through the Arizona State government. Accrued wages and year-end operating costs are reimbursed in the subsequent quarter. As such, although the expenditures were eligible for reimbursement, the related revenues were not received within the availability period defined under the modified accrual basis of accounting. This timing difference resulted in expenditures exceeding recognized revenues for the year.

The Grant Fund ended the year with a deficit fund balance of \$31,380. Similar to the MPO Fund, the Grant Fund's expenditures are reimbursed through state and federal grants. Due to delays in receiving reimbursements, the revenues were not considered available at year-end, resulting in a negative fund balance.

Management anticipates that both deficits will be resolved in the following fiscal period upon receipt of the delayed reimbursements.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2025 consist of the following:

| | |
|--|------------------------------|
| Deposits: | |
| Cash on Hand | \$ 8,650 |
| Cash in Bank | 3,982,242 |
| Cash on Deposit with County Treasurer | 186,091 |
| Investments: | |
| State Treasurer's Investment Pool (LGIP) | 126,218,883 |
| U.S. Government Securities | 100,305,244 |
| Certificates of Deposit | 9,225,619 |
| Money Market | 4,339,247 |
| Total Deposits and Investments | 244,265,976 |
| Restricted Assets | (2,603,627) |
| Total Cash and Investments | <u><u>\$ 241,662,349</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.

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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

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, 2025.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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:

| | | 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) |
| | June 30, 2024 | | | |
| Investments by Fair Value Level: | | | | |
| Debt Securities: | | | | |
| Federal Agency Bonds | \$ 100,305,244 | \$ - | \$ 100,305,244 | \$ - |
| Total Debt Securities | 100,305,244 | - | 100,305,244 | - |
| Certificates of Deposits | 9,225,619 | - | 9,225,619 | - |
| Total Investments by Fair Value Level | 109,530,863 | \$ - | \$ 109,530,863 | \$ - |
| Investments Measured at Fair Value: | | | | |
| State Treasurer's Investment Pool | 126,218,883 | | | |
| Total Investments Measured at Fair Value | 235,749,746 | | | |
| Investments by Amortized Cost: | | | | |
| Money Market Funds | 4,339,247 | | | |
| Total Investments | <u>\$ 240,088,993</u> | | | |

Interest Rate Risk

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

The City's investments at June 30, 2025 consist of the following:

| Investment | Amount | Investment Maturities (in Years) | | |
|------------------------------------|-----------------------|----------------------------------|----------------------|----------------------|
| | | Less than 1 | 1-3 | 4-5 |
| State Treasurer's Investment Pools | \$ 126,218,883 | \$ 126,218,883 | \$ - | \$ - |
| Certificates of Deposit | 9,225,619 | 3,260,555 | 5,662,324 | 302,740 |
| Money Market | 4,339,247 | 4,339,247 | - | - |
| U.S. Government Securities | 100,305,244 | 24,372,920 | 48,093,039 | 27,839,285 |
| Total Investments | <u>\$ 240,088,993</u> | <u>\$ 158,191,605</u> | <u>\$ 53,755,363</u> | <u>\$ 28,142,025</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025 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 | \$ 126,218,883 | \$ 42,631,531 | \$ 5,880,861 | \$ - | \$ 77,706,491 | \$ - | 52 % |
| Certificates of Deposit | 9,225,619 | - | - | - | - | 9,225,619 | 4 |
| Money Market | 4,339,247 | - | - | - | - | 4,339,247 | 2 |
| U.S. Government Securities | 100,305,244 | - | - | 97,333,444 | - | 2,971,800 | 42 |
| Total Investments | <u>\$ 240,088,993</u> | <u>\$ 42,631,531</u> | <u>\$ 5,880,861</u> | <u>\$ 97,333,444</u> | <u>\$ 77,706,491</u> | <u>\$ 16,536,666</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, 2025, 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, 2025

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, 2025 consisted of the following:

| | |
|----------------------------|----------------------------|
| Customer Deposits | \$ 491,631 |
| Performance Bonds Deposits | 357,127 |
| Court Bonds | 28,125 |
| Police Property Evidence | 40,888 |
| Forfeitures | 148,202 |
| Future Debt Service | 1,537,654 |
| Total | <u><u>\$ 2,603,627</u></u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|------------------------|-----------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated/Amortized: | | | | |
| Land | \$ 29,087,501 | \$ - | \$ - | \$ 29,087,501 |
| Construction in Progress | 10,916,603 | 14,028,328 | (18,426,739) | 6,518,192 |
| Total Capital Assets, Not Being Depreciated/ Amortized | 40,004,104 | 14,028,328 | (18,426,739) | 35,605,693 |
| Capital Assets, Being Depreciated/ Amortized: | | | | |
| Buildings and Improvements | 54,340,274 | 3,931,531 | (30,583) | 58,241,222 |
| Improvements to Land | 22,929,620 | 10,033,462 | - | 32,963,082 |
| Infrastructure | 119,748,340 | 4,090,109 | - | 123,838,449 |
| Furniture, Machinery, and Equipment | 40,248,750 | 4,676,298 | (678,318) | 44,246,730 |
| Intangibles: | | | | |
| Right-to-Use Assets: | | | | |
| Subscription-Based IT Arrangements | 1,079,373 | 2,638,865 | - | 3,718,238 |
| Land, Buildings, and Improvements | 310,074 | 221,889 | - | 531,963 |
| Furniture, Machinery, and Equipment | 2,283,311 | 254,919 | (39,094) | 2,499,136 |
| Total Capital Assets, Being Depreciated/Amortized | 240,939,742 | 25,847,073 | (747,995) | 266,038,820 |
| Accumulated Depreciation/ Amortization for: | | | | |
| Buildings and Improvements | (26,167,375) | (1,217,663) | 30,583 | (27,354,455) |
| Improvements to Land | (10,334,519) | (673,714) | - | (11,008,233) |
| Infrastructure | (75,522,748) | (1,919,588) | - | (77,442,336) |
| Furniture, Machinery, and Equipment | (24,824,972) | (3,462,910) | 579,922 | (27,707,960) |
| Intangibles: | | | | |
| Right-to-Use Assets: | | | | |
| Subscription-Based IT Arrangements | (715,996) | (349,035) | - | (1,065,031) |
| Land, Buildings, and Improvements | (307,146) | (25,117) | - | (332,263) |
| Furniture, Machinery, and Equipment | (846,705) | (444,956) | 23,908 | (1,267,753) |
| Total Accumulated Depreciation/Amortization | (138,719,461) | (8,092,983) | 634,413 | (146,178,031) |
| Total Capital Assets, Being Depreciated/Amortized, Net | 102,220,281 | 17,754,090 | (113,582) | 119,860,789 |
| Governmental Activities Capital Assets, Net | <u>\$ 142,224,385</u> | <u>\$ 31,782,418</u> | <u>\$ (18,540,321)</u> | <u>\$ 155,466,482</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Business-Type Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 3,298,415 | \$ - | \$ - | \$ 3,298,415 |
| Water Allocation Rights | 7,584,201 | - | - | 7,584,201 |
| Construction in Progress | 20,736,766 | 11,529,271 | (28,161,814) | 4,104,223 |
| Total Capital Assets, Not Being Depreciated | 31,619,382 | 11,529,271 | (28,161,814) | 14,986,839 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 28,071,124 | 125,816 | - | 28,196,940 |
| Infrastructure | 523,844,389 | 26,984,993 | - | 550,829,382 |
| Machinery, Equipment, and Vehicles | 18,891,328 | 3,416,333 | (47,603) | 22,260,058 |
| Water Allocation Rights | 2,374,554 | - | - | 2,374,554 |
| Total Capital Assets, Being Depreciated | 573,181,395 | 30,527,142 | (47,603) | 603,660,934 |
| Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (14,464,271) | (705,810) | - | (15,170,081) |
| Infrastructure | (235,088,984) | (12,589,589) | - | (247,678,573) |
| Machinery, Equipment, and Vehicles | (11,808,759) | (1,348,597) | 47,603 | (13,109,753) |
| Water Allocation Rights | (836,041) | (59,364) | - | (895,405) |
| Total Accumulated Depreciation | (262,198,055) | (14,703,360) | 47,603 | (276,853,812) |
| Total Capital Assets, Being Depreciated, Net | 310,983,340 | 15,823,782 | - | 326,807,122 |
| Business-Type Activities Capital Assets, Net | <u>\$ 342,602,722</u> | <u>\$ 27,353,053</u> | <u>\$ (28,161,814)</u> | <u>\$ 341,793,961</u> |

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

| | |
|---|----------------------|
| Governmental Activities: | |
| General Government | \$ 2,306,708 |
| Public Safety | 2,082,021 |
| Highways and Streets | 2,084,045 |
| Culture and Recreation | 1,116,903 |
| Transportation Services | 225,741 |
| Flood Control | 277,565 |
| Total Depreciation/Amortization Expense | <u>\$ 8,092,983</u> |
| Business-Type Activities: | |
| Irrigation and Drainage | \$ 2,871,350 |
| Wastewater | 10,778,934 |
| Airport | 1,053,076 |
| Total Depreciation Expense | <u>\$ 14,703,360</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Construction and Other Significant Commitments

The City had active construction projects at June 30, 2025. 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:

| | | <u>Governmental Activities</u> | |
|--------------------------------|----------------------|---------------------------------|-----------------------------|
| | | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
| <u>Project</u> | | | |
| General Government | \$ 3,592,496 | \$ 912,063 | |
| Parks | 92,328 | 1,507,672 | |
| Public Safety | 4,019,774 | 494,644 | |
| Streets | 5,283,415 | 5,549,088 | |
| Culture and Recreation | 3,232,397 | 1,458 | |
| Total Governmental Activities | <u>\$ 16,220,411</u> | <u>\$ 8,464,924</u> | |
| | | <u>Business-Type Activities</u> | |
| | | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
| <u>Project</u> | | | |
| Water System | \$ 3,014,172 | \$ 209,898 | |
| Wastewater System | 2,802,575 | 1,069,682 | |
| Airport Improvements | 162,564 | 265,634 | |
| Total Business-Type Activities | <u>\$ 5,979,310</u> | <u>\$ 1,545,215</u> | |

The City had no other significant contractual commitments at June 30, 2025.

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, 2025, the City recognized \$202,715 and \$34,668 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Governmental Activities

Land Leases. Annual installments totaling \$66,989 plus interest at rates ranging from 1.15% to 1.51%, due dates ranging from 2026 to 2042.

Building Lease. Annual installments totaling \$13,915 plus interest at an interest rate of 1.18%, due dates ranging from 2026 to 2029.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Lease Receivable (Continued)

Business-Type Activities

Hangar and Land Leases. Annual installments totaling \$84,157 plus interest at rates ranging from 1.18% to 1.51%, due dates ranging from 2026 to 2049.

B. Interfund Receivables, Payables, and Transfers

As of June 30, 2025, interfund receivables and payables were as follows:

| | Due To | Due From | |
|--------------|--------|-----------------------------------|-----------|
| | | Nonmajor Governmental Funds | Airport |
| General Fund | | \$ 457,618 | \$ 81,940 |

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

Interfund transfers for the year ended June 30, 2025 consisted of the following:

| Transfers to | Transfers From | | | | | | |
|--------------|-----------------|--------------|------------------|-----------------------------------|------------|------------|---------------|
| | General Fund | HURF Fund | Second Bridge | Nonmajor Governmental Funds | Water | Wastewater | Total |
| General Fund | \$ - | \$ 40,000 | \$ - | \$ 30,103 | \$ 137,426 | \$ 259,647 | \$ 467,176 |
| HURF Fund | 6,000,000 | - | 1,610,692 | 500,000 | - | - | 8,110,692 |
| Capital | 4,975,000 | - | - | - | - | - | 4,975,000 |
| Airport Fund | 95,721 | - | - | - | - | - | 95,721 |
| Total | \$ 11,070,721 | \$ 40,000 | \$ 1,610,692 | \$ 530,103 | \$ 137,426 | \$ 259,647 | \$ 13,648,589 |

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

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, Water and Wastewater Funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund. Leases are paid by the applicable fund where the vehicles and equipment purchased will be used, primarily the General Fund, Water 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

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% through 2045 for refunding bonds issued September 2015 [Series 2015A].

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 [Series 2015B].

The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$60,269,432 plus interest at 2.368% through 2035 for a direct borrowing WIFA loan issued September 2015 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 WIFA loan, along with the \$71,775,000 Series 2015A proceeds and the \$98,300,000 2015B proceeds were used for a current refunding of all remaining Wastewater debt, totaling \$210,840,840.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$8,922,300 in authorized direct borrowing 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 \$2,998,094. Principal and interest paid for the current year and total customer net revenues were \$596,750 and \$4,116,199 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 6.90.

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 \$69,601,675, Series 2015B \$178,292,400, and WIFA \$45,621,708. Principal and interest (excluding amortized premium) paid for the current year and total customer net revenues were \$9,706,675 and \$22,966,578, respectively. Debt coverage on the Senior Lien debt is 1.70.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

In the current fiscal year, the City issued \$104,415,000 in senior lien wastewater system revenue bonds with interest rates ranging from 4.0-5.0%. The proceeds were used to advance refund \$121,230,000 of outstanding 2015 Series A senior lien wastewater general obligation refunding bonds, and 2015 Series B senior lien wastewater revenue bonds, which had interest rates ranging from 3.5% to 5.0%. The net proceeds of \$124,088,891 (including a \$8,545,961 premium and after payment of \$978,820 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2015 Series A is considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,763,357. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The City completed the advance refunding to reduce total debt service payments by \$15,523,353 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,225,835.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Long-term obligations are comprised of the following:

| | Long-Term Obligations Outstanding (in Thousands) |
|---|---|
| <u>General Obligation Bonds</u> | |
| 2025 Senior Lien Wastewater Revenue Refunding Bonds, Series 2025 A (issued April 17, 2025) due in annual installments of \$1,450,000 to \$11,000,000 through July 1, 2043; interest at 4% to 5%. Original issue amount \$104,415,000. | \$ 104,415 |
| <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 commencing July 1, 2038 through July 1, 2046; interest at 4% to 5%. Original issue amount \$98,300,000. | 25,815 |
| <u>Direct Borrowings - 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. | 1,124 |
| 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. | 1,157 |
| 2015 Senior Lien (GO) WIFA 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. | 37,200 |
| Total Business-Type Long-Term Liabilities | <u>\$ 169,711</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

| | July 1, 2024 | Increases | Decreases | June 30, 2025 | Due Within One Year |
|----------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|------------------------|
| Governmental Activities: | | | | | |
| Other Liabilities: | | | | | |
| Financed Purchases | \$ 349,085 | \$ - | \$ (174,542) | \$ 174,543 | \$ 174,543 |
| Leases Payable | 1,221,081 | 476,807 | (489,898) | 1,207,990 | 474,404 |
| Subscriptions Payables | 300,019 | 2,638,865 | (540,365) | 2,398,519 | 867,393 |
| Compensated Absences | 3,816,206 | 207,697 | - | 4,023,903 | 3,695,408 |
| Other Postemployment Benefits | 7,372,635 | - | (1,674,185) | 5,698,450 | 614,935 |
| Net OPEB Liability | 15,526 | - | (12,401) | 3,125 | - |
| Net Pension Liability | 96,426,268 | - | (3,771,849) | 92,654,419 | - |
| Total Other Liabilities | | | | | |
| Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 109,500,820</u> | <u>\$ 3,323,369</u> | <u>\$ (6,663,240)</u> | <u>\$ 106,160,949</u> | <u>\$ 5,826,683</u> |
| Business-Type Activities | | | | | |
| Bonds, Notes, and Loans Payable: | | | | | |
| General Obligation Bonds | \$ 51,520,000 | \$ - | \$ (51,520,000) | \$ - | \$ - |
| Revenue Bonds | 98,300,000 | 104,415,000 | (72,485,000) | 130,230,000 | 1,450,000 |
| Direct Borrowings - WIFA Loans | 42,936,721 | - | (3,455,406) | 39,481,315 | 3,541,914 |
| Payable | | | | | |
| Plus Deferred Amount on Premium | 7,662,472 | 8,545,961 | (5,723,901) | 10,484,532 | - |
| Total Bonds, Notes, and | | | | | |
| Loans Payable | 200,419,193 | 112,960,961 | (133,184,307) | 180,195,847 | 4,991,914 |
| Other Liabilities: | | | | | |
| Compensated Absences | 510,227 | - | 441 | 509,786 | 467,802 |
| Other Postemployment Benefits | 2,687,141 | - | 178,603 | 2,508,538 | 38,425 |
| Net OPEB Liability | 4,995 | - | 3,389 | 1,606 | - |
| Net Pension Liability | 5,643,840 | 287,995 | - | 5,931,835 | - |
| Total Other Liabilities | 8,846,203 | 287,995 | 182,433 | 8,951,765 | 506,227 |
| Business-Type Activities | | | | | |
| Long-Term Liabilities | <u>\$ 209,265,396</u> | <u>\$ 113,248,956</u> | <u>\$ (133,001,874)</u> | <u>\$ 189,147,612</u> | <u>\$ 5,498,141</u> |

The change in the compensated absence liability is presented as a net change.

Debt service requirements on long-term debt at June 30, 2025 are as follows:

| Year Ending June 30, | Revenue Bonds | |
|----------------------|-----------------------|----------------------|
| | Principal | Interest |
| 2026 | \$ 1,450,000 | \$ 6,138,689 |
| 2027 | 2,570,000 | 5,019,500 |
| 2028 | 2,700,000 | 4,891,000 |
| 2029 | 2,830,000 | 4,756,000 |
| 2030 | 2,975,000 | 4,614,500 |
| 2031-2035 | 17,250,000 | 20,688,000 |
| 2036-2040 | 43,190,000 | 14,001,000 |
| 2041-2045 | 44,105,000 | 3,392,650 |
| 2046 | 13,160,000 | - |
| Total | <u>\$ 130,230,000</u> | <u>\$ 63,501,339</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

| <u>Year Ending June 30,</u> | Direct Borrowings - WIFA Loans Payable | |
|-----------------------------|--|---------------------|
| | Principal | Interest |
| 2026 | \$ 3,541,913 | \$ 863,682 |
| 2027 | 3,630,625 | 772,701 |
| 2028 | 3,721,610 | 679,396 |
| 2029 | 3,413,711 | 597,765 |
| 2030 | 3,495,343 | 511,314 |
| 2031-2035 | 17,886,890 | 1,305,822 |
| 2036-2040 | 3,791,223 | - |
| Total | <u>\$ 39,481,315</u> | <u>\$ 4,730,680</u> |

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, 2025.

| <u>Year Ending June 30,</u> | Principal | Interest |
|-----------------------------|-------------------|-------------|
| 2026 | \$ 174,543 | \$ - |
| Total | <u>\$ 174,543</u> | <u>\$ -</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 2026 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 2026 to 2030.

