

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2017**

**LAKE HAVASU CITY, ARIZONA  
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2017**

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## INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona

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

We have examined the accompanying Annual Expenditure Limitation Report of Lake Havasu City, Arizona (City), for the year ended June 30, 2017, and related notes to the report. The City's management is responsible for presenting this report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance as to whether this report is presented in accordance with the UERS in all material respects. The nature, timing, and extent of procedures to obtain evidence about the amounts and disclosures in the report. The nature timing and extent of procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Lake Havasu City, Arizona, referred to above is presented, in all material respects, in accordance with the uniform expenditure reporting system as described in Note 1.

This report is intended solely for the information and use of the Auditor General of the State of Arizona, Mayor and City Council, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 15, 2017

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
FISCAL YEAR ENDED JUNE 30, 2017**

<u>1.</u> Economic Estimates Commission expenditure limitation	\$ 56,690,934	<u>AZ-B.02</u>
<u>2.</u> Voter-approved alternative expenditure limitation (approved _____)	_____	
<u>3.</u> Enter applicable amount from line 1 or line 2		\$ 56,690,934
<u>4.</u> Amount subject to the expenditure limitation (total amount from part II, line C)	\$ 56,422,799	
<u>5.</u> Board-authorized expenditures necessitated by a disaster the Governor declared	-	
<u>6.</u> Board-authorized expenditures necessitated by a disaster the Governor did not	-	
<u>7.</u> Prior-year, voter-approved expenditures to exceed the	-	
<u>8.</u> Subtotal		\$ 56,422,799
<u>9.</u> Board-authorized excess expenditures for the previous fiscal year necessitated by a	+	
<u>10.</u> Total adjusted amount subject to the expenditure limitation		\$ 56,422,799
<u>11.</u> Amount under (in excess of) the expenditure limitation		\$ 268,135

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature: *Tabatha Miller*

Name and title: Tabatha Miller, Administrative Services Director

Telephone number: (928) 854-4230

Date: 2-1-2018

**LAKE HAVASU CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
FISCAL YEAR ENDED JUNE 30, 2017**

Description		Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A.	Amounts reported on the Reconciliation, Line D	\$ 60,772,041	\$ 27,564,859	\$ -	\$ 88,336,900
B.	Less exclusions claimed:				
1.	a. Bond Proceeds	-	-	-	-
	b. Debt service requirements on bonded indebtedness	239,318	-	-	239,318
	c. Proceeds from other long-term obligations	5,386,153	1,299,767	-	6,685,920
	d. Debt service requirements on other long-term obligations	3,985,613	14,261,647	-	18,247,260
2.	Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-	-
3.	Trustee or custodian	-	-	-	-
4.	Grants and aid from the federal government	1,112,807	-	-	1,112,807
5.	Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	387,278	-	-	387,278
6.	Amounts received from the State of Arizona	128,687	64,858	-	193,545
7.	Quasi-external interfund transactions	-	271,659	-	271,659
8.	Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9.	Highway user revenues in excess of those received in fiscal year 1979-80	4,113,745	-	-	4,113,745
10.	Contracts with other political subdivisions	626,996	-	-	626,996
11.	Refunds, reimbursements, and other recoveries	35,573	-	-	35,573
12.	Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13.	Prior years carryforward	-	-	-	-
14.	Total exclusions claimed	<u>\$ 16,016,170</u>	<u>\$ 15,897,931</u>	<u>\$ -</u>	<u>\$ 31,914,101</u>
C.	Amounts subject to the expenditure limitation (if an individual fund category/type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 44,755,871</u>	<u>\$ 11,666,928</u>	<u>\$ -</u>	<u>\$ 56,422,799</u>

See accompanying notes to report.