Total future minimum payments under lease agreements are as follows:

| <u>Year Ending June 30,</u> | Governmental Activities | |
|-----------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2026 | \$ 474,404 | \$ 39,282 |
| 2027 | 401,238 | 24,874 |
| 2028 | 133,622 | 11,603 |
| 2029 | 43,372 | 7,333 |
| 2030 | 24,701 | 5,754 |
| 2031-2035 | 130,653 | 13,346 |
| Total | <u>\$ 1,207,990</u> | <u>\$ 102,191</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Leases (Continued)

Governmental Activities (Continued)

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

| | Governmental Activities |
|--------------------------------|----------------------------|
| Buildings | \$ 531,963 |
| Equipment | 2,499,136 |
| Less: Accumulated Amortization | (1,600,016) |
| Total | <u>\$ 1,431,083</u> |

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 of \$112,750 to \$34,609, plus interest at rates ranging from 4.10% to 4.51%, due dates ranging from 2026 to 2028.

As of June 30, 2025, SBITA right-to-use assets and the related accumulated amortization totaled \$3,718,238 and \$1,065,031, respectively.

The future subscription payments under SBITA agreements are as follows:

| <u>Year Ending June 30,</u> | Governmental Activities | |
|-----------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2026 | \$ 867,393 | \$ 99,736 |
| 2027 | 839,752 | 64,189 |
| 2028 | 639,457 | 28,906 |
| 2029 | 25,458 | 2,042 |
| 2030 | 26,459 | 1,041 |
| Total | <u>\$ 2,398,519</u> | <u>\$ 195,914</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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 Welford Development, Inc. dated June 14, 2005 expired on August 8, 2024. Upon review, it was determined that interest payments made in prior years to Regions Bank were not owed, resulting in an overpayment of taxes. The City has concluded that the interest liability is not probable due to the expiration of the agreement and the uncertainty regarding whether Regions Bank or any other party holds a legal right to the interest. Accordingly, in fiscal year 2025, the previously recorded liability of \$4,583,624 was recognized as miscellaneous revenue in the General Fund.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Development Agreements (Continued)

In February 2024 Council approved the sale of real property for \$1,740,000. The recorded the sale as revenue as it met all revenue recognition requirements. The property was sold with a contingency that if the purchaser fails to develop and receive a certificate of occupancy issued within 72 months or the property shall automatically revert to the City upon the City refunding to the purchaser the original bid purchase price or the appraised value of the property less the appraisal fee at the time of this condition default, whichever is less.

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. Retirement Plans

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

At June 30, 2025, 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 | \$ 1,745,831 | \$ 221,390 | \$ 1,967,221 |
| Net OPEB Liability | 3,125 | 1,606 | 4,731 |
| OPEB Liability | 5,698,450 | 2,508,538 | 8,206,988 |
| Net Pension Liability | 92,654,419 | 5,931,835 | 98,586,254 |
| Deferred Outflows of Resources - Net OPEB | 829,042 | 25,193 | 854,235 |
| Deferred Outflows of Resources - OPEB | 607,334 | 164,893 | 772,227 |
| Deferred Outflows of Resources - Pension | 22,904,928 | 1,269,489 | 24,174,417 |
| Deferred Inflows of Resources - Net OPEB | 570,163 | 83,273 | 653,436 |
| Deferred Inflows of Resources - OPEB | 992,502 | 128,784 | 1,121,286 |
| Deferred Inflows of Resources - Pension | 2,920,521 | 260,598 | 3,181,119 |
| Net OPEB Expense | (226,010) | (42,104) | (268,114) |
| OPEB Expense | (1,259,932) | (134,470) | (1,394,402) |
| Pension Expense | 11,395,287 | 1,138,102 | 12,533,389 |

The City reported \$2.0 million of pension and OPEB expenditures in the governmental funds and \$596,139 in enterprise funds related to all plans to which it contributes.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System

Plan Description

City employees not covered by the other pension and postemployment benefit 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.

Benefits Provided

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

| | Retirement Initial Membership Date | |
|---|---|---|
| | Before July 1, 2011 | On or After July 1, 2011 |
| Years of Service and Age | 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Benefits Provided (Continued)

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 two-thirds 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.

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 year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% 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, 2025 were \$3,081,179, \$17,899, and \$38,302, respectively.

During fiscal year 2025, the City paid for ASRS pension and OPEB contributions as follows: 71% from the General Fund, 6% from the HURF Fund, and 23% from all other funds.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Pension Liability

At June 30, 2025, 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 | \$ 26,402,484 |
| Health Insurance Premium Benefit | (1,016,252) |
| Long-Term Disability | 4,344 |

The net asset and net liabilities were measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The City's proportion measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

| | Proportion June 30, 2024 | Increase (Decrease) from June 30, 2023 |
|----------------------------------|-----------------------------|--|
| ASRS: | | |
| Pension | 0.16500 % | 0.00946 % |
| Health Insurance Premium Benefit | 0.16819 | 0.00997 |
| Long-Term Disability | 0.16666 | 0.01006 |

Expense

For the year ended June 30, 2025, the City recognized the following pension and OPEB expense.

| | Pension/OPEB Expense |
|----------------------------------|-------------------------|
| ASRS: | |
| Pension | \$ 3,122,269 |
| Health Insurance Premium Benefit | (152,448) |
| Long-Term Disability | 19,064 |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | Pension | | Health Insurance Premium Benefit | | Long-Term Disability | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 1,473,762 | \$ - | \$ 29,409 | \$ 245,385 | \$ 15,974 | \$ 11,570 |
| Changes of Assumptions or Other Inputs | - | - | - | 10,541 | 3,144 | 26,009 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 1,686,088 | - | 69,858 | - | 4,745 |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | 1,219,525 | - | 795 | 33,394 | 3,282 | 3,195 |
| City Contributions Subsequent to the Measurement Date | 3,081,179 | - | 17,899 | - | 38,302 | - |
| Total | <u>\$ 5,774,466</u> | <u>\$ 1,686,088</u> | <u>\$ 48,103</u> | <u>\$ 359,178</u> | <u>\$ 60,702</u> | <u>\$ 45,519</u> |

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, 2026. 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> | Pension | Health Insurance Premium Benefit | Long-Term Disability |
|----------------------------|-------------|---|-------------------------|
| 2026 | \$ (27,984) | \$ (196,076) | \$ (8,141) |
| 2027 | 1,771,404 | (50,822) | (1,122) |
| 2028 | (426,804) | (50,593) | (7,302) |
| 2029 | (309,417) | (25,568) | (6,533) |
| 2030 | - | (5,915) | (2,446) |
| Thereafter | - | - | 2,425 |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Actuarial Assumptions

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

| | |
|-----------------------------|---|
| Actuarial Valuation Date | June 30, 2023 |
| Actuarial Roll Forward Date | June 30, 2024 |
| 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 |

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

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.

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 |
|-------------------------|----------------------|---|
| Public Equity | 44 % | 4.48 % |
| Credit | 23 | 4.40 |
| Real Estate | 17 | 6.05 |
| Private Equity | 10 | 6.11 |
| Interest Rate Sensitive | 06 | (0.45) |
| Total | 100 % | |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Discount Rate

At June 30, 2024, 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 one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|------------------------------------|--------------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 40,427,601 | \$ 26,402,484 | \$ 14,713,773 |
| Net Insurance Premium Benefit Liability (Asset) | (738,808) | (1,016,252) | (1,252,133) |
| Net Long-Term Disability Liability | 14,948 | 4,344 | (6,086) |

Pension Plan Fiduciary Net Position

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

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

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 agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement, survivor and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

| 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Employees Covered by Benefit Terms

At June 30, 2025, 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 | 70 | 70 | 51 | 51 |
| Inactive Employees Entitled to but | | | | |
| Not Yet Receiving Benefits | 22 | 5 | 21 | 12 |
| Active Employees | 39 | 39 | 54 | 54 |
| Total | <u>131</u> | <u>114</u> | <u>126</u> | <u>117</u> |

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, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | PSPRS Police | PSPRS Fire |
|--------------------------|-----------------|---------------|
| Active Members - Pension | 7.65-8.8.63% | 7.65-8.63% |
| City: | | |
| PSPRS Tier 1/2 | 68.27 | 70.53 |
| PSPRS Tier 3 | 8.75 | 8.75 |

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

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Contributions (Continued)

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

| | Police | | Fire | |
|--------------------|--------------|------------|--------------|--------|
| | Pension | Health | Pension | Health |
| Pension: | | | | |
| Contributions Made | \$ 5,407,390 | \$ 713,795 | \$ 7,117,849 | \$ - |

During fiscal year 2025, the City paid PSPRS pension contributions 96% from the General Fund, and 4% from other funds.

Liability

At June 30, 2025, the City reported the following asset and liabilities:

| | Net Pension Liability | Net OPEB (Asset) Liability |
|--------------|--------------------------|-------------------------------|
| PSPRS Police | \$ 38,994,310 | \$ (319,932) |
| PSPRS Fire | 33,189,461 | (630,650) |

The net assets and liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

| | |
|----------------------------|--|
| Actuarial Valuation Date | June 30, 2024 |
| 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 |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

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:

| Asset Class | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-----------------------------|----------------------|---|
| U.S. Public Equity | 24 % | 3.62 % |
| International Public Equity | 16 | 4.47 |
| Global Private Equity | 27 | 7.05 |
| Core Bonds | 6 | 2.44 |
| Private Credit | 20 | 6.24 |
| Diversifying Strategies | 5 | 3.15 |
| Cash - Mellon | 2 | 0.89 |
| Total | <u>100 %</u> | |

Discount Rate

At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2%. 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 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

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 | Plan | Net | Total | Plan | Net OPEB |
| | Pension | Fiduciary | Pension | OPEB | Fiduciary | (Asset) |
| | Liability | Net Position | Liability | Liability | Net Position | Liability |
| | (a) | (b) | (a) - (b) | (a) | (b) | (a) - (b) |
| Balances at June 30, 2024 | \$ 76,507,066 | \$ 36,805,247 | \$ 39,701,819 | \$ 1,113,700 | \$ 1,339,066 | \$ (225,366) |
| Changes for the Year: | | | | | | |
| Service Cost | 947,742 | - | 947,742 | 17,418 | - | 17,418 |
| Interest on the Total Pension Liability | 5,412,488 | - | 5,412,488 | 79,517 | - | 79,517 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 1,672,020 | - | 1,672,020 | (43,084) | - | (43,084) |
| Contributions - Employer | - | 4,598,017 | (4,598,017) | - | 16,162 | (16,162) |
| Contributions - Employee | - | 377,418 | (377,418) | - | - | - |
| Net Investment Income | - | 3,798,030 | (3,798,030) | - | 133,306 | (133,306) |
| Benefit Payments, Including Refunds of Employee Contributions | (4,562,727) | (4,562,727) | - | (53,437) | (53,437) | - |
| Administrative Expenses | - | (33,706) | 33,706 | - | (1,051) | 1,051 |
| Net Changes | 3,469,523 | 4,177,032 | (707,509) | 414 | 94,980 | (94,566) |
| Balances at June 30, 2025 | \$ 79,976,589 | \$ 40,982,279 | \$ 38,994,310 | \$ 1,114,114 | \$ 1,434,046 | \$ (319,932) |

| | PSPRS Fire | | | | | |
|--|---------------|---------------|---------------|--------------|--------------|--------------|
| | Total | Plan | Net | Total | Plan | Net OPEB |
| | Pension | Fiduciary | Pension | OPEB | Fiduciary | (Asset) |
| | Liability | Net Position | Liability | Liability | Net Position | Liability |
| | (a) | (b) | (a) - (b) | (a) | (b) | (a) - (b) |
| Balances at June 30, 2024 | \$ 78,382,223 | \$ 41,182,554 | \$ 37,199,669 | \$ 1,231,873 | \$ 1,768,952 | \$ (537,079) |
| Changes for the Year: | | | | | | |
| Service Cost | 1,139,181 | - | 1,139,181 | 22,241 | - | 22,241 |
| Interest on the Total Pension Liability | 5,617,953 | - | 5,617,953 | 88,326 | - | 88,326 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | (202,677) | - | (202,677) | (27,685) | - | (27,685) |
| Contributions - Employer | - | 5,781,860 | (5,781,860) | - | - | - |
| Contributions - Employee | - | 377,206 | (377,206) | - | - | - |
| Net Investment Income | - | 4,436,521 | (4,436,521) | - | 177,557 | (177,557) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,988,547) | (2,988,547) | - | (54,721) | (54,721) | - |
| Administrative Expenses | - | (30,922) | 30,922 | - | (1,104) | 1,104 |
| Net Changes | 3,565,910 | 7,576,118 | (4,010,208) | 28,161 | 121,732 | (93,571) |
| Balances at June 30, 2025 | \$ 81,948,133 | \$ 48,758,672 | \$ 33,189,461 | \$ 1,260,034 | \$ 1,890,684 | \$ (630,650) |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

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

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

| | 1% Decrease (6.2%) | Current Discount Rate (7.2%) | 1% Increase (8.2%) |
|----------------------------|--------------------------|------------------------------------|--------------------------|
| PSPRS Police: | | | |
| Net Pension Liability | \$ 49,902,103 | \$ 38,994,310 | \$ 30,128,657 |
| Net OPEB (Asset) Liability | (197,767) | (319,932) | (422,516) |
| PSPRS Fire: | | | |
| Net Pension Liability | \$ 44,060,007 | \$ 33,189,461 | \$ 24,263,833 |
| Net OPEB (Asset) Liability | (488,072) | (630,650) | (751,008) |

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.

Expense

For the year ended June 30, 2025, the City recognized the following pension and OPEB expense:

| | Pension Expense | OPEB Expense |
|--------------|--------------------|-----------------|
| PSPRS Police | \$ 5,316,284 | \$ (60,897) |
| PSPRS Fire | 4,094,836 | (73,833) |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Deferred Outflows/Inflows of Resources

At June 30, 2025, 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 | \$ 1,548,017 | \$ - | \$ - | \$ 101,652 |
| Changes of Assumptions or Other Inputs | - | - | 3,143 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 595,494 | - | 16,858 |
| City Contributions Subsequent to the Measurement Date | 5,407,390 | - | 713,795 | - |
| Total | <u>\$ 6,955,407</u> | <u>\$ 595,494</u> | <u>\$ 716,938</u> | <u>\$ 118,510</u> |

| | 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 | \$ 770,648 | \$ 152,007 | \$ 13,776 | \$ 105,121 |
| Changes of Assumptions or Other Inputs | 256,642 | - | 14,716 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 747,531 | - | 25,108 |
| City Contributions Subsequent to the Measurement Date | 7,117,849 | - | - | - |
| Total | <u>\$ 8,145,139</u> | <u>\$ 899,538</u> | <u>\$ 28,492</u> | <u>\$ 130,229</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. 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, 2026. 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:

| Year Ending June 30, | Police | | Fire | |
|----------------------|------------|-------------|------------|-------------|
| | Pension | Health | Pension | Health |
| 2026 | \$ 369,410 | \$ (77,538) | \$ 127,214 | \$ (74,703) |
| 2027 | 1,070,451 | (21,502) | 634,137 | 2,413 |
| 2028 | (260,456) | (8,672) | (361,929) | (19,007) |
| 2029 | (226,882) | (7,655) | (271,670) | (10,440) |

G. Other Postemployment Benefits – Single Employer Plan

Plan Description and Benefits Provided

Lake Havasu City provides single employer postemployment benefit plans for retirees. Active employees, who started before July 1, 2004, are eligible for medical coverage for themselves and their eligible dependent(s) under the City's health benefits program for a period not longer than 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 10 years of full-time, benefit-eligible service with Lake Havasu City, Arizona or have earned 60 points, which is a combination of age and years of service with Lake Havasu City, Arizona.
- 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.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Plan Description and Benefits Provided (Continued)

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, 2024, the following employees were covered by the benefit terms:

| | |
|-------------------------------------|------------|
| Inactive Employees or Beneficiaries | |
| Currently Receiving Benefits | 48 |
| Active Plan Members | 64 |
| Total | <u>112</u> |

Total OPEB Liability

The City's total OPEB liability of \$8,206,988 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

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, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Discount Rate | 3.93% |
| Health Care Trend Rates | 7.4% in 2024, 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.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Changes in Total OPEB Liability

A change in the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The following table shows the changes in OPEB liability as of June 30, 2025.

| | Total OPEB Liability |
|---|-------------------------|
| Balance at June 30, 2024 | \$ 10,059,856 |
| Changes for the Year: | |
| Service Cost | 202,113 |
| Interest | 382,426 |
| Differences Between Expected and Actual | (1,910,496) |
| Change in Assumptions | 182,221 |
| Contributions | (709,132) |
| Net Changes | (1,852,868) |
| Balance at June 30, 2025 | <u>\$ 8,206,988</u> |

Sensitivity Results

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

| | 1% Decrease (2.93%) | Discount Rate (3.93%) | 1% Increase (4.93%) |
|--------------------|---------------------------|--------------------------|---------------------------|
| Net OPEB Liability | <u>\$ 8,581,649</u> | <u>\$ 8,206,988</u> | <u>\$ 7,849,032</u> |

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

| | Healthcare Cost | | |
|--------------------|--|--|--|
| | 1% Decrease (6.4% Fluctuating Downward Until 2.9% in 2075) | Current Trend Rates (7.4% Fluctuating Downward Until 3.9% in 2075) | 1% Increase (8.4% Fluctuating Downward Until 4.9% in 2075) |
| Net OPEB Liability | <u>\$ 7,769,405</u> | <u>\$ 8,206,988</u> | <u>\$ 8,677,295</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

For the year ended June 30, 2025, the City recognized OPEB expense of (\$1,394,402). At June 30, 2025, 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 | \$ 105,335 | \$ 16,906 |
| Contributions Made subsequent to Measurement Date | - | - |
| Net Difference Between Projected and Actual Investment Earnings | - | 1,104,382 |
| Contributions Between Measurement Date and Reporting Date | 666,893 | - |
| Total | <u>\$ 772,228</u> | <u>\$ 1,121,288</u> |

Deferred outflows of resources of \$666,893 related to OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | Future Recognition |
|-----------------------------|-----------------------|
| 2026 | \$ (746,138) |
| 2027 | (269,815) |

REQUIRED SUPPLEMENTARY INFORMATION



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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability: | | | | | | | | |
| Service Cost | \$ 202,113 | \$ 202,584 | \$ 418,331 | \$ 369,671 | \$ 353,208 | \$ 434,899 | \$ 424,722 | \$ 459,852 |
| Interest | 382,426 | 374,770 | 254,163 | 316,801 | 406,683 | 527,738 | 511,977 | 431,911 |
| Differences Between Expected and Actual | (1,910,496) | - | (1,443,859) | - | - | - | - | - |
| Changes of Assumptions | 182,221 | (78,386) | (1,278,976) | 336,917 | (135,271) | (1,773,379) | (50,613) | (573,685) |
| Contributions | (709,132) | (797,927) | (820,208) | (709,992) | (697,027) | (688,788) | (709,650) | (676,460) |
| Net Change in Total OPEB Liability | (1,852,868) | (298,959) | (2,870,549) | 313,397 | (72,407) | (1,499,530) | 176,436 | (358,382) |
| Total OPEB Liability - Beginning | 10,059,856 | 10,358,815 | 13,229,363 | 12,915,966 | 12,988,373 | 14,487,903 | 14,311,467 | 14,669,849 |
| Total OPEB Liability - Ending (a) | 8,206,988 | 10,059,856 | 10,358,814 | 13,229,363 | 12,915,966 | 12,988,373 | 14,487,903 | 14,311,467 |
| Plan Fiduciary Net Position: | | | | | | | | |
| Contributions - Employer | 709,132 | 797,927 | 820,208 | 709,992 | 697,027 | 688,788 | 709,650 | 676,460 |
| Benefit Payments | (709,132) | (797,927) | (820,208) | (709,992) | (697,027) | (688,788) | (709,650) | (676,460) |
| Net Change in Plan Fiduciary Net Position | - | - | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Beginning | - | - | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Ending (b) | - | - | - | - | - | - | - | - |
| City's Net OPEB Liability - Ending (a) - (b) | <u>\$ 8,206,988</u> | <u>\$ 10,059,856</u> | <u>\$ 10,358,814</u> | <u>\$ 13,229,363</u> | <u>\$ 12,915,966</u> | <u>\$ 12,988,373</u> | <u>\$ 14,487,903</u> | <u>\$ 14,311,467</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.00% | | | 0.00% | | | | 0.00% |
| Covered-Employee Payroll | \$ 6,933,107 | \$ 6,466,922 | \$ 7,370,773 | \$ 7,938,412 | \$ 7,707,196 | \$ 9,432,741 | \$ 10,831,018 | \$ 11,030,000 |
| City's Net OPEB Liability as a Percentage of Covered-Employee Payroll | 118.37% | 155.56% | 140.54% | 166.65% | 167.58% | 137.69% | 133.76% | 129.75% |

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

The City funds OPEB benefits on a "pay-as-you-go" basis. Therefore, there are no assets accumulated in a trust that meet the criteria of GASB Statement No. 75.

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
ARIZONA STATE RETIREMENT SYSTEM
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY
AND RELATED RATIOS LAST TEN FISCAL YEARS

Pension

| | Reporting Fiscal Year (Measurement Date) | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) |
| City's Proportion of the Net Pension Liability | 0.16500% | 0.15554% | 0.15096% | 0.15141% | 0.15255% | 0.16012% | 0.16475% | 0.17353% | 0.16669% | 0.16651% |
| City's Proportionate Share of the Net Pension Liability | \$ 26,402,484 | \$ 25,168,619 | \$ 24,640,027 | \$ 19,894,603 | \$ 26,431,607 | \$ 23,299,323 | \$ 22,976,827 | \$ 27,032,591 | \$ 26,905,441 | \$ 25,935,590 |
| City's Covered Payroll | \$ 23,026,866 | \$ 20,266,762 | \$ 17,929,709 | \$ 17,044,086 | \$ 16,708,987 | \$ 16,182,096 | \$ 16,322,972 | \$ 16,926,187 | \$ 15,607,806 | \$ 15,336,079 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 114.66% | 124.19% | 121.58% | 121.88% | 156.16% | 137.65% | 140.76% | 159.71% | 172.38% | 169.11% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.93% | 75.47% | 74.26% | 78.58% | 69.33% | 73.24% | 73.40% | 69.92% | 67.06% | 68.35% |

Health Insurance Premium Benefit

| | Reporting Fiscal Year (Measurement Date) | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) |
| City's Proportion of the Net OPEB Liability | 0.16819% | 0.15822% | 0.15382% | 0.15488% | 0.15575% | 0.16333% | 0.16709% | 0.17556% |
| City's Proportionate Share of the Net OPEB Liability | \$ (1,016,252) | \$ (854,273) | \$ (858,628) | \$ (754,589) | \$ (110,270) | \$ (45,137) | \$ (60,168) | \$ (95,569) |
| City's Covered Payroll | \$ 23,026,866 | \$ 20,266,762 | \$ 17,929,709 | \$ 17,044,086 | \$ 16,708,987 | \$ 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 | -4.41% | -4.22% | -4.24% | -4.21% | -0.65% | -0.28% | -0.37% | -0.56% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 137.51% | 134.37% | 137.79% | 130.24% | 104.33% | 101.62% | 102.00% | 103.57% |

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
ARIZONA STATE RETIREMENT SYSTEM
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS(CONTINUED)
LAST TEN FISCAL YEARS

Long-Term Disability

| | Reporting Fiscal Year (Measurement Date) | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) |
| City's Proportion of the Net OPEB Liability | 0.16666% | 0.15660% | 0.15200% | 0.15315% | 0.15433% | 0.16209% | 0.16508% | 0.17400% |
| City's Proportionate Share of the Net OPEB Liability | \$ 4,344 | \$ 20,520 | \$ 14,201 | \$ 31,614 | \$ 117,077 | \$ 105,593 | \$ 86,255 | \$ 63,071 |
| City's Covered Payroll | \$ 23,026,866 | \$ 20,266,762 | \$ 17,929,709 | \$ 17,044,086 | \$ 16,708,987 | \$ 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 | 0.02% | 0.10% | 0.07% | 0.18% | 0.69% | 0.65% | 0.53% | 0.37% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 98.77% | 93.70% | 95.40% | 90.38% | 68.01% | 72.85% | 78.00% | 84.44% |

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

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PENSION/OPEB PLANS
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS**

| <u>Pension</u> | Reporting Fiscal Year | | | | | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Statutorily Required Contribution | \$ 3,081,179 | \$ 2,770,132 | \$ 2,415,798 | \$ 2,153,358 | \$ 1,985,535 | \$ 1,913,179 | \$ 1,883,596 | \$ 1,779,204 | \$ 1,824,643 | \$ 1,693,447 |
| City's Contribution in Relation to the Statutorily Required Contribution | 3,081,179 | 2,770,132 | 2,415,798 | 2,153,358 | 1,985,535 | 1,913,179 | 1,883,596 | 1,779,204 | 1,824,643 | 1,693,447 |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Covered Payroll | \$ 25,569,946 | \$ 23,026,866 | \$ 20,266,762 | \$ 17,929,709 | \$ 17,044,086 | \$ 16,708,987 | \$ 16,182,096 | \$ 16,322,972 | \$ 16,926,187 | \$ 16,926,187 |
| City's Contributions as a Percentage of Covered Payroll | 12.05% | 12.03% | 11.92% | 12.01% | 11.65% | 11.45% | 11.64% | 10.90% | 10.78% | 10.00% |
| | | | | | | | | | | |
| <u>Health Insurance Premium Benefit</u> | Reporting Fiscal Year | | | | | | | | | |
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | | |
| Statutorily Required Contribution | \$ 17,899 | \$ 34,227 | \$ 22,293 | \$ 37,652 | \$ 67,044 | \$ 81,874 | \$ 104,462 | \$ 97,781 | | |
| City's Contribution in Relation to the Statutorily Required Contribution | 17,899 | 34,227 | 22,293 | 37,652 | 67,044 | 81,874 | 104,462 | 97,781 | | |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| City's Covered Payroll | \$ 25,569,946 | \$ 23,026,866 | \$ 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 | 0.07% | 0.15% | 0.11% | 0.21% | 0.39% | 0.49% | 0.65% | 0.60% | | |
| | | | | | | | | | | |
| <u>Long-Term Disability</u> | Reporting Fiscal Year | | | | | | | | | |
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | | |
| Statutorily Required Contribution | \$ 38,302 | \$ 34,648 | \$ 28,408 | \$ 33,930 | \$ 30,693 | \$ 28,433 | \$ 26,962 | \$ 25,960 | | |
| City's Contribution in Relation to the Statutorily Required Contribution | 38,302 | 34,648 | 28,408 | 33,930 | 30,693 | 28,433 | 26,962 | 25,960 | | |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| City's Covered Payroll | \$ 25,569,946 | \$ 23,026,866 | \$ 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 | 0.15% | 0.15% | 0.14% | 0.19% | 0.18% | 0.17% | 0.17% | 0.16% | | |

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

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PENSION/OPEB PLANS (CONTINUED)
SCHEDULE OF CONTRIBUTIONS
AND RELATED RATIOS LAST TEN FISCAL YEARS (CONTINUED)**

PSPRS Police - Pension

| | Reporting Fiscal Year | | | | | | | | | |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Actuarially Determined Contribution | \$ 5,407,390 | \$ 5,719,876 | \$ 4,686,651 | \$ 4,020,034 | \$ 3,296,889 | \$ 1,673,832 | \$ 2,987,849 | \$ 2,991,037 | \$ 2,210,217 | \$ 2,228,546 |
| City's Contribution in Relation to the Actuarially Determined Contribution | 5,407,390 | 5,719,876 | 4,686,651 | 4,020,034 | 3,296,889 | 1,673,832 | 2,987,849 | 2,354,928 | 2,210,217 | 2,228,546 |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (636,109) | \$ - | \$ - |
| City's Covered Payroll | \$ 7,920,595 | \$ 8,295,687 | \$ 6,903,301 | \$ 6,356,790 | \$ 5,838,302 | \$ 5,689,821 | \$ 5,360,332 | \$ 5,482,280 | \$ 5,482,280 | \$ 5,429,036 |
| City's Contributions as a Percentage of Covered Payroll | 68.27% | 68.95% | 67.89% | 63.24% | 56.47% | 29.42% | 55.74% | 42.96% | 40.32% | 41.05% |

PSPRS Police - Health

| | Reporting Fiscal Year | | | | | | | |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Actuarially Determined Contribution | \$ 713,795 | \$ 27,083 | \$ 14,600 | \$ 18,485 | \$ 27,077 | \$ 11,612 | \$ 15,557 | \$ 18,110 |
| City's Contribution in Relation to the Actuarially Determined Contribution | 713,795 | 27,083 | 14,600 | 18,485 | 27,077 | 11,612 | 15,557 | 18,110 |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Covered Payroll | \$ 7,920,595 | \$ 8,295,687 | \$ 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 | 9.01% | 0.33% | 0.21% | 0.29% | 0.46% | 0.20% | 0.29% | 0.33% |

PSPRS Fire - Pension

| | Reporting Fiscal Year | | | | | | | | | |
|--|-----------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Actuarially Determined Contribution | \$ 7,117,849 | \$ 8,246,805 | \$ 5,472,810 | \$ 3,902,170 | \$ 2,119,126 | \$ 2,119,126 | \$ 3,209,845 | \$ 2,827,637 | \$ 2,338,318 | \$ 2,253,104 |
| City's Contribution in Relation to the Actuarially Determined Contribution | 7,117,849 | 8,246,805 | 5,472,810 | 3,902,170 | 2,119,126 | 2,119,126 | 3,209,845 | 2,089,843 | 2,338,318 | 2,253,104 |
| City's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (737,794) | \$ - | \$ - |
| City's Covered Payroll | \$ 10,091,945 | \$ 11,799,692 | \$ 7,953,510 | \$ 6,776,954 | \$ 6,216,768 | \$ 6,182,281 | \$ 5,905,879 | \$ 5,721,646 | \$ 5,721,646 | \$ 5,876,745 |
| City's Contributions as a Percentage of Covered Payroll | 70.53% | 69.89% | 68.81% | 57.58% | 34.09% | 34.28% | 54.35% | 36.53% | 40.87% | 38.34% |

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

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (CONTINUED)

PSPRS Police - Pension

| | Reporting Fiscal Year (Measurement Date) | | | | | | | | | |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 947,742 | \$ 868,019 | \$ 849,444 | \$ 782,356 | \$ 906,170 | \$ 1,062,438 | \$ 1,016,857 | \$ 1,234,563 | \$ 922,034 | \$ 861,608 |
| Interest on the Total Pension Liability | 5,412,488 | 5,185,802 | 4,945,931 | 4,605,777 | 4,401,029 | 4,161,187 | 4,000,651 | 3,651,211 | 3,464,339 | 3,399,923 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | 582,417 | 2,528,560 | - |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 1,672,020 | 1,300,012 | 969,707 | 2,399,547 | 631,464 | 527,967 | (193,125) | 1,482,173 | (1,471,071) | (106,367) |
| Changes of Assumptions or Other Inputs | - | - | 1,110,906 | - | - | 1,561,991 | - | 1,480,171 | 1,778,435 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (4,562,727) | (4,007,544) | (3,236,501) | (3,153,738) | (2,866,416) | (3,336,596) | (3,081,375) | (2,801,935) | (2,852,973) | (3,876,595) |
| Net Change in Total Pension Liability | 3,469,523 | 3,346,289 | 4,639,487 | 4,633,942 | 3,072,247 | 3,976,987 | 1,743,008 | 5,628,600 | 4,369,324 | 278,569 |
| Total Pension Liability - Beginning | 76,507,066 | 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 |
| Total Pension Liability - Ending (a) | 79,976,589 | 76,507,066 | 73,160,777 | 68,521,290 | 63,887,348 | 60,815,101 | 56,838,114 | 55,095,106 | 49,466,506 | 45,097,182 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | 4,598,017 | 4,370,710 | 3,761,637 | 3,074,026 | 2,301,079 | 3,729,249 | 3,104,531 | 2,210,217 | 2,228,546 | 1,567,440 |
| Contributions - Employee | 377,418 | 436,432 | 423,067 | 423,243 | 512,821 | 437,628 | 732,863 | 625,344 | 595,760 | 554,019 |
| Net Investment Income | 3,798,030 | 2,602,607 | (1,361,818) | 7,579,748 | 362,761 | 1,418,829 | 1,767,466 | 2,293,048 | 113,130 | 732,631 |
| Benefit Payments, Including Refunds of Employee Contributions | (4,562,727) | (4,007,544) | (3,236,501) | (3,153,738) | (2,866,416) | (3,336,596) | (3,081,375) | (2,801,935) | (2,852,973) | (3,876,595) |
| Hall/Parker Settlement | - | - | - | - | - | - | (749,603) | - | - | - |
| Administrative Expenses | (33,706) | (25,960) | (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) |
| Net Change in Plan Fiduciary Net Position | 4,177,032 | 3,376,245 | (438,174) | 7,884,546 | 280,655 | 2,208,964 | 1,736,122 | 2,292,353 | 6,603 | (1,043,152) |
| Plan Fiduciary Net Position - Beginning | 36,805,247 | 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 |
| Plan Fiduciary Net Position - Ending (b) | 40,982,279 | 36,805,247 | 33,429,002 | 33,867,176 | 25,982,630 | 25,701,975 | 23,493,011 | 21,756,889 | 19,464,536 | 19,457,933 |
| City's Net Pension Liability (Asset) - Ending (a) - (b) | <u>\$ 38,994,310</u> | <u>\$ 39,701,819</u> | <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> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 51.24% | 48.11% | 45.69% | 57.07% | 40.67% | 40.67% | 42.26% | 39.49% | 39.49% | 39.35% |
| Covered Payroll | \$ 8,295,687 | \$ 6,903,301 | \$ 6,356,790 | \$ 5,838,302 | \$ 5,689,821 | \$ 5,360,332 | \$ 5,482,280 | \$ 5,429,036 | \$ 4,819,831 | \$ 4,876,023 |
| City's Net Pension Liability (Asset) as a Percentage of Covered Payroll | 470.06% | 575.11% | 625.03% | 537.89% | 609.05% | 707.13% | 640.48% | 614.20% | 691.69% | 615.30% |

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (CONTINUED)

PSPRS Police - OPEB

| | Reporting Fiscal Year (Measurement Date) | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) |
| Total OPEB Liability | | | | | | | | |
| Service Cost | \$ 17,418 | \$ 17,274 | \$ 18,309 | \$ 18,945 | \$ 21,909 | \$ 15,929 | \$ 15,415 | \$ 20,087 |
| Interest on the Total OPEB Liability | 79,517 | 84,288 | 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 | (43,084) | (115,999) | (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 | (53,437) | (50,507) | (58,557) | (56,109) | (54,815) | (60,685) | (59,732) | (52,499) |
| Net Change in Total OPEB Liability | 414 | (64,944) | (2,006) | 45,651 | (53,584) | 13,977 | 49,884 | 27,379 |
| Total OPEB Liability - Beginning | 1,113,700 | 1,178,644 | 1,180,650 | 1,134,999 | 1,188,583 | 1,174,606 | 1,124,722 | 1,097,343 |
| Total OPEB Liability - Ending (a) | 1,114,114 | 1,113,700 | 1,178,644 | 1,180,650 | 1,134,999 | 1,188,583 | 1,174,606 | 1,124,722 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - Employer | 16,162 | 12,628 | 14,600 | 21,311 | 16,214 | 14,273 | 5,351 | 18,900 |
| Contributions - Employee | - | - | - | - | - | - | - | - |
| Net Investment Income | 133,306 | 95,985 | (53,524) | 301,332 | 14,166 | 59,210 | 74,773 | 117,526 |
| Benefit Payments, Including Refunds of Employee Contributions | (53,437) | (50,507) | (58,557) | (56,109) | (54,815) | (60,685) | (59,732) | (52,499) |
| Administrative Expenses | (1,051) | (1,017) | (953) | (1,239) | (1,152) | (1,022) | (1,138) | (1,040) |
| Other Changes | - | - | - | - | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 94,980 | 57,089 | (98,434) | 265,295 | (25,587) | 11,776 | 19,254 | 82,887 |
| Plan Fiduciary Net Position - Beginning | 1,339,066 | 1,281,977 | 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) | 1,434,046 | 1,339,066 | 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) | \$ (319,932) | \$ (225,366) | \$ (103,333) | \$ (199,761) | \$ 19,883 | \$ 47,880 | \$ 60,146 | \$ 29,516 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 128.72% | 120.24% | 108.77% | 116.92% | 98.25% | 95.97% | 94.88% | 97.38% |
| Covered Payroll | \$ 5,022,479 | \$ 4,814,111 | \$ 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 | -6.37% | -4.68% | -2.30% | -4.44% | 0.47% | 1.01% | 1.17% | 0.54% |

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

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (CONTINUED)

PSPRS Fire - Pension

| | Reporting Fiscal Year (Measurement Date) | | | | | | | | | |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 1,139,181 | \$ 1,165,253 | \$ 1,154,638 | \$ 1,178,694 | \$ 1,264,141 | \$ 1,278,297 | \$ 1,227,618 | \$ 1,344,599 | \$ 1,057,474 | \$ 959,699 |
| Interest on the Total Pension Liability | 5,617,953 | 5,345,889 | 5,122,676 | 4,810,402 | 4,480,643 | 4,198,538 | 4,135,420 | 3,734,268 | 3,496,748 | 3,383,165 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | 595,772 | 1,468,498 | - |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | (202,677) | 533,277 | 55,458 | 1,163,057 | 1,545,202 | 1,001,251 | (2,255,339) | 977,472 | (327,782) | (84,341) |
| Changes of Assumptions or Other Inputs | - | - | 1,026,567 | - | - | 985,058 | - | 2,126,762 | 1,911,648 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (2,988,547) | (3,490,800) | (3,099,482) | (2,601,247) | (2,773,356) | (2,841,282) | (2,997,196) | (2,255,936) | (2,753,000) | (2,967,977) |
| Net Change in Total Pension Liability | 3,565,910 | 3,553,619 | 4,259,857 | 4,550,906 | 4,516,630 | 4,621,862 | 110,503 | 6,522,937 | 4,853,586 | 1,290,546 |
| Total Pension Liability - Beginning | 78,382,223 | 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 |
| Total Pension Liability - Ending (a) | 81,948,133 | 78,382,223 | 74,828,604 | 70,568,747 | 66,017,841 | 61,501,211 | 56,879,349 | 56,768,846 | 50,245,909 | 45,392,323 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | 5,781,860 | 4,147,148 | 3,814,986 | 3,034,995 | 2,699,402 | 3,766,423 | 2,966,928 | 2,338,318 | 2,253,104 | 1,546,439 |
| Contributions - Employee | 377,206 | 419,244 | 448,667 | 463,141 | 473,865 | 484,989 | 470,921 | 657,879 | 628,285 | 575,092 |
| Net Investment Income | 4,436,521 | 2,915,300 | (1,527,075) | 8,436,013 | 386,874 | 1,471,155 | 1,866,236 | 2,415,000 | 116,400 | 721,120 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,988,547) | (3,490,800) | (3,099,482) | (2,601,247) | (2,773,356) | (2,841,282) | (2,997,196) | (2,255,936) | (2,753,000) | (2,967,977) |
| Hall/Parker Settlement | - | - | - | - | - | - | (877,085) | - | - | - |
| Administrative Expenses | (30,922) | (22,984) | (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 |
| Net Change in Plan Fiduciary Net Position | 7,576,118 | 3,967,908 | (390,436) | 9,290,906 | 755,229 | 2,852,764 | 1,400,974 | 3,102,160 | 390,573 | (139,475) |
| Plan Fiduciary Net Position - Beginning | 41,182,554 | 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 |
| Plan Fiduciary Net Position - Ending (b) | 48,758,672 | 41,182,554 | 37,214,646 | 37,605,082 | 28,314,176 | 27,558,947 | 24,706,183 | 23,305,209 | 20,203,049 | 19,812,476 |
| City's Net Pension Liability (Asset) - Ending (a) - (b) | <u>\$ 33,189,461</u> | <u>\$ 37,199,669</u> | <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> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 59.50% | 52.54% | 49.73% | 62.43% | 42.89% | 42.89% | 44.81% | 41.05% | 41.05% | 40.21% |
| Covered Payroll | \$ 11,799,692 | \$ 7,953,510 | \$ 7,953,510 | \$ 6,216,768 | \$ 6,182,281 | \$ 5,905,879 | \$ 5,721,646 | \$ 5,876,745 | \$ 5,533,617 | \$ 5,162,923 |
| City's Net Pension Liability (Asset) as a Percentage of Covered Payroll | 281.27% | 467.71% | 472.92% | 453.99% | 533.20% | 638.41% | 593.23% | 547.47% | 604.73% | 581.90% |

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (CONTINUED)

PSPRS Fire - OPEB

| PSPRS Fire - OPEB | Reporting Fiscal Year (Measurement Date) | | | | | | | |
|---|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2025 (2024) | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) |
| Total OPEB Liability | | | | | | | | |
| Service Cost | \$ 22,241 | \$ 23,897 | \$ 24,738 | \$ 27,429 | \$ 29,054 | \$ 18,686 | \$ 18,686 | \$ 20,569 |
| Interest on the Total OPEB Liability | 88,326 | 82,827 | 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 | (27,685) | 27,552 | (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 | (54,721) | (57,756) | (50,068) | (56,759) | (59,982) | (62,889) | (58,653) | (69,239) |
| Net Change in Total OPEB Liability | 28,161 | 76,520 | 10,186 | (40,970) | 30,414 | (51,557) | (5,024) | (17,038) |
| Total OPEB Liability - Beginning | 1,231,873 | 1,155,353 | 1,145,167 | 1,186,137 | 1,155,723 | 1,207,280 | 1,212,304 | 1,229,342 |
| Total OPEB Liability - Ending (a) | 1,260,034 | 1,231,873 | 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 | - |
| Contributions - Employee | - | - | - | - | - | - | - | - |
| Net Investment Income | 177,557 | 128,465 | (71,386) | 402,825 | 19,001 | 79,985 | 100,268 | 158,083 |
| Benefit Payments, Including Refunds of Employee Contributions | (54,721) | (57,756) | (50,068) | (56,759) | (59,982) | (62,889) | (58,653) | (69,239) |
| Administrative Expenses | (1,104) | (1,078) | (1,271) | (1,656) | (1,545) | (1,381) | (1,526) | (1,398) |
| Other Changes | - | - | - | - | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 121,732 | 69,631 | (122,725) | 344,410 | (42,526) | 15,622 | 40,979 | 87,446 |
| Plan Fiduciary Net Position - Beginning | 1,768,952 | 1,699,321 | 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) | 1,890,684 | 1,768,952 | 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>\$ (630,650)</u> | <u>\$ (537,079)</u> | <u>\$ (543,968)</u> | <u>\$ (676,879)</u> | <u>\$ (291,499)</u> | <u>\$ (364,439)</u> | <u>\$ (295,326)</u> | <u>\$ (249,323)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 150.05% | 143.60% | 147.08% | 159.11% | 124.58% | 131.53% | 124.46% | 120.57% |
| Covered Payroll | \$ 5,318,305 | \$ 5,096,296 | \$ 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 | -11.86% | -10.54% | -10.23% | -12.62% | -5.27% | -6.24% | -5.22% | -4.24% |

See accompanying Notes to Required Supplementary Information.



LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

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 | Seven-Year Smoothed Fair Value; 80%/120% Market Corridor |
| Actuarial Assumptions: | |
| Investment Rate of Return | In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. 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%. |
| Projected Salary Increases | In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% to 8.0% to 3.5% to 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 8.5% to 4.0% to 8.0%. |
| Wage Growth | In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 to 6.25% for PSPRS. In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. |
| 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 to 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, 2025

NOTE 2 FACTORS THAT 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.

LAKE HAVASU CITY, ARIZONA
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

| | Budgeted Amounts | | Actual Amount Budgetary Basis | Variance with Final Budget |
|---|----------------------|----------------------|----------------------------------|-------------------------------|
| | Original | Final | | |
| REVENUE | | | | |
| Taxes | | | | |
| Sales Taxes | \$ 38,346,945 | \$ 38,346,945 | \$ 40,286,314 | \$ 1,939,369 |
| Property Taxes | 6,814,415 | 6,814,415 | 6,742,586 | (71,829) |
| Franchise Taxes | 2,521,940 | 2,521,940 | 2,763,218 | 241,278 |
| Intergovernmental Revenue | 32,189,395 | 32,189,395 | 29,442,301 | (2,747,094) |
| Fines and Forfeitures | 1,407,910 | 1,407,910 | 1,428,607 | 20,697 |
| Licenses and Permits | 2,499,005 | 2,499,005 | 3,088,552 | 589,547 |
| Charges for Services | 5,248,865 | 5,248,865 | 4,555,502 | (693,363) |
| Rents and Royalties | 51,411 | 51,411 | 151,411 | 100,000 |
| Contributions and Donations | 7,000 | 7,000 | 93,763 | 86,763 |
| Investment Earnings | 1,513,790 | 1,513,790 | 5,098,995 | 3,585,205 |
| Other | 283,989 | 283,989 | 4,887,093 | 4,603,104 |
| Total Revenue | <u>90,884,665</u> | <u>90,884,665</u> | <u>98,538,342</u> | <u>7,653,677</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| City Council | 273,881 | 273,881 | 244,734 | 29,147 |
| City Clerk | 457,175 | 457,175 | 363,276 | 93,899 |
| Magistrate Court | 2,815,055 | 2,815,055 | 2,563,202 | 251,853 |
| City Manager | 1,107,504 | 1,107,504 | 800,701 | 306,803 |
| Human Resources | 1,169,123 | 1,169,123 | 760,354 | 408,769 |
| Administrative Services | 9,865,278 | 9,865,278 | 8,650,234 | 1,215,044 |
| City Attorney | 1,522,420 | 1,522,420 | 1,299,709 | 222,711 |
| Nondepartmental | 8,859,190 | 8,859,190 | 1,631,630 | 7,227,560 |
| Public Works | 5,008,708 | 5,008,708 | 3,268,708 | 1,740,000 |
| Development Services | 2,337,057 | 2,337,057 | 2,414,047 | (76,990) |
| Total General Government | <u>33,415,391</u> | <u>33,415,391</u> | <u>21,996,595</u> | <u>11,418,796</u> |
| Public Safety: | | | | |
| Police | 25,357,592 | 25,357,592 | 24,658,165 | 699,427 |
| Fire | 29,297,605 | 29,297,605 | 21,401,596 | 7,896,009 |
| Total Public Safety | <u>54,655,197</u> | <u>54,655,197</u> | <u>46,059,761</u> | <u>8,595,436</u> |
| Culture and Recreation: | | | | |
| Recreation Department | 10,194,750 | 10,194,750 | 9,492,862 | 701,888 |
| Total Culture and Recreation | | | | 701,888 |
| Tourism and Promotion: | | | | |
| Tourism/Economic Development | 2,100,000 | 2,100,000 | 2,086,716 | 13,284 |
| Transportation Services: | | | | |
| Havasu Transit | 1,015,240 | 1,015,240 | 959,069 | 56,171 |
| Total Expenditures | <u>101,380,578</u> | <u>101,380,578</u> | <u>80,595,003</u> | <u>20,785,575</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (10,495,913) | (10,495,913) | 17,943,339 | 28,439,252 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 170,000 | 170,000 | 467,176 | 297,176 |
| Transfers Out | (11,615,000) | (11,615,000) | (11,070,721) | 544,279 |
| Issuance of Leases | 850,000 | 850,000 | 476,807 | (373,193) |
| Issuance of Subscriptions | - | - | 2,638,865 | 2,638,865 |
| Sale of Capital Assets | - | - | 43,138 | 43,138 |
| Total Other Financing Sources (Uses) | <u>(10,595,000)</u> | <u>(10,595,000)</u> | <u>(7,444,735)</u> | <u>3,150,265</u> |
| NET CHANGE IN FUND BALANCE | (21,090,913) | (21,090,913) | 10,498,604 | 31,589,517 |
| Fund Balance - Beginning of Year, as Previously Presented | <u>62,817,705</u> | <u>62,930,205</u> | <u>87,294,100</u> | <u>24,476,395</u> |
| Error Correction | - | - | (327,431) | - |
| Fund Balance - Beginning of Year, as Restated | <u>62,817,705</u> | <u>62,930,205</u> | <u>86,966,669</u> | <u>24,476,395</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 41,726,792</u> | <u>\$ 41,839,292</u> | <u>\$ 97,465,273</u> | <u>\$ 56,065,912</u> |

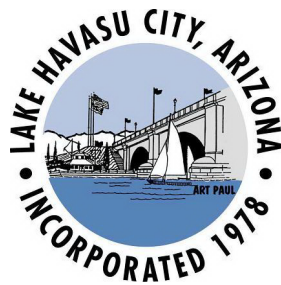
LAKE HAVASU CITY, ARIZONA
HURF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

| | Budgeted Amounts <u>Original and Final</u> | Actual Amount Budgetary Basis | Variance with Final Budget |
|--|--|-------------------------------------|----------------------------------|
| REVENUE | | | |
| Intergovernmental Revenue | \$ 6,500,500 | \$ 6,649,824 | \$ 149,324 |
| Grants | 5,500,000 | - | (5,500,000) |
| Investment Earnings | 239,347 | 1,141,903 | 902,556 |
| Other | 16,278 | 16,278 | - |
| Total Revenue | <u>12,256,125</u> | <u>7,808,005</u> | <u>(4,448,120)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Highways and Streets | - | 7,488,839 | (7,488,839) |
| Capital Outlay | - | 8,178,099 | (8,178,099) |
| Total Expenditures | <u>-</u> | <u>15,666,938</u> | <u>(15,666,938)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 12,256,125 | (7,858,933) | (20,115,058) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 6,500,000 | 8,110,692 | 1,610,692 |
| Transfers Out | (40,000) | (40,000) | - |
| Total Other Financing Sources (Uses) | <u>6,460,000</u> | <u>8,070,692</u> | <u>1,610,692</u> |
| NET CHANGE IN FUND BALANCE | 18,716,125 | 211,759 | (18,504,366) |
| Fund Balance - Beginning of Year, as Previously Presented | <u>9,243,577</u> | <u>18,553,788</u> | <u>9,310,211</u> |
| Error Correction | - | (68,062) | - |
| Fund Balance - Beginning of Year, as Restated | <u>9,243,577</u> | <u>18,485,726</u> | <u>9,310,211</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 27,959,702</u> | <u>\$ 18,697,485</u> | <u>\$ (9,194,155)</u> |

**LAKE HAVASU CITY, ARIZONA
SECOND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | Variance with Final Budget |
|---|--|----------------------|-------------------------------|
| REVENUE | | | |
| Investment Earnings (Loss) | \$ - | \$ 1,772,135 | \$ 1,772,135 |
| Other | - | 1 | 1 |
| Total Revenue | - | 1,772,136 | 1,772,136 |
| EXPENDITURES | | | |
| Capital Outlay | 5,500,000 | 83,872 | 5,416,128 |
| Total Expenditures | 5,500,000 | 83,872 | 5,416,128 |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (5,500,000) | 1,688,264 | 7,188,264 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | - | (1,610,692) | 1,610,692 |
| Total Other Financing Sources (Uses) | - | (1,610,692) | 1,610,692 |
| NET CHANGE IN FUND BALANCE | (5,500,000) | 77,572 | 8,798,956 |
| Fund Balance - Beginning of Year, as Previously Presented | - | 35,583,874 | 35,583,874 |
| Error Correction | - | 900,407 | - |
| Fund Balance - Beginning of Year, as Restated | - | 36,484,281 | 35,583,874 |
| FUND BALANCE - END OF YEAR | <u>\$ (5,500,000)</u> | <u>\$ 36,561,853</u> | <u>\$ 44,382,830</u> |

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



**LAKE HAVASU CITY, ARIZONA
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).

Flood Control Fund – This fund is dedicated to projects focused on maintaining washes and roadways to manage flooding. Funding is provided through an intergovernmental agreement (IGA) with Mohave County, which allocates a portion of the flood control property tax collected to Lake Havasu City.

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. 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.

Opioid Fund – To account for settlement funds awarded through the National Opioid Settlement as a result of state and local lawsuits against major opioid distributors, manufacturers, and retailers.

**LAKE HAVASU CITY, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | Special Revenue | | | | Special Revenue | | Total Nonmajor Governmental Funds |
|---|---------------------|--|-------------------|--------------------------|---------------------|-------------------|---|
| | Flood Control | Metropolitan Planning Organization | Grants | Improvement Districts | Special Programs | Opioid | |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 3,642,284 | \$ - | \$ - | \$ 20,266 | \$ 1,146,851 | \$ 990,346 | \$ 5,799,747 |
| Restricted Cash | - | - | - | - | 148,202 | - | 148,202 |
| Receivables: | | | | | | | |
| Accounts Receivable | - | - | - | - | 57,500 | - | 57,500 |
| Taxes Receivable | - | - | - | 514 | - | - | 514 |
| Intergovernmental Receivable | 3,283,941 | 105,514 | 900,100 | - | - | - | 4,289,555 |
| Interest Receivable | 21,647 | - | - | 86 | 3,708 | 2,415 | 27,856 |
| Prepaid Items | - | 4,406 | 1,297 | 15 | 164 | - | 5,882 |
| Total Assets | <u>\$ 6,947,872</u> | <u>\$ 109,920</u> | <u>\$ 901,397</u> | <u>\$ 20,881</u> | <u>\$ 1,356,425</u> | <u>\$ 992,761</u> | <u>\$ 10,329,256</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 15,681 | \$ 54,643 | \$ 10 | \$ 5,360 | \$ 7,464 | \$ - | \$ 83,158 |
| Accrued Wages and Benefits | - | 7,319 | 52,526 | - | - | - | 59,845 |
| Intergovernmental Payable | - | - | 578 | - | - | - | 578 |
| Due to Other Funds | - | 66,472 | 391,146 | - | - | - | 457,618 |
| Unearned Revenue | - | - | 487,847 | - | - | - | 487,847 |
| Retainage Payable | - | - | 670 | - | - | - | 670 |
| Total Liabilities | <u>15,681</u> | <u>128,434</u> | <u>932,777</u> | <u>5,360</u> | <u>7,464</u> | <u>-</u> | <u>1,089,716</u> |
| FUND BALANCE | | | | | | | |
| Nonspendable | - | 4,406 | 1,297 | 15 | 164 | - | 5,882 |
| Restricted | 6,932,191 | - | - | 15,506 | 974,414 | 992,761 | 8,914,872 |
| Assigned | - | - | - | - | 374,383 | - | 374,383 |
| Unassigned | - | (22,920) | (32,677) | - | - | - | (55,597) |
| Total Fund Balance | <u>6,932,191</u> | <u>(18,514)</u> | <u>(31,380)</u> | <u>15,521</u> | <u>1,348,961</u> | <u>992,761</u> | <u>9,239,540</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 6,947,872</u> | <u>\$ 109,920</u> | <u>\$ 901,397</u> | <u>\$ 20,881</u> | <u>\$ 1,356,425</u> | <u>\$ 992,761</u> | <u>\$ 10,329,256</u> |

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

| | Special Revenue | | | | Special Revenue | | Total Nonmajor Governmental Funds |
|---|---------------------|--|--------------------|--------------------------|---------------------|-------------------|---|
| | Flood Control | Metropolitan Planning Organization | Grants | Improvement Districts | Special Programs | Opioid | |
| REVENUE | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 19,669 | \$ - | \$ - | \$ 19,669 |
| Intergovernmental Revenue | 3,283,941 | 429,033 | 2,518,872 | - | 290,603 | - | 6,522,449 |
| Fines and Forfeitures | - | - | - | - | 99,869 | - | 99,869 |
| Contributions and Donations | - | - | 12 | - | 5,000 | - | 5,012 |
| Investment Earnings (Loss) | 307,301 | - | - | 1,282 | 62,536 | 32,992 | 404,111 |
| Other | - | - | - | - | 47,919 | 295,608 | 343,527 |
| Total Revenue | 3,591,242 | 429,033 | 2,518,884 | 20,951 | 505,927 | 328,600 | 7,394,637 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 453,306 | - | 524,457 | 17,621 | - | - | 995,384 |
| Public Safety | - | - | 1,667,463 | - | 280,979 | - | 1,948,442 |
| Transportation Services | - | 260,021 | - | - | - | - | 260,021 |
| Capital Outlay | 1,438,222 | 187,526 | 273,792 | - | - | - | 1,899,540 |
| Total Expenditures | 1,891,528 | 447,547 | 2,465,712 | 17,621 | 280,979 | - | 5,103,387 |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | 1,699,714 | (18,514) | 53,172 | 3,330 | 224,948 | 328,600 | 2,291,250 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers Out | (500,000) | - | - | - | (17,210) | (12,893) | (530,103) |
| NET CHANGE IN FUND BALANCE | 1,199,714 | (18,514) | 53,172 | 3,330 | 207,738 | 315,707 | 1,761,147 |
| Fund Balance - Beginning of Year, as Previously Presented | 5,722,081 | - | (84,552) | 12,191 | 1,146,320 | 660,291 | 7,456,331 |
| Error Correction | 10,396 | - | - | - | (5,097) | 16,763 | 22,062 |
| Fund Balance - Beginning of Year, as Restated | 5,732,477 | - | (84,552) | 12,191 | 1,141,223 | 677,054 | 7,478,393 |
| NET BALANCE - END OF YEAR | <u>\$ 6,932,191</u> | <u>\$ (18,514)</u> | <u>\$ (31,380)</u> | <u>\$ 15,521</u> | <u>\$ 1,348,961</u> | <u>\$ 992,761</u> | <u>\$ 9,239,540</u> |

**LAKE HAVASU CITY, ARIZONA
FLOOD CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--|----------------------------|---------------------------------------|
| REVENUE | | | |
| Intergovernmental Revenue | \$ 3,039,685 | \$ 3,283,941 | \$ 244,256 |
| Investment Earnings | 90,900 | 307,301 | 216,401 |
| Total Revenue | <u>3,130,585</u> | <u>3,591,242</u> | <u>460,657</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 363,869 | 453,306 | (89,437) |
| Capital Outlay | 4,110,000 | 1,438,222 | 2,671,778 |
| Total Expenditures | <u>4,473,869</u> | <u>1,891,528</u> | <u>2,582,341</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (1,343,284) | 1,699,714 | 3,042,998 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(500,000)</u> | <u>(500,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (1,843,284) | 1,199,714 | 3,042,998 |
| Fund Balance - Beginning of Year, as Previously Presented | <u>10,528,195</u> | <u>5,722,081</u> | <u>(4,806,114)</u> |
| Error Correction | - | 10,396 | - |
| Fund Balance - Beginning of Year, as Restated | <u>10,528,195</u> | <u>5,732,477</u> | <u>(4,806,114)</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 8,684,911</u></u> | <u><u>\$ 6,932,191</u></u> | <u><u>\$ (1,763,116)</u></u> |

**LAKE HAVASU CITY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--|--------------------|---------------------------------------|
| REVENUE | | | |
| Intergovernmental Revenue | \$ 11,378,326 | \$ 2,518,872 | \$ 2,518,872 |
| Contributions and Donations | 54 | 12 | 12 |
| Total Revenue | <u>11,378,380</u> | <u>2,518,884</u> | <u>2,518,884</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 2,420,182 | 524,457 | 1,895,725 |
| Public Safety | 7,694,746 | 1,667,463 | 6,027,283 |
| Capital Outlay | 1,263,452 | 273,792 | 989,660 |
| Total Expenditures | <u>11,378,380</u> | <u>2,465,712</u> | <u>8,912,668</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | - | 53,172 | 11,431,552 |
| Fund Balance - Beginning of Year | <u>-</u> | <u>(84,552)</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ (31,380)</u> | <u>\$ 11,347,000</u> |

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--|-----------------------------|---------------------------------------|
| REVENUE | | | |
| Taxes: | | | |
| Property Taxes | \$ 16,551 | \$ 19,669 | \$ 3,118 |
| Investment Earnings | 1,079 | 1,282 | 203 |
| Total Revenue | <u>17,630</u> | <u>20,951</u> | <u>3,321</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | <u>19,464</u> | <u>17,621</u> | <u>1,843</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (1,834) | 3,330 | 5,164 |
| Fund Balance - Beginning of Year | <u>(1,803)</u> | <u>12,191</u> | <u>12,191</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ (3,637)</u></u> | <u><u>\$ 15,521</u></u> | <u><u>\$ 17,355</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, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | Variance with Final Budget |
|---|--|----------------------------|-------------------------------|
| REVENUE | | | |
| Intergovernmental Revenue | \$ 470,288 | \$ 290,603 | \$ 290,603 |
| Fines and Forfeitures | 161,620 | 99,869 | 99,869 |
| Contributions and Donations | 8,092 | 5,000 | 5,000 |
| Investment Earnings | 101,203 | 62,536 | 62,536 |
| Other | 77,548 | 47,919 | 47,919 |
| Total Revenue | <u>818,750</u> | <u>505,927</u> | <u>505,927</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | 574,375 | 280,979 | 293,396 |
| Total Expenditures | <u>574,375</u> | <u>280,979</u> | <u>293,396</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | 244,375 | 224,948 | 799,323 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>-</u> | <u>(17,210)</u> | <u>(17,210)</u> |
| NET CHANGE IN FUND BALANCE | 244,375 | 207,738 | 782,113 |
| Fund Balance - Beginning of Year, as Previously Presented | <u>1,291,765</u> | <u>1,146,320</u> | <u>(145,445)</u> |
| Error Correction | - | (5,097) | - |
| Fund Balance - Beginning of Year, as Restated | <u>1,291,765</u> | <u>1,141,223</u> | <u>(145,445)</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 1,536,140</u></u> | <u><u>\$ 1,348,961</u></u> | <u><u>\$ 491,223</u></u> |

**LAKE HAVASU CITY, ARIZONA
OPIOID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts <u>Original and Final</u> | <u>Actual</u> | Variance with Final Budget |
|---|--|--------------------------|-------------------------------|
| REVENUE | | | |
| Investment Earnings (Loss) | \$ - | \$ 32,992 | \$ - |
| Other | - | 295,608 | 295,608 |
| Total Revenue | <u>-</u> | <u>328,600</u> | <u>295,608</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | - | 328,600 | 295,608 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>-</u> | <u>(12,893)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | 315,707 | 295,608 |
| Fund Balance - Beginning of Year, as Previously Presented | <u>-</u> | <u>660,291</u> | <u>660,291</u> |
| Error Correction | - | 16,763 | - |
| Fund Balance - Beginning of Year, as Restated | <u>-</u> | <u>677,054</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ 992,761</u></u> | <u><u>\$ 955,899</u></u> |

**LAKE HAVASU CITY, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | |
|---|-----------------------|---------------|-------------------------------|
| | Original and Final | Actual | Variance with Final Budget |
| REVENUE | | | |
| Intergovernmental Revenue | \$ 4,750,000 | \$ 1,728,131 | \$ (3,021,869) |
| Contributions and Donations | 795,000 | - | (795,000) |
| Investment Earnings (Loss) | 31,795 | 445,270 | 413,475 |
| Other | - | 20,240 | 20,240 |
| Total Revenue | 5,576,795 | 2,193,641 | (3,383,154) |
| EXPENDITURES | | | |
| Capital Outlay | 14,802,000 | 4,799,828 | 10,002,172 |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (9,225,205) | (2,606,187) | 6,619,018 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 5,100,000 | 4,975,000 | (125,000) |
| Sale of Capital Assets | - | 129,920 | 129,920 |
| Total Other Financing Sources (Uses) | 5,100,000 | 5,104,920 | 4,920 |
| NET CHANGE IN FUND BALANCE | (4,125,205) | 2,498,733 | 6,623,938 |
| Fund Balance - Beginning of Year, as Previously Presented | 1,778,760 | 7,707,120 | 5,928,360 |
| Error Correction | - | 139,600 | - |
| Fund Balance - Beginning of Year, as Restated | 1,778,760 | 7,846,720 | 5,928,360 |
| FUND BALANCE - END OF YEAR | \$ (2,346,445) | \$ 10,345,453 | \$ 18,480,658 |



STATISTICAL SECTION



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 | | | | | | | | | |
|----------------------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | 2016 | 2017 (1) (As Restated) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 (2) (As Restated) | 2025 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 88,095,353 | \$ 88,995,496 | \$ 85,407,317 | \$ 99,783,955 | \$ 103,999,904 | \$ 103,715,303 | \$ 104,701,620 | \$ 109,641,615 | \$ 136,953,671 | \$ 148,678,158 |
| Net Position-Restricted | 3,703,586 | 4,798,406 | 5,990,275 | 4,587,301 | 7,961,989 | 9,704,368 | 11,521,472 | 22,155,998 | 64,309,991 | 69,300,985 |
| Net Position-Unrestricted | (31,635,385) | (47,404,855) | (46,342,804) | (45,275,653) | (46,482,104) | (28,064,741) | (13,213,060) | (8,834,675) | 11,282,881 | 26,129,669 |
| Total Governmental Activities | | | | | | | | | | |
| Net Position | <u>\$ 60,163,554</u> | <u>\$ 46,389,047</u> | <u>\$ 45,054,788</u> | <u>\$ 59,095,603</u> | <u>\$ 65,479,789</u> | <u>\$ 85,354,930</u> | <u>\$ 103,010,032</u> | <u>\$ 122,962,938</u> | <u>\$ 212,546,543</u> | <u>\$ 244,108,812</u> |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 137,877,796 | \$ 139,060,241 | \$ 140,976,250 | \$ 134,618,689 | \$ 134,988,785 | \$ 131,836,295 | \$ 140,439,906 | \$ 144,590,501 | \$ 138,948,553 | \$ 158,909,404 |
| Net Position-Restricted | - | - | 20,929 | 13,207 | 9,984 | 8,684,191 | 8,829,744 | 8,985,631 | 9,505,929 | 1,245,584 |
| Net Position-Unrestricted | 66,001,694 | 66,595,391 | 68,758,191 | 73,866,305 | 76,661,116 | 81,724,669 | 81,056,619 | 79,275,810 | 68,076,164 | 58,486,063 |
| Total Business-Type Activities | | | | | | | | | | |
| Net Position | <u>\$ 203,879,490</u> | <u>\$ 205,655,632</u> | <u>\$ 209,755,370</u> | <u>\$ 208,498,201</u> | <u>\$ 211,659,885</u> | <u>\$ 222,245,155</u> | <u>\$ 230,326,269</u> | <u>\$ 232,851,942</u> | <u>\$ 216,530,646</u> | <u>\$ 218,641,051</u> |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 225,973,149 | \$ 228,055,737 | \$ 226,383,567 | \$ 234,402,644 | \$ 238,988,689 | \$ 235,551,598 | \$ 245,141,526 | \$ 254,232,116 | \$ 275,902,224 | \$ 307,587,562 |
| Net Position-Restricted | 3,703,586 | 4,798,406 | 6,011,204 | 4,600,508 | 7,971,973 | 18,388,559 | 20,351,216 | 31,141,629 | 73,815,920 | 70,546,569 |
| Net Position-Unrestricted | 34,366,309 | 19,190,536 | 22,415,387 | 28,590,652 | 30,179,012 | 53,659,928 | 67,843,559 | 70,441,135 | 79,663,756 | 84,615,732 |
| Total Primary Government | | | | | | | | | | |
| Net Position | <u>\$ 264,043,044</u> | <u>\$ 252,044,679</u> | <u>\$ 254,810,158</u> | <u>\$ 267,593,804</u> | <u>\$ 277,139,674</u> | <u>\$ 307,600,085</u> | <u>\$ 333,336,301</u> | <u>\$ 355,814,880</u> | <u>\$ 429,381,900</u> | <u>\$ 462,749,863</u> |

(1) 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.

(2) The City restated and increased Net Position in the governmental activities by \$666,576, and restated and decreased Net Position in the business-type activities by \$971,287 for the correction of an error in the prior issued financial statements.

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

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

| | Fiscal Year | | | | | | | | | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| EXPENSES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 16,565,010 | \$ 16,508,917 | \$ 15,966,111 | \$ 16,231,859 | \$ 16,402,595 | \$ 15,174,305 | \$ 14,160,054 | \$ 18,085,131 | \$ 24,787,733 | \$ 20,081,612 |
| Public Safety | 27,851,569 | 35,730,398 | 32,534,876 | 31,099,502 | 32,192,767 | 33,965,247 | 34,090,742 | 37,046,315 | 37,978,758 | 45,892,006 |
| Highways and Streets | 5,954,241 | 6,527,976 | 5,986,275 | 5,506,988 | 5,656,106 | 6,277,283 | 6,144,340 | 5,050,185 | 6,295,811 | 7,329,088 |
| Transportation Services | 3,524,708 | 3,211,372 | 3,394,900 | 3,119,629 | 5,734,866 | 5,843,346 | 6,928,950 | 7,768,263 | 8,497,359 | 10,293,742 |
| Tourism and Promotion | 1,866,653 | 2,011,849 | 2,263,539 | 2,438,028 | 2,405,167 | 2,867,170 | 2,092,764 | 2,092,488 | 2,138,665 | 2,094,216 |
| Culture and Recreation | 796,465 | 649,522 | 723,931 | 644,651 | 642,960 | 906,453 | 1,018,294 | 1,044,473 | 928,811 | 1,285,725 |
| Interest on Long-Term Debt | 71,419 | 336,191 | 377,281 | 156,484 | 11,765 | 19,396 | 12,789 | - | 61,474 | 47,758 |
| Total Governmental Activities | 56,630,065 | 64,976,225 | 61,246,913 | 59,197,141 | 63,046,226 | 65,053,200 | 64,447,933 | 71,086,855 | 80,688,611 | 87,024,147 |
| Business-Type Activities: | | | | | | | | | | |
| Refuse | 5,462,233 | 5,579,670 | 5,824,942 | 6,397,111 | 6,722,388 | 6,871,359 | 7,194,997 | 7,521,311 | 7,899,953 | 8,281,273 |
| Irrigation and Drainage | 10,695,127 | 10,873,128 | 12,388,033 | 11,471,349 | 13,441,560 | 12,715,389 | 12,944,039 | 15,981,883 | 15,758,593 | 17,716,627 |
| Wastewater | 28,630,254 | 26,012,366 | 25,175,765 | 26,016,553 | 26,483,548 | 25,493,376 | 28,561,097 | 28,937,640 | 29,301,219 | 30,237,815 |
| Airport | 1,401,684 | 1,425,314 | 1,558,591 | 1,875,148 | 1,927,072 | 1,614,475 | 1,781,468 | 1,791,192 | 1,880,101 | 1,940,824 |
| Total Business-Type Activities | 46,189,298 | 43,890,478 | 44,947,331 | 45,760,161 | 48,574,568 | 46,694,599 | 50,481,601 | 54,232,026 | 54,839,866 | 58,176,539 |
| Total Primary Government Expenses | <u>\$ 102,819,363</u> | <u>\$ 108,866,703</u> | <u>\$ 106,194,244</u> | <u>\$ 104,957,302</u> | <u>\$ 111,620,794</u> | <u>\$ 111,747,799</u> | <u>\$ 114,929,534</u> | <u>\$ 125,318,881</u> | <u>\$ 135,528,477</u> | <u>\$ 145,200,686</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Fines, Fees, and Charges for Services: | | | | | | | | | | |
| General Government | \$ 3,632,889 | \$ 3,824,870 | \$ 4,109,375 | \$ 4,192,315 | \$ 2,728,789 | \$ 4,885,904 | \$ 4,739,871 | \$ 4,693,983 | \$ 4,481,784 | \$ 4,769,739 |
| Public Safety | 413,385 | 306,598 | 394,571 | 355,788 | 1,632,331 | 252,069 | 224,177 | 286,872 | 597,255 | 3,445,584 |
| Highways and Streets | 56,878 | 4,586 | 14,847 | 10,789 | - | - | - | - | - | - |
| Culture and Recreation | 959,528 | 994,556 | 954,783 | 1,003,937 | 652,479 | 532,709 | 858,477 | 888,323 | 995,732 | 1,031,005 |
| Transportation Services | 11,193 | 11,440 | 17,094 | 18,583 | 13,734 | 7,598 | 32,250 | 62,415 | 74,977 | 77,613 |
| Operating Grants and Contributions | 7,398,931 | 7,634,226 | 7,163,483 | 7,539,313 | 7,392,366 | 15,056,265 | 8,645,102 | 9,745,958 | 9,258,707 | 10,574,306 |
| Capital Grants and Contributions | 1,500 | 13,750 | 223,288 | - | 1,637,186 | 403,143 | 534,969 | 847,197 | 48,395,445 | 6,697,981 |
| Total Governmental Activities Program Revenues | 12,474,304 | 12,790,026 | 12,877,441 | 13,120,725 | 14,056,885 | 21,137,688 | 15,034,846 | 16,524,748 | 63,803,900 | 26,596,228 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Refuse | 5,900,766 | 6,032,980 | 6,451,980 | 6,830,556 | 6,726,489 | 7,089,572 | 7,332,512 | 8,000,392 | 9,004,582 | 9,466,792 |
| Irrigation and Drainage | 10,690,585 | 10,694,299 | 11,941,916 | 10,849,791 | 11,020,390 | 12,356,158 | 11,368,009 | 11,631,891 | 13,652,977 | 16,225,678 |
| Wastewater | 22,592,658 | 22,619,965 | 22,334,847 | 23,014,325 | 22,978,761 | 24,253,123 | 25,532,009 | 25,762,084 | 27,263,276 | 28,398,924 |
| Airport | 496,145 | 502,238 | 515,049 | 504,332 | 530,108 | 570,892 | 589,232 | 647,030 | 676,328 | 782,898 |
| Operating Grants and Contributions | 111,029 | 46,241 | - | - | 88,712 | - | - | - | 42,790 | 137,146 |
| Capital Grants and Contributions | 2,394,886 | 3,981,141 | 3,703,711 | 3,133,115 | 3,588,771 | 3,714,417 | 10,859,143 | 9,106,899 | 1,029,698 | 851,197 |
| Total Business-Type Activities Program Revenues | 42,186,069 | 43,876,864 | 44,947,503 | 44,332,119 | 44,933,231 | 47,984,162 | 55,680,905 | 55,148,296 | 51,669,651 | 55,862,635 |
| Total Primary Government Program Revenues | <u>\$ 54,660,373</u> | <u>\$ 56,666,890</u> | <u>\$ 57,824,944</u> | <u>\$ 57,452,844</u> | <u>\$ 58,990,116</u> | <u>\$ 69,121,850</u> | <u>\$ 70,715,751</u> | <u>\$ 71,673,044</u> | <u>\$ 115,473,551</u> | <u>\$ 82,458,863</u> |
| NET (EXPENSE)/REVENUE | | | | | | | | | | |
| Governmental Activities | \$ (42,495,619) | \$ (44,155,761) | \$ (52,186,199) | \$ (48,369,472) | \$ (46,076,416) | \$ (48,989,341) | \$ (43,915,512) | \$ (49,413,087) | \$ (16,884,711) | \$ (60,427,919) |
| Business-Type Activities | (4,811,726) | (4,003,229) | (13,614) | 172 | (1,428,042) | (3,641,337) | 1,289,563 | 5,199,304 | (3,170,215) | (2,313,904) |
| Total Primary Government Net Expense | <u>\$ (47,307,345)</u> | <u>\$ (48,158,990)</u> | <u>\$ (52,199,813)</u> | <u>\$ (48,369,300)</u> | <u>\$ (47,504,458)</u> | <u>\$ (52,630,678)</u> | <u>\$ (42,625,949)</u> | <u>\$ (44,213,783)</u> | <u>\$ (20,054,926)</u> | <u>\$ (62,741,823)</u> |

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

| | Fiscal Year | | | | | | | | | |
|----------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| GENERAL REVENUE AND OTHER | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Sales Taxes | \$ 20,205,820 | \$ 21,750,919 | \$ 23,510,466 | \$ 25,600,426 | \$ 28,509,382 | \$ 35,735,174 | \$ 39,539,774 | \$ 39,173,800 | \$ 40,144,705 | \$ 40,286,314 |
| Property Taxes | 4,378,580 | 4,404,669 | 4,509,789 | 4,738,836 | 5,034,301 | 5,301,635 | 5,683,917 | 6,066,615 | 6,379,515 | 6,762,255 |
| Franchise Taxes | 1,971,867 | 2,017,919 | 1,915,660 | 1,920,789 | 1,899,083 | 2,073,506 | 2,135,944 | 2,278,646 | 2,498,944 | 2,763,218 |
| State Revenue Sharing | 6,324,244 | 6,551,824 | 6,656,582 | 6,589,165 | 7,123,935 | 7,983,889 | 7,495,130 | 11,056,566 | 15,614,891 | 12,605,619 |
| State Sales Tax Revenue Sharing | 4,961,508 | 4,903,171 | 5,167,905 | 5,478,702 | 5,696,977 | 6,627,439 | 8,059,064 | 8,615,595 | 8,903,135 | 9,086,432 |
| Auto Lieu Tax Revenue Sharing | 2,871,694 | 3,114,874 | 3,403,444 | 3,614,782 | 3,638,920 | 4,658,251 | 4,602,177 | 4,887,882 | 4,985,085 | 5,421,267 |
| Investment Earnings (Loss) | 567,614 | 115,537 | 158,966 | 1,213,816 | 1,273,380 | 116,967 | (1,401,638) | 1,050,999 | 6,238,688 | 8,862,414 |
| Other | 21,866 | - | - | 337,401 | 631,097 | 823,176 | 563,519 | 729,222 | 2,639,898 | 5,439,611 |
| Transfers | (5,800,353) | 2,043,948 | 1,712,401 | 8,550,633 | 1,566,452 | 470,616 | 390,302 | 238,150 | 95,692 | 301,352 |
| Total Governmental Activities | 35,502,840 | 44,902,861 | 47,035,213 | 58,044,550 | 55,373,527 | 63,790,653 | 67,068,189 | 74,097,475 | 87,500,553 | 91,528,482 |
| Business-Type Activities: | | | | | | | | | | |
| Sales Taxes | - | - | 7,918 | 20,545 | 22,675 | 14,427 | 20,434 | 14,779 | 14,253 | 13,503 |
| Property Taxes | 5,726,275 | 5,701,272 | 5,702,082 | 5,693,531 | 5,694,267 | 5,701,311 | 5,713,605 | - | 3,527 | - |
| Investment Earnings (Loss) | 1,071,967 | 94,445 | 101,967 | 2,736,835 | 2,507,455 | 252,465 | (2,652,521) | 1,697,657 | 5,581,943 | 4,079,016 |
| Other | - | - | - | 270,595 | 145,076 | 172,926 | 190,594 | 135,117 | 174,355 | 633,142 |
| Transfers | 5,800,353 | (2,043,948) | (1,712,401) | (8,550,633) | (1,566,452) | (470,616) | (390,302) | (238,150) | (95,692) | (301,352) |
| Total Business-Type Activities | 12,598,595 | 3,751,769 | 4,099,566 | 170,873 | 6,803,021 | 5,670,513 | 2,881,810 | 1,609,403 | 5,678,386 | 4,424,309 |
| Total Primary Government | <u>\$ 48,101,435</u> | <u>\$ 48,654,630</u> | <u>\$ 51,134,779</u> | <u>\$ 58,215,423</u> | <u>\$ 62,176,548</u> | <u>\$ 69,461,166</u> | <u>\$ 69,949,999</u> | <u>\$ 75,706,878</u> | <u>\$ 93,178,939</u> | <u>\$ 95,952,791</u> |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental Activities | \$ (8,652,921) | \$ (7,283,338) | \$ (1,334,259) | \$ 11,968,134 | \$ 6,384,186 | \$ 19,875,141 | \$ 17,655,102 | \$ 19,952,906 | \$ 71,058,849 | \$ 31,562,269 |
| Business-Type Activities | 8,595,366 | 3,738,155 | 4,099,738 | (1,257,169) | 3,161,684 | 6,960,076 | 8,081,114 | 2,525,673 | 2,508,171 | 2,110,405 |
| Total Primary Government | <u>\$ (57,555)</u> | <u>\$ (3,545,183)</u> | <u>\$ 2,765,479</u> | <u>\$ 10,710,965</u> | <u>\$ 9,545,870</u> | <u>\$ 26,835,217</u> | <u>\$ 25,736,216</u> | <u>\$ 22,478,579</u> | <u>\$ 73,567,020</u> | <u>\$ 33,672,674</u> |

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

| FUNCTION/PROGRAM | Fiscal Year | | | | | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 5,046,899 | \$ 4,919,685 | \$ 5,344,231 | \$ 5,339,004 | \$ 3,541,596 | \$ 5,643,615 | \$ 5,417,641 | \$ 6,237,511 | \$ 10,301,968 | \$ 5,003,369 |
| Public Safety | 1,066,458 | 1,376,751 | 1,040,186 | 982,952 | 2,297,655 | 7,714,638 | 1,181,726 | 1,628,649 | 5,043,016 | 6,070,817 |
| Highways and Streets | 4,772,852 | 4,985,665 | 5,110,258 | 5,439,830 | 7,003,845 | 6,389,594 | 6,235,679 | 6,394,725 | 42,868,225 | 7,940,055 |
| Culture and Recreation | 1,085,432 | 1,075,382 | 984,594 | 1,020,467 | 753,999 | 547,118 | 1,125,530 | 1,523,090 | 4,180,963 | 6,348,511 |
| Transportation Services | 502,663 | 432,543 | 398,172 | 338,472 | 459,790 | 842,723 | 1,074,270 | 740,773 | 1,409,728 | 1,233,476 |
| Subtotal Governmental Activities | 12,474,304 | 12,790,026 | 12,877,441 | 13,120,725 | 14,056,885 | 21,137,688 | 15,034,846 | 16,524,748 | 63,803,900 | 26,596,228 |
| Business-Type Activities: | | | | | | | | | | |
| Refuse | 5,900,766 | 6,032,980 | 6,451,980 | 6,830,556 | 6,726,489 | 7,089,572 | 7,332,512 | 8,000,392 | 9,004,582 | 9,466,792 |
| Irrigation and Drainage | 12,529,606 | 12,783,382 | 13,967,644 | 13,039,227 | 13,449,583 | 14,852,351 | 14,040,524 | 14,483,240 | 13,652,977 | 16,339,541 |
| Wastewater | 23,259,010 | 23,267,652 | 23,128,673 | 23,649,210 | 23,680,221 | 25,322,173 | 26,307,900 | 26,420,079 | 27,781,356 | 29,054,524 |
| Airport | 496,687 | 1,792,850 | 1,399,206 | 813,126 | 1,076,938 | 720,066 | 7,999,969 | 6,244,585 | 1,230,736 | 1,001,778 |
| Subtotal Business-Type Activities | 42,186,069 | 43,876,864 | 44,947,503 | 44,332,119 | 44,933,231 | 47,984,162 | 55,680,905 | 55,148,296 | 51,669,651 | 55,862,635 |
| Total Primary Government | <u>\$ 54,660,373</u> | <u>\$ 56,666,890</u> | <u>\$ 57,824,944</u> | <u>\$ 57,452,844</u> | <u>\$ 58,990,116</u> | <u>\$ 69,121,850</u> | <u>\$ 70,715,751</u> | <u>\$ 71,673,044</u> | <u>\$ 115,473,551</u> | <u>\$ 82,458,863</u> |

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| GENERAL FUND | | | | | | | | | | |
| Nonspendable | \$ 244,483 | \$ 227,087 | \$ 9,224,831 | \$ 374,462 | \$ 389,679 | \$ 476,244 | \$ 1,551,526 | \$ 2,010,162 | \$ 2,181,951 | \$ 3,512,576 |
| Restricted | 79,848 | 108,473 | 140,783 | 200,369 | 211,712 | 115,718 | 87,549 | 87,921 | 123,437 | 1,364,685 |
| Committed | 95,764 | 58,712 | 28,614 | - | 452,553 | - | - | - | - | - |
| Assigned | 1,413,446 | 7,468,453 | 2,680,187 | 4,049,451 | 2,143,468 | 923,434 | 534,760 | 145,529 | - | - |
| Unassigned | 25,280,515 | 31,008,000 | 27,377,087 | 34,519,442 | 37,243,172 | 57,871,982 | 70,241,846 | 74,366,537 | 84,988,712 | 92,588,012 |
| Total General Fund | <u>\$ 27,114,056</u> | <u>\$ 38,870,725</u> | <u>\$ 39,451,502</u> | <u>\$ 39,143,724</u> | <u>\$ 40,440,584</u> | <u>\$ 59,387,378</u> | <u>\$ 72,415,681</u> | <u>\$ 76,610,149</u> | <u>\$ 87,294,100</u> | <u>\$ 97,465,273</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Nonspendable | \$ 74,285 | \$ 74,255 | \$ 69,753 | \$ - | \$ - | \$ 80,950 | \$ 4,772 | \$ 385 | \$ 2,701 | \$ 6,882 |
| Restricted | 3,602,063 | 4,689,933 | 5,455,777 | 4,044,645 | 7,350,685 | 8,948,638 | 9,807,774 | 20,506,861 | 61,388,288 | 64,173,210 |
| Assigned | 3,212,360 | 1,202,633 | 1,269,128 | 767,047 | 3,278,511 | 4,472,156 | 6,273,147 | 2,654,488 | 7,997,376 | 10,719,836 |
| Unassigned | - | - | - | - | - | - | (4,772) | - | (87,253) | (55,597) |
| Total All Other Governmental Funds | <u>\$ 6,888,708</u> | <u>\$ 5,966,821</u> | <u>\$ 6,794,658</u> | <u>\$ 4,811,692</u> | <u>\$ 10,767,980</u> | <u>\$ 13,501,744</u> | <u>\$ 16,080,921</u> | <u>\$ 23,161,734</u> | <u>\$ 69,301,112</u> | <u>\$ 74,844,331</u> |

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| REVENUES | | | | | | | | | | |
| Taxes | \$ 26,556,267 | \$ 28,173,507 | \$ 29,935,915 | \$ 32,260,051 | \$ 35,442,766 | \$ 43,110,315 | \$ 47,359,629 | \$ 47,519,061 | \$ 49,023,164 | \$ 49,811,787 |
| Intergovernmental | 21,331,956 | 21,815,664 | 22,332,270 | 23,188,181 | 23,821,996 | 34,151,895 | 28,965,539 | 35,334,239 | 86,032,280 | 44,342,705 |
| Fines and Forfeitures | 1,271,265 | 1,399,042 | 1,302,600 | 1,460,470 | 1,364,192 | 1,549,597 | 1,637,775 | 1,630,530 | 1,506,845 | 1,528,476 |
| Licenses and Permits | 2,058,628 | 2,109,402 | 2,631,312 | 2,523,596 | 2,610,734 | 3,225,243 | 2,941,949 | 2,902,593 | 2,813,751 | 3,088,552 |
| Charges for Services | 1,289,882 | 1,243,056 | 1,257,008 | 1,262,243 | 940,297 | 797,245 | 1,115,217 | 1,238,296 | 1,668,452 | 4,555,502 |
| Rents and Royalties | 160,822 | 85,969 | 100,130 | 95,269 | 112,110 | 106,195 | 159,834 | 160,174 | 160,700 | 151,411 |
| Contributions and Donations | 225,921 | 388,431 | 265,824 | 33,781 | 242,388 | 173,949 | 370,883 | 236,497 | 1,075,777 | 98,775 |
| Investment Earnings (Loss) | 536,861 | 115,537 | 158,966 | 1,213,816 | 1,273,380 | 116,967 | (1,401,638) | 1,050,999 | 6,238,702 | 8,862,414 |
| Other | 293,276 | 304,581 | 199,620 | 239,834 | 631,097 | 831,727 | 563,544 | 729,222 | 897,898 | 5,267,139 |
| Total Revenues | 53,724,878 | 55,635,189 | 58,183,645 | 62,277,241 | 66,438,960 | 84,063,133 | 81,712,732 | 90,801,611 | 149,417,569 | 117,706,761 |
| EXPENDITURES | | | | | | | | | | |
| General Government | 15,342,933 | 15,975,867 | 16,397,581 | 15,871,643 | 14,475,351 | 14,878,532 | 14,496,160 | 19,694,822 | 17,475,304 | 18,735,064 |
| Public Safety | 26,472,416 | 27,609,870 | 28,148,429 | 28,865,141 | 28,661,397 | 32,051,874 | 35,359,631 | 38,889,682 | 41,019,777 | 44,842,627 |
| Highways and Streets | 4,418,578 | 5,007,050 | 4,503,401 | 7,160,326 | 3,899,565 | 4,728,260 | 5,358,088 | 5,859,318 | 6,350,826 | 7,488,839 |
| Culture and Recreation | 3,290,143 | 3,287,776 | 4,069,418 | 3,043,090 | 5,430,346 | 5,570,806 | 6,150,320 | 7,155,926 | 8,344,691 | 9,203,075 |
| Transportation Services | 1,866,653 | 2,011,849 | 2,263,539 | 2,438,028 | 2,405,167 | 2,867,170 | 2,092,764 | 2,092,488 | 2,138,665 | 2,086,716 |
| Tourism and Promotion | 726,537 | 598,367 | 670,192 | 607,028 | 655,906 | 1,091,801 | 1,254,013 | 909,337 | 928,811 | 1,059,981 |
| Capital Outlay | 3,244,793 | 5,485,194 | 5,565,035 | 5,807,593 | 306,767 | 3,855,123 | 1,208,602 | 7,188,219 | 24,853,109 | 21,580,163 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 165,000 | 2,416,813 | 9,217,626 | 7,543,000 | 6,331,000 | 74,874 | 925,126 | - | 1,012,866 | 1,050,932 |
| Interest on Long-Term Debt | 71,419 | 168,588 | 266,211 | 156,484 | 11,765 | 19,396 | 12,789 | - | 61,474 | 47,758 |
| Total Expenditures | 55,598,472 | 62,561,374 | 71,101,432 | 71,492,333 | 62,177,264 | 65,137,836 | 66,857,493 | 81,789,792 | 102,185,523 | 106,095,155 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,873,594) | (6,926,185) | (12,917,787) | (9,215,092) | 4,261,696 | 18,925,297 | 14,855,239 | 9,011,819 | 47,232,046 | 11,611,606 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers In | 2,467,823 | 5,856,721 | 7,348,011 | 6,601,080 | 3,842,104 | 3,994,557 | 3,047,951 | 13,625,534 | 10,869,058 | 13,552,868 |
| Transfers Out | (6,994,555) | (1,897,778) | (5,635,610) | (2,086,814) | (2,275,652) | (3,523,941) | (2,657,649) | (13,387,384) | (10,773,366) | (13,251,516) |
| Sale of Capital Assets | - | - | - | 337,401 | - | - | - | - | 1,742,000 | 173,058 |
| Issuance of Debt | 3,046,010 | 11,279,439 | 12,614,000 | - | - | 1,881,502 | 361,939 | 2,025,312 | 296,682 | 2,961,799 |
| Total Other Financing Sources (Uses) | (1,480,722) | 15,238,382 | 14,326,401 | 4,851,667 | 1,566,452 | 2,352,118 | 752,241 | 2,263,462 | 2,134,374 | 3,436,209 |
| NET CHANGE IN FUND BALANCES | <u>\$ (3,354,316)</u> | <u>\$ 8,312,197</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> | <u>\$ 49,366,420</u> | <u>\$ 15,047,815</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 0.5% | 4.6% | 14.5% | 12.4% | 10.3% | 0.2% | 1.5% | 0.0% | 1.4% | 1.3% |

**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 |
|--------------------|---------------|-------------------|--------------------|-------------------------------|------------------------------|---------------|
| 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 |
| 2024 | 35,573,496 | 6,361,787 | 2,498,944 | 2,177,774 | 2,040,696 | 48,652,697 |
| 2025 | 35,613,364 | 6,742,586 | 2,763,218 | 2,103,905 | 2,050,137 | 49,273,211 |
| Change, 2016-2025 | 94.2% | 54.0% | 40.1% | 173.4% | 86.9% | 85.5% |

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

(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**

| | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2016 (1) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Sales Category: | | | | | | | | | | |
| Accommodation | | \$ 29,106,398 | \$ 32,543,968 | \$ 37,774,353 | \$ 44,419,368 | \$ 71,432,541 | \$ 77,805,587 | \$ 73,834,463 | \$ 73,278,995 | \$ 70,781,456 |
| Communications and Utilities | | 27,075,402 | 24,486,305 | 24,261,301 | 20,150,357 | 22,685,276 | 18,894,821 | 20,968,163 | 32,252,205 | 37,301,545 |
| Construction | | 90,281,093 | 106,465,774 | 127,594,201 | 130,718,131 | 142,946,354 | 174,985,101 | 171,033,213 | 184,022,964 | 156,406,823 |
| Other | | 12,142,565 | 13,600,168 | 10,891,087 | 12,466,230 | 10,480,583 | 13,853,903 | 12,452,923 | 13,613,961 | 12,717,737 |
| Rental, Leasing & License | | 20,238,906 | 23,153,951 | 28,523,010 | 30,419,607 | 34,028,258 | 34,400,305 | 33,162,764 | 34,509,124 | 42,230,649 |
| Restaurant and Bar | | 119,446,455 | 131,938,468 | 138,771,999 | 137,955,810 | 171,858,918 | 192,701,995 | 202,774,751 | 207,092,121 | 206,972,308 |
| Retail | | 624,440,905 | 663,339,900 | 702,877,412 | 787,056,417 | 948,721,655 | ##### | ##### | ##### | 999,063,029 |
| Retail Market Place (2) | | - | - | - | 42,037,179 | 83,982,378 | 101,211,819 | 111,709,892 | 127,217,863 | 138,816,826 |
| Use Tax | | 57,846,455 | 64,023,740 | 72,610,890 | 73,724,131 | 91,494,126 | 114,830,274 | 90,325,690 | 98,945,901 | 114,421,594 |
| Total | <u>\$ -</u> | <u>\$ 980,578,176</u> | <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> | <u>\$ 1,776,133,765</u> | <u>\$ 1,778,711,965</u> |
| City Sales Tax Rate | 2.00 % | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Accommodations | 5.00 | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Restaurant and Bar | 3.00 | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |

(1) In 2017 the Arizona Department of Revenue began reporting on Business Code vs. NAICS Code.
As a result, comparable data by category is not available for years prior.

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

Source: Arizona Department of Revenue

**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
RATES AS OF JUNE 30, 2025**

| <u>Fiscal Year</u> | <u>City Sales Tax</u> | <u>City Restaurant and Bar Tax</u> | (2) <u>City Transient Occupancy Tax</u> | (1) <u>Mohave County</u> | (1) <u>State of Arizona</u> |
|--------------------|-----------------------|--|--|---------------------------------|------------------------------------|
| 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 |
| 2024 | 2.00 | 1.00 | 3.00 | 0.00 | 5.60 |
| 2025 | 2.00 | 1.00 | 3.00 | 0.00 | 5.60 |

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

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

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

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

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

| Fiscal Year | | Real Property | | Personal Property | | Total | | Direct Tax Rate | Ratio of Total Assessed Value to Total Estimated Actual Value |
|-------------|---|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|-----------------|---|
| | | Net Assessed Value | Estimated Actual Value | Net Assessed Value | Estimated Actual Value | Net Assessed Value | Estimated Actual Value | | |
| 2016 | P | \$ 580,873,455 | \$ 4,953,980,283 | \$ 11,256,533 | \$ 68,368,831 | \$ 592,129,988 | \$ 5,022,349,114 | 0.7235 | 11.79 |
| | S | 631,446,060 | 5,408,433,386 | 11,729,600 | 71,080,139 | 643,175,660 | 5,479,513,525 | - | plus \$ 268.85 per acre |
| 2017 | P | 608,965,019 | 5,383,479,500 | 11,006,278 | 68,939,771 | 619,971,297 | 5,452,419,271 | 0.7000 | 11.37 |
| | S | 735,626,275 | 6,505,033,461 | 13,130,484 | 81,892,063 | 748,756,759 | 6,586,925,524 | - | plus \$ 268.85 per acre |
| 2018 | P | 644,785,568 | 5,713,125,000 | 10,822,569 | 68,018,116 | 655,608,137 | 5,781,143,116 | 0.6718 | 11.34 |
| | S | 795,548,110 | 7,037,744,217 | 13,002,829 | 81,282,567 | 808,550,939 | 7,119,026,784 | - | plus \$ 268.85 per acre |
| 2019 | P | 683,335,499 | 6,058,719,068 | 11,292,683 | 71,032,975 | 694,628,182 | 6,129,752,043 | 0.6718 | 11.33 |
| | S | 857,950,789 | 7,594,781,582 | 14,040,294 | 88,050,737 | 871,991,083 | 7,682,832,319 | - | plus \$ 268.85 per acre |
| 2020 | P | 727,807,080 | 6,471,661,041 | 11,184,504 | 70,646,217 | 738,991,584 | 6,542,307,258 | 0.6718 | 11.30 |
| | S | 922,838,422 | 8,147,956,948 | 13,746,935 | 86,778,829 | 936,585,357 | 8,234,735,777 | - | plus \$ 268.85 per acre |
| 2021 | P | 774,038,728 | 6,902,126,299 | 11,842,906 | 74,687,828 | 785,881,634 | 6,976,814,127 | 0.6718 | 11.26 |
| | S | 1,016,628,589 | 9,054,989,118 | 14,400,761 | 90,728,857 | 1,031,029,350 | 9,145,717,975 | - | plus \$ 268.85 per acre |
| 2022 | P | 822,105,281 | 7,349,299,441 | 12,621,499 | 79,720,325 | 834,726,780 | 7,429,019,766 | 0.6718 | 11.24 |
| | S | 1,058,820,076 | 9,505,753,272 | 14,617,194 | 92,614,054 | 1,073,437,270 | 9,598,367,326 | - | plus \$ 268.85 per acre |
| 2023 | P | 879,754,356 | 7,917,965,117 | 12,734,735 | 82,407,251 | 892,489,091 | 8,000,372,368 | 0.6718 | 11.16 |
| | S | 1,207,112,538 | 10,855,877,553 | 16,085,410 | 103,867,943 | 1,223,197,948 | 10,959,745,496 | - | |
| 2024 | P | 932,148,316 | 8,432,625,637 | 13,821,408 | 91,273,393 | 945,969,724 | 8,523,899,030 | 0.6718 | 11.10 |
| | S | 1,638,015,057 | 14,086,255,121 | 19,851,931 | 119,166,886 | 1,657,866,988 | 14,205,422,007 | - | |
| 2025 | P | 991,834,966 | 9,020,620,329 | 14,627,817 | 98,697,224 | 1,006,462,783 | 9,119,317,553 | 0.6718 | 11.04 |
| | S | 1,987,713,944 | 17,091,531,560 | 22,946,816 | 140,861,520 | 2,010,660,760 | 17,232,393,080 | - | |

Source: Arizona Department of Revenue Abstract of the Assessment Roll.

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.

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

| Fiscal Year | | City Direct Rate | | | Special Districts | | | Overlapping Rates | | | Rate Total | |
|----------------|---|-------------------|-------------------------|-----------------------|------------------------------------|----------------------------|----------------------------|-------------------------|-------------------------|------------------------|---------------|--------------------|
| | | Operating Rate | Debt Service Rate | Total City Rate | Irrigation Drainage District | Improvement District #2 | Improvement District #4 | Total County Rate | Total School Rate | Total Rate Total | | |
| 2016 | P | 0.7235 | - | 0.7235 | - | - | - | 1.9696 | 4.0121 | 0.5054 | 7.2106 | |
| | S | - | - | - | \$268.85/acre | 0.8502 | 0.6941 | 0.7436 | 0.0000 | - | 2.2879 | plus \$268.85/acre |
| 2017 | P | 0.7000 | - | 0.7000 | - | - | - | 1.9696 | 3.9873 | 0.5010 | 7.1579 | |
| | S | - | - | - | \$268.85/acre | 0.8585 | 0.7158 | 0.7436 | - | - | 2.3179 | plus \$268.85/acre |
| 2018 | P | 0.6718 | - | 0.6718 | - | - | - | 1.9696 | 3.6727 | | 6.3141 | |
| | S | - | - | - | \$268.85/acre | 0.8349 | 0.5456 | 0.7916 | 0.87 | 0.49 | 3.5256 | plus \$268.85/acre |
| 2019 | P | 0.6718 | - | 0.6718 | - | - | - | 1.9696 | 3.1334 | | 5.7748 | |
| | S | - | - | - | \$268.85/acre | 0.7740 | 0.5040 | 0.8916 | 0.8361 | 0.4740 | 3.4797 | plus \$268.85/acre |
| 2020 | P | 0.6718 | - | 0.6718 | - | - | - | 1.9496 | 3.3652 | | 5.9866 | |
| | S | - | - | - | \$268.85/acre | 0.7370 | 0.5040 | 0.8116 | 0.7403 | 0.4566 | 3.2495 | plus \$268.85/acre |
| 2021 | P | 0.6718 | - | 0.6718 | - | - | - | 1.9000 | 3.2906 | | 5.8624 | |
| | S | - | - | - | \$268.85/acre | 0.7370 | 0.5040 | 0.8316 | 0.7227 | 0.4426 | 3.2379 | plus \$268.85/acre |
| 2022 | P | 0.6718 | - | 0.6718 | - | - | - | 1.8240 | 3.2261 | | 5.7219 | |
| | S | - | - | - | \$268.85/acre | 0.7370 | 0.5040 | 0.8111 | 1.2407 | 0.4263 | 3.7191 | plus \$268.85/acre |
| 2023 | P | 0.6718 | - | 0.6718 | - | - | - | 1.7547 | 3.1242 | | 5.5507 | |
| | S | - | - | - | 0.0000 | 0.7370 | 0.5040 | 0.9111 | 0.7544 | 0.0000 | 2.9065 | |
| 2024 | P | 0.6718 | - | 0.6718 | - | - | - | 1.7547 | 3.1953 | | 5.6218 | |
| | S | - | - | - | 0.0000 | 0.7370 | 0.0000 | 0.9111 | 0.6778 | 0.0000 | 2.3259 | |
| 2025 | P | 0.6718 | - | 0.6718 | - | | | 1.7547 | 2.9926 | 0.0000 | 5.4191 | |
| | S | - | - | - | 0.0000 | 0.7370 | 0.0000 | 0.9111 | 0.4150 | - | 2.0631 | |

Source: Mohave County Treasurer.

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

| Taxpayer | 2025 | | | 2016 | | |
|--|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Unisource Energy Corporation | \$ 17,716,099 | 1 | 1.76% | \$ 9,873,239 | 1 | 1.57% |
| ALLO Arizona, LLC DBA Allo Communication | 7,482,786 | 2 | 0.74% | | | |
| PHC Lake Havasu Inc | 5,644,031 | 3 | 0.56% | 4,092,966 | 2 | 0.65% |
| Island Development Group LLC | 2,650,370 | 4 | 0.26% | 1,349,460 | 6 | 0.21% |
| Walmart Stores Inc | 2,320,050 | 5 | 0.23% | 1,853,489 | 5 | 0.29% |
| Lowes HIW Inc | 1,840,043 | 6 | 0.18% | 1,334,372 | 7 | 0.21% |
| Mickel Havasu LLC | 1,333,208 | 7 | 0.13% | | | |
| Citizen's Rural Division | 1,313,821 | 8 | 0.13% | 2,820,756 | 3 | 0.45% |
| Zac Havasu I LLC | 1,237,629 | 9 | 0.12% | | | |
| Zac IV CPWC LLC | 1,225,204 | 10 | 0.12% | | | |
| Grace Investment Co | | | | 996,087 | 8 | 0.16% |
| Havasu Regional Medical Center LLC | | - | | 984,059 | 10 | 0.16% |
| SFT Havasu LLC Etal | | - | 0.00% | 2,182,949 | 4 | 0.35% |
| SDI - Havasu LLC | | - | 0.00% | 985,716 | 9 | 0.16% |
| Totals | <u>\$ 42,763,241</u> | - | <u>4.25%</u> | <u>\$ 26,473,093</u> | | <u>4.21%</u> |
| Net Assessed Value | \$ 1,006,462,783 | | | \$ 628,631,888 | | |

Source: Mohave County Assessor.

Note: Above taxable assessed valuations are as of 1/1/2023 and 2014, respectively, and the associated tax levies were due in fiscal years ended June 30, 2024 and 2015, respectively.

**LAKE HAVASU CITY, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS⁽¹⁾
CURRENT AND NINE YEARS AGO**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---------------------------|---|--------------------------------|---------------------------------------|---------------------------|---|
| | | Amount | Percent of Adjusted Levy | | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 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 | 99.47 | 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 |
| 2024 | 16,865 | 13,487 | 79.97 | - | 13,487 | 79.97 |
| 2025 | 17,188 | 16,291 | 94.78 | - | 16,291 | 94.78 |

(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
IRRIGATION AND DRAINAGE DISTRICT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---------------------------|---|--------------------------------|---------------------------------------|---------------------------|---|
| | | Amount | Percent of Adjusted Levy | | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 2016 | 5,665,427 | 5,521,460 | 97.46 | 143,833 | 5,665,293 | 100.00 |
| 2017 | 5,700,920 | 5,572,372 | 97.75 | 128,413 | 5,700,785 | 100.00 |
| 2018 | 5,701,726 | 5,573,862 | 97.76 | 127,729 | 5,701,591 | 100.00 |
| 2019 | 5,694,792 | 5,568,222 | 97.78 | 126,435 | 5,694,657 | 100.00 |
| 2020 | 5,694,791 | 5,572,375 | 97.85 | 122,292 | 5,694,667 | 100.00 |
| 2021 | 5,704,306 | 5,588,121 | 97.96 | 115,782 | 5,703,903 | 99.99 |
| 2022 | 5,713,448 | 5,594,413 | 97.92 | 118,632 | 5,713,045 | 99.99 |
| 2023 | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |

(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⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|
| | | Amount | Percent of Adjusted Levy | | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 2016 | 69,020 | 67,571 | 97.90 | 1,450 | 69,020 | 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 |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |

(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
IMPROVEMENT DISTRICT NO. 4 – SPECIAL ASSESSMENT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|
| | | Amount | Percent of Adjusted Levy | | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 2016 | 69,020 | 67,571 | 97.90 | 1,450 | 69,020 | 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 |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |

(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 | | Business-Type Activities | | | Total Primary Government | (1) Percentage of Personal Income | Per Capita |
|----------------|--------------------------------|------------------------------------|------------------|------------------------------|--------------------------|--------------|--------------------------|--------------------------------|------------------------------|-----------------------------|--|------------|
| | Special Assessment Bonds | Notes/ Leases/SBITAs Payable | Revenue Bonds | (2) Financed Purchases | Sewer Bonds | Water | Airport | General Obligation Bonds | (2) Financed Purchases | | | |
| 2016 | \$ - | \$ - | \$ 1,615,000 | \$ 8,115,675 | \$ 244,601,444 | \$ 5,398,622 | \$ - | \$ 70,000 | \$ 369,352 | \$ 245,913,082 | 20.12 | \$ 4,855 |
| 2017 | - | - | 10,477,626 | 6,705,608 | 239,070,575 | 4,389,305 | 3,960 | 60,000 | 340,583 | 261,047,657 | 19.96 | 4,853 |
| 2018 | - | - | 13,874,000 | 3,626,109 | 233,291,955 | 5,624,550 | - | 50,000 | - | 256,466,614 | 18.03 | 4,680 |
| 2019 | - | - | 6,331,000 | 2,799,105 | 228,072,839 | 5,191,639 | - | 40,000 | - | 242,394,583 | 15.48 | 4,360 |
| 2020 | - | - | - | 2,099,434 | 222,688,413 | 4,744,641 | - | 30,000 | - | 229,532,487 | 14.36 | 4,046 |
| 2021 | - | 1,631,073 | - | 1,385,121 | 215,799,643 | 4,283,094 | - | 20,000 | - | 223,118,931 | 12.26 | 3,941 |
| 2022 | - | 529,461 | - | 1,097,212 | 209,898,282 | 3,806,519 | - | 10,000 | - | 215,341,474 | 10.86 | 3,714 |
| 2023 | - | 1,746,620 | - | 1,421,951 | 203,837,790 | 3,314,421 | - | - | - | 210,320,782 | 9.50 | 3,574 |
| 2024 | - | 1,521,100 | - | 349,086 | 189,950,437 | 2,806,287 | - | - | - | 194,626,910 | 8.06 | 3,300 |
| 2025 | - | 3,606,509 | - | 174,543 | 167,429,723 | 2,281,592 | - | - | - | 173,492,367 | 6.84 | 2,917 |

(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.



LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2025

| Governmental Unit | Outstanding Debt | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|--|---------------------|---|--|
| Overlapping Debt | | | |
| Lake Havasu Unified School District No. 1 | 31,340,000 | 90% | 29,459,600 |
| City Direct Debt | | | |
| Lake Havasu City Financed Purchases Payable | 174,543 | 100% | 174,543 |
| Lake Havasu City Notes/Leases/SBITAs Payable | 3,606,509 | 100% | 3,606,509 |
| Lake Havasu City, Arizona Direct Debt | | | <u>3,781,052</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 33,240,652</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**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>20% Limitation (1)</u> | | | | | | | | | | |
| Debt Limit | \$ 128,635,132 | \$ 149,751,352 | \$ 161,710,188 | \$ 174,398,217 | \$ 187,317,071 | \$ 206,205,870 | \$ 214,687,454 | \$ 244,639,590 | \$ 311,536,467 | \$ 377,780,329 |
| Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt) | 98,935,166 | 123,962,603 | 124,822,644 | 114,582,649 | 110,061,118 | 104,611,034 | 98,878,011 | 92,905,768 | 86,437,259 | 150,192,638 |
| Legal Debt Margin (Available Borrowing Capacity) | <u>\$ 29,699,966</u> | <u>\$ 25,788,749</u> | <u>\$ 36,887,544</u> | <u>\$ 59,815,568</u> | <u>\$ 77,255,953</u> | <u>\$ 101,594,836</u> | <u>\$ 115,809,443</u> | <u>\$ 151,733,822</u> | <u>\$ 225,099,208</u> | <u>\$ 227,587,691</u> |
| Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit | 76.91% | 82.78% | 77.19% | 65.70% | 58.76% | 50.73% | 46.06% | 37.98% | 27.75% | 39.76% |
| <u>6% Limitation (2)</u> | | | | | | | | | | |
| Debt Limit | \$ 38,590,540 | \$ 44,925,406 | \$ 48,513,056 | \$ 52,319,465 | \$ 56,195,121 | \$ 61,861,761 | \$ 64,406,236 | \$ 73,391,877 | \$ 93,460,940 | \$ 113,334,099 |
| Total Net Debt Applicable to 6% Limit | 13,661,633 | 874,481 | - | - | - | - | - | - | - | - |
| Legal Debt Margin (Available Borrowing Capacity) | <u>\$ 24,928,907</u> | <u>\$ 44,050,925</u> | <u>\$ 48,513,056</u> | <u>\$ 52,319,465</u> | <u>\$ 56,195,121</u> | <u>\$ 61,861,761</u> | <u>\$ 64,406,236</u> | <u>\$ 73,391,877</u> | <u>\$ 93,460,940</u> | <u>\$ 113,334,099</u> |
| Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | 0.00% |

(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,

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

**LAKE HAVASU CITY, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2025**

| | | |
|--|------------------|------------------------------|
| Net Secondary Assessed Valuation (1) | | <u>\$ 1,888,901,646</u> |
| Water, Sewer, Light, Parks, Open Space Preserves, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire and Emergency Facilities, and Streets and Transportation Facilities | | |
| Debt Limit - 20% of Secondary Net Assessed Valuation | | \$ 377,780,329 |
| Debt Applicable to Limit: | | |
| General Obligation Bonds Outstanding | \$ 141,614,727 | |
| Plus: Excess Premium (2) | 9,498,541 | |
| Less Amount Set Aside for Repayment of Debt | <u>(920,630)</u> | |
| Net Debt Applicable to Limit | | <u>150,192,638</u> |
| 20% Legal Debt Margin | | <u>227,587,691</u> |
| <hr/> All Other General Obligation Bonds | | |
| Debt Limit - 6% of Secondary Net Assessed Valuation | | 113,334,099 |
| 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>113,334,099</u> |
| Total Legal Debt Margin | | <u><u>\$ 340,921,790</u></u> |

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

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



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

| Fiscal Year | Excise Tax Revenue Bonds (1) | | | | 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 |
| 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 | 174,418 | 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 | - | - | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - | - | - |

- (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
PLEDGED-REVENUE COVERAGE
ENTERPRISE FUNDS
LAST TEN FISCAL YEARS**

| Sewer Revenue Bonds | | | | | | | | 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 | (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 |
| 2016 | \$ 23,036,455 | \$ 4,500,000 | \$ 7,167,020 | \$ 20,369,435 | \$ 5,172,561 | \$ 3,797,164 | \$ 8,969,725 | 2.27 | \$ 11,399,710 | \$ 5,182,509 | \$ 2,727,094 | \$ 7,909,603 | 1.34 |
| 2017 | 22,573,416 | 4,500,000 | 7,384,401 | 19,689,015 | 5,646,925 | 9,261,169 | 14,908,094 | 1.32 | 4,780,921 | - | - | - | n/a |
| 2018 | 22,292,478 | 4,500,000 | 6,538,010 | 20,254,468 | 4,457,846 | 9,104,667 | 13,562,513 | 1.49 | 6,691,955 | - | - | - | n/a |
| 2019 | 24,165,448 | 4,500,000 | 7,310,706 | 21,354,742 | 4,616,758 | 8,940,868 | 13,557,626 | 1.58 | 7,797,116 | - | - | - | n/a |
| 2020 | 24,035,079 | 4,500,000 | 7,992,627 | 20,542,446 | 4,782,065 | 8,770,374 | 13,552,439 | 1.52 | 6,990,007 | - | - | - | n/a |
| 2021 | 24,437,633 | 4,500,000 | 8,288,913 | 20,648,720 | 4,948,800 | 8,593,177 | 13,541,977 | 1.52 | 7,106,743 | - | - | - | n/a |
| 2022 | 24,625,407 | 4,500,000 | 9,844,953 | 19,280,454 | 5,126,997 | 8,408,733 | 13,535,730 | 1.42 | 5,744,724 | - | - | - | n/a |
| 2023 | 26,594,625 | 4,500,000 | 10,664,545 | 20,430,080 | 5,311,691 | 8,216,758 | 13,528,449 | 1.51 | 6,901,631 | - | - | - | n/a |
| 2024 | 29,509,985 | 4,500,000 | 11,043,407 | 22,966,578 | 5,502,917 | 8,016,964 | 13,519,881 | 1.70 | 9,446,697 | - | - | - | n/a |
| 2025 | 29,898,742 | - | 11,350,690 | 18,548,052 | 5,705,711 | 7,864,311 | 13,570,022 | 1.37 | 4,978,030 | - | - | - | - |

| Water Revenue Bonds | | | | | | | |
|------------------------------|----------------------------------|-----------------------------|--------------------------|---------------------------|--------------------------|------------|-------|
| (1) (4) Operating Revenue | (5) Unrestricted Net Position | Less: Operating Expenses | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage | |
| 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 | 15,618,099 | - | 10,031,935 | 5,586,164 | 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 |
| 2024 | 16,767,980 | 40,183,587 | 12,651,781 | 44,299,786 | 508,133 | 88,616 | 74.24 |
| 2025 | 19,139,660 | 34,763,197 | 14,773,769 | 39,129,088 | 524,696 | 71,508 | 65.63 |

(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.

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

| <u>Fiscal Year</u> | <u>(1) Population</u> | <u>(5) Personal Income</u> | <u>(2) Per Capita Personal Income</u> | <u>(2) Median Age</u> | <u>(3) School Enrollment</u> | <u>(4) Unemployment Rate</u> |
|------------------------|---------------------------|------------------------------------|---|-------------------------------|--------------------------------------|--------------------------------------|
| 2016 | 53,593 | 1,293,279,000 | 24,136 | 52.2 | 5,488 | 7.3 |
| 2017 | 54,200 | 1,307,942,000 | 24,313 | 53.0 | 5,385 | 6.4 |
| 2018 | 54,769 | 1,422,141,000 | 25,951 | 54.0 | 5,404 | 6.3 |
| 2019 | 55,534 | 1,566,530,000 | 28,175 | 54.0 | 4,925 | 6.4 |
| 2020 | 56,629 | 1,598,593,000 | 28,175 | 54.0 | 5,343 | 12.6 |
| 2021 | 57,331 | 1,848,042,000 | 32,160 | 55.4 | 5,163 | 6.9 |
| 2022 | 57,974 | 1,982,247,000 | 34,192 | 53.5 | 5,394 | 5.2 |
| 2023 | 58,506 | 2,202,049,000 | 37,638 | 54.8 | 5,102 | 4.6 |
| 2024 | 58,975 | 2,415,085,000 | 40,951 | 55.4 | 7,329 | 4.7 |
| 2025 | 59,484 | 2,536,517,000 | 42,642 | 55.7 | 5,245 | 5.1 |

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

(2) 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 2022 for Median Age.

(3) Lake Havasu Unified School District No. 1

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

| Employer | 2025 | | | 2016 | | |
|--------------------------------|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total City Employment (1) | Employees | Rank | Percentage of Total City Employment (1) |
| Lake Havasu City | 714 | 1 | 2.38% | 636 | 2 | 2.76% |
| Havasu Regional Medical Center | 657 | 2 | 2.19% | 700 | 1 | 3.04% |
| Lake Havasu School District | 565 | 3 | 1.88% | 533 | 3 | 2.31% |
| Sterilite Corporation | 306 | 4 | 1.02% | 425 | 4 | 1.84% |
| Walmart | 300 | 5 | 1.00% | 367 | 5 | 1.59% |
| Shugrue's Restaurants | 300 | 6 | 1.00% | 325 | 6 | 1.41% |
| Anderson Auto Group | 272 | 7 | 0.91% | 191 | 9 | 0.83% |
| London Bridge Resort | 250 | 8 | 0.83% | 250 | 7 | 1.08% |
| River Medical | 150 | 10 | 0.50% | 130 | 10 | 0.56% |
| Bashas' (2 Locations) | 169 | 9 | 0.56% | 200 | 8 | 0.87% |
| Total | <u>3,683</u> | | <u>12.27%</u> | <u>3,757</u> | | <u>16.29%</u> |

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/

(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 | | | | | | | | | |
|--------------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 (1) (2) | 2021 (3) (4) | 2022 | 2023 | 2024 | 2025 |
| General Government | 74.0 | 74.0 | 75.0 | 75.0 | 73.0 | 71.0 | 80.0 | 93.0 | 108.0 | 84.0 |
| Non-Departmental | - | - | - | - | 9.0 | 8.0 | 0.0 | 0.0 | - | - |
| Development Services | 16.0 | 26.0 | 27.0 | 26.0 | 26.0 | 17.0 | 18.0 | 18.0 | 19.0 | 21.0 |
| Public Safety: | | | | | | | | | | |
| Police | 121.0 | 121.0 | 122.0 | 122.0 | 118.0 | 118.0 | 120.0 | 126.0 | 125.0 | 125.0 |
| Fire | 85.0 | 85.0 | 85.0 | 86.0 | 86.0 | 85.0 | 90.0 | 96.0 | 99.0 | 86.0 |
| Public Works (3): | | | | | | | | | | |
| Administration/Engineering (6) | 3.0 | 2.0 | 3.0 | 3.0 | 2.0 | 11.0 | 13.0 | 11.0 | 13.0 | 23.0 |
| Airport | 2.0 | 2.0 | 2.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Maintenance Services (1) | 53.0 | 53.0 | 53.0 | 51.0 | 38.0 | 29.0 | 29.0 | 28.0 | 28.0 | 36.0 |
| Transportation | - | - | - | - | - | - | - | - | - | - |
| Street Maintenance | - | - | - | - | - | - | - | - | - | - |
| Buildings and Grounds | - | - | - | - | - | - | - | - | - | - |
| Vehicle Maintenance | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 10.0 | 10.0 | 11.0 | 10.0 |
| Wastewater | 30.0 | 30.0 | 30.0 | 30.0 | 33.0 | 32.0 | 33.0 | 33.0 | 35.0 | 39.0 |
| Water | 37.0 | 35.0 | 36.0 | 34.0 | 34.0 | 33.0 | 34.0 | 35.0 | 37.0 | 35.0 |
| Community Services: | | | | | | | | | | |
| Culture and Recreation (4) | 10.0 | 12.0 | 11.0 | 11.0 | 27.0 | 35.0 | 36.0 | 36.0 | 25.0 | 47.0 |
| Total | <u>440.0</u> | <u>449.0</u> | <u>453.0</u> | <u>451.0</u> | <u>459.0</u> | <u>452.0</u> | <u>467.0</u> | <u>490.0</u> | <u>504.0</u> | <u>510.0</u> |

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

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

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

(4) Engineering moved from Community Services to Public Works in 2021

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

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

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| <u>Police</u> | | | | | | | | | | |
| Number of Sworn Officers | 83 | 83 | 81 | 80 | 80 | 80 | 80 | 83 | 84 | 84 |
| Number of Incidents Handled | 46,906 | 44,635 | 48,828 | 46,809 | 43,727 | 45,228 | 45,768 | 50,777 | 50,272 | 60,014 |
| Number of Report Numbers Issued | 8,095 | 8,307 | 8,643 | 8,121 | 7,602 | 6,826 | 7,133 | 7,125 | 7,274 | 7,091 |
| Number of 911 Calls Processed | 20,173 | 19,626 | 21,239 | 19,020 | 21,157 | 22,488 | 23,076 | 35,057 | 23,007 | 6,743 |
| Response Time, Priority 1 Calls (Minutes) | 7:49 | 7:46 | 8:01 | 7:28 | 7:48 | 7:14 | 7:51 | 8:04 | 8:02 | 5:52 |
| <u>Fire</u> | | | | | | | | | | |
| Number of Field Suppression Personnel | 77 | 77 | 77 | 77 | 77 | 79 | 79 | 88 | 91 | 92 |
| Number of Structural Fires | 31 | 19 | 31 | 31 | 28 | 42 | 31 | 55 | 61 | 20 |
| Number of Emergency Responses | 8,510 | 8,654 | 8,445 | 8,195 | 8,448 | 9,097 | 9,806 | 6,837 | 6,576 | 7,225 |
| Response Time (Minutes) | 5:54 | 6:06 | 6:06 | 6:09 | 6:16 | 5:48 | 4:57 | 4:57 | 4:56 | 4:46 |
| Inspections | 1,615 | 1,977 | 2,149 | 2,550 | 2,449 | 2,955 | 2,297 | 1,982 | 2,909 | 2,978 |
| <u>Highways and Streets</u> | | | | | | | | | | |
| Street Resurfacing (Miles) | 58.00 | 74.00 | 44.50 | 85.00 | 18.00 | 269.05 | 183.23 | - | 114.00 | 148.00 |
| Utility Patches | 36 | 194 | 188 | 155 | 237 | 252 | 518 | 307 | 240 | 203 |
| Skin Patches | 13 | 26 | 14 | 21 | 35 | 67 | 109 | 49 | 83 | 142 |
| Crackfilling (Miles) | 39.00 | 54.50 | 147.00 | 75.00 | 31.00 | 116.00 | 152.38 | 90.00 | 141.00 | 109.00 |
| <u>Wastewater</u> | | | | | | | | | | |
| Total Active Sewer Connections | 32,117 | 28,802 | 25,227 | 27,992 | 27,885 | 28,750 | 29,424 | N/A | 31,431 | 29,884 |
| Average Daily Flowage (mg) | 3.84 | 3.95 | 3.80 | 2.83 | 4.40 | 4.10 | 4.04 | N/A | N/A | - |
| Miles of Sewer | | | | 350 | 350 | 360 | 380 | 380 | 418 | 398 |
| Total Treated Flow (mg) | | | | 1,448 | 1,466 | 1,558 | 1,476 | 1,557 | 1,530 | 1,745 |
| Number of Lift Stations | | | | 78 | 78 | 78 | 79 | 81 | 81 | 68 |
| Amount of Reclaimed Water Delivered to Users (mg) | | | | 672 | 622 | 748 | 587 | 654 | 586 | 567 |
| Biosolids Delivered to City Landfill (tons) | | | | 5,373 | 6,893 | 6,864 | 7,231 | 7,328 | 7,360 | 2,150 |
| Sewer Lines Cleaned (miles) | | | | 85 | 129 | 100 | 81 | 71 | 90 | 59 |
| Blue Stake Locator Requests | | | | 20 | 40 | 30 | 33 | 6,405 | 9,000 | 6,803 |
| Number of Sewer Taps | | | | 13 | 29 | 21 | 18 | 14 | 15 | 21 |

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

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|---------|--------|--------|--------|--------|--------|---------|---------|---------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| <u>Municipal Parks</u> | | | | | | | | | | |
| Park Uses | 3,355 | 3,090 | 3,604 | 3,437 | 3,080 | 433 | 412 | 490 | 445 | 423 |
| <u>Water</u> | | | | | | | | | | |
| Total Active Water Meters | 30,358 | 31,701 | 31,947 | 32,321 | 32,592 | 34,229 | 33,762 | 34,137 | 34,174 | 34,409 |
| New Connections | 361 | 356 | 389 | 373 | 355 | 496 | 285 | 260 | 207 | 212 |
| Main Breaks | 60 | 43 | 48 | 48 | 54 | 47 | 50 | 157 | 79 | 81 |
| Service Line Leaks | 205 | 175 | 169 | 169 | 178 | 165 | 169 | 62 | 190 | 74 |
| Average Daily Consumption (Gallons) per Capita | 178 | 177 | 202 | 189 | 175 | 187 | 182 | 208 | 167 | 194 |
| <u>Airport</u> | | | | | | | | | | |
| Based Aircraft | 162 | 150 | | | | | | | | |
| Operations | 45,000 | 46,000 | | | | | | | | |
| Fuel Flowage | 686,733 | 558,393 | | | | | | | | |
| <u>Transit</u> | | | | | | | | | | |
| Total Ridership (1) | 8,031 | 9,050 | 13,665 | 13,882 | 9,560 | 4,188 | 9,581 | 15,577 | 21,675 | 24,738 |
| Miles Driven | 46,367 | 47,278 | 52,290 | 70,621 | 58,005 | 30,197 | 64,987 | 115,706 | 136,679 | 130,546 |
| <u>General</u> | | | | | | | | | | |
| Building Permits Issued | 2,478 | 3,001 | 1,804 | 1,725 | 1,828 | 3,523 | 3,674 | 3,596 | 3,174 | 2,920 |
| Building Inspections Conducted | 12,767 | 13,454 | 13,993 | 14,612 | 14,336 | 13,945 | 15,288 | 16,559 | 12,899 | 10,353 |
| Land Use Actions | 189 | 233 | 243 | 258 | 265 | 328 | 323 | 260 | 251 | 286 |

Source: Lake Havasu City, Arizona departments.

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

| Function | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| <u>Public Safety</u> | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | | | | | | | | | | |
| Cars | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 41 | 37 | 37 |
| Boats | 3 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| UTV/Motors | 9 | 9 | 9 | 9 | 9 | 9 | 6 | 8 | 7 | 11 |
| Fire: | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Apparatus | | | | | | | | | | |
| Fire Trucks | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 12 |
| Vehicles | 34 | 36 | 36 | 36 | 36 | 37 | 28 | 34 | 33 | 34 |
| Boats | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| <u>Highways and Streets</u> | | | | | | | | | | |
| Streets (Miles) | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 436.0 | 435.0 |
| Streetlights | 84 | 84 | 84 | 84 | 84 | 84 | 62 | 114 | 114 | 114 |
| Traffic Signals | 14 | 14 | 14 | 14 | 14 | 15 | 14 | 15 | 15 | 15 |
| <u>Culture and Recreation</u> | | | | | | | | | | |
| Parks Acreage | 130.0 | 150.0 | 201.0 | 201.0 | 201.0 | 201.0 | 201.0 | 201.0 | 201.0 | 201.0 |
| Parks Acreage - Sara Park | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 | 1,100 |
| Parks | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Launching Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Water</u> | | | | | | | | | | |
| Water Mains (Miles) | 456.0 | 452.0 | 486.0 | 535.0 | 538.8 | 541.0 | 542 | 542 | 542 | 542 |
| Fire Hydrants | 2,512 | 2,512 | 2,739 | 2,989 | 2,989 | 3,109 | 3,109 | 3,108 | 3,206 | 3,282 |
| Available Acre Feet | 25,460 | 28,582 | 28,582 | 28,582 | 28,582 | 25,872 | 28,572 | 28,582 | 28,582 | 28,582 |
| <u>Sewer</u> | | | | | | | | | | |
| Sanitary Sewers (Miles) | 353.0 | 352.0 | 350.0 | 350.0 | 350.0 | 432.0 | 393.0 | 380.0 | 374.0 | 398.0 |
| Number of Lift Stations | N/A | N/A | N/A | 78 | 78 | 78 | 79 | 81 | 90 | 68 |
| <u>Transportation</u> | | | | | | | | | | |
| Transit Buses (1) | 5 | 5 | 6 | 5 | 7 | 5 | 10 | 10 | 11 | 11 |
| <u>Airport</u> | | | | | | | | | | |
| Enclosed Hangars | 78 | 103 | 106 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Shade Ports | 16 | 23 | 25 | 25 | 25 | 32 | 32 | 32 | 32 | 32 |

(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.

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS
JUNE 30, 2025**

| | |
|--|-----------------|
| 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: | 5,245 |
| L.H.C. Unified School District | 352 |
| Alternative | 272 |
| Private | 146 |
| Charter | 146 |
| Community College (MCC) | 1,379 |
| State University (NAU/ASU) | 312 |
| Employees as of June 30, 2024: | |
| Full-Time | 518 |
| Part-Time | 201 |
| Elected Officials | 7 |
| Total Payroll Wages for Fiscal Year 2024 | \$ 44,991,548 |
| 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: | July |
| Number of Registered Voters | 39,142 |
| Number of Votes Cast | 14,207 |
| Percentage of Registered Voters | 36.30% |
| At the Time of Incorporation: | |
| Number of Registered Voters | 6,053 |
| Active Business Licenses | 4,831 |
| 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, 2025**

Population

Census Population Count (Calendar Year)

| | |
|---------|--------|
| 2023*** | 59,037 |
| 2022*** | 58,975 |
| 2021*** | 58,506 |
| 2020*** | 57,974 |
| 2019*** | 57,464 |
| 2018*** | 56,738 |
| 2017*** | 55,600 |
| 2016*** | 54,801 |
| 2015*** | 53,796 |
| 2014*** | 53,583 |
| | 53,193 |

| | |
|--------|--------|
| 2010** | |
| 2000* | 52,527 |
| 1990** | 42,422 |
| 1980** | 24,363 |
| | 15,926 |

*Arizona Department of Economic Security

**United States Census

***Arizona Office of Employment and Population Statistics

Age Distribution of Population:

| | | |
|-------------|---------------|-------------|
| 0-4 Years | 2,066 | 3.5% |
| 5-17 Years | 6,671 | 11.3% |
| 18-59 Years | 29,459 | 49.9% |
| 65+ Years | 20,840 | 35.3% |
| | <u>59,037</u> | <u>100%</u> |

Median Age 55.7

Median Household Income \$ 66,264

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