**LAKE HAVASU CITY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION**  
**FISCAL YEAR ENDED JUNE 30, 2017**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 62,561,374	\$ 43,903,788	\$ 1,192,466	\$ 107,657,628
B. Subtractions:				
1. Items not requiring use of current financial resources:				
a. Depreciation	-	11,020,455	-	11,020,455
b. Loss on disposal of capital assets	-	13,310	1,192,466	1,205,776
c. Bad debt expense	-	228,945	-	228,945
d. Other postemployment benefits expense (OPEB)	-	67,102	-	67,102
e. Pension Expense	-	170,435	-	170,435
f. Claims incurred but not reported (IBNR)	-	-	-	-
g. Landfill closure and postclosure care costs	-	127,154	-	127,154
2. Expenditures of separate legal entities established under Arizona Revised Statutes	1,680,184	11,873,128	-	13,553,312
3. Required Fees paid to the Arizona Department of Revenue	109,149		-	109,149
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
5. Involuntary court judgements	-	-	-	-
6. Total subtractions	<u>1,789,333</u>	<u>23,500,529</u>	<u>1,192,466</u>	<u>26,482,328</u>
C. Additions:				
1. Principal payments on long-term debt	-	5,843,338	-	5,843,338
2. Acquisition of capital assets	-	1,105,309	-	1,105,309
3. Amounts paid in the current year but reported as expenses in previous years:				
OPEB	-	22,156	-	22,156
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
4. Pension contributions	-	190,797	-	190,797
5. Total additions	<u>-</u>	<u>7,161,600</u>	<u>-</u>	<u>7,161,600</u>
D. Amounts reported on Part II, Line A	<u>\$ 60,772,041</u>	<u>\$ 27,564,859</u>	<u>\$ -</u>	<u>\$ 88,336,900</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.





**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30,2017**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II**

1.

b. Debt Service Requirements on Bonded Indebtedness:

Debt Service Fund:		
Total expenditures	\$	239,318

c. Proceeds from other long-term obligations:

Prior Year Proceeds (Radio Project)	539,837	
Less Amount Not Expended in 2016-17	(172,525)	
Governmental Proceeds	367,312	
Proceeds Received 2016 Excise Tax	11,279,439	
Issuance Costs	167,603	
Less Amount Not Expended 2016-17	(6,428,201)	
Total Governmental Proceeds	5,018,841	\$ 5,386,153

Proceeds Received Proprietary Funds/Non Major	1,247,508	
Issuance Costs	52,259	
Less Amount Not Expended 2016-17	-	
Total Proprietary	1,299,767	\$ 1,299,767
Total Expended		\$ 6,685,920

d. Debt Service Requirements on Other Long Term Obligations:

General Fund (includes financing agreements)	3,032,450	
HURF (includes financing agreements)	54,868	
Culture and Rec. Debt Payments (includes financing agreements)	147,468	
Public Safety Debt Payments (includes financing agreements)	750,827	
Total Governmental Funds	3,985,613	\$ 3,985,613

2.

Interest:

General Fund:

2016-17 earnings / Interest		\$ 111,095
Interest on delinquent taxes (sales/property)		47,079
Add Back Unrealized Loss on Adjustment to Market Value		296,969
Subtotal		455,143
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		\$ 455,143

Special Revenue Funds:

2016-17 earnings		\$ 3,918
Add Back Unrealized Loss on Adjustment to Market Value		59,180
Subtotal		63,098
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		\$ 63,098

Debt Service Fund:

2016-17 earnings		\$ 240
Add Back Unrealized Loss on Adjustment to Market Value		1,230
Subtotal		1,470
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		\$ 1,470

Capital Projects Fund:

2016-17 earnings		\$ 284
Add Back Unrealized Loss on Adjustment to Market Value		21,200
Subtotal		21,484
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		\$ 21,484

Total Governmental Funds:

		-
Total Governmental Excluded		-
Total Governmental Carried Forward		541,195

Proprietary Funds:

2016-17 earnings in Wastewater, Refuse, and Airport Funds		\$ (26,180)
Add Back Unrealized Loss on Adjustment to Market Value		329,692
Subtotal		303,512
Portion excluded to extent of expenditures		-
Amount being carried forward to future years		\$ 303,512

		-
Total Proprietary Funds Excluded		-
Total Proprietary Funds Carried Forward		\$ 303,512

**LAKE HAVASU CITY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II (Cont'd)**

4.	Grants and Aid from Federal Government:		
	Special Revenue Funds:		
	Crime Victim Assistance	\$	15,395
	Bullet Proof Vest (BPV)		11,997
	MAGNET		182,182
	US DOT-Metropolitan Planning Funds		118,141
	US DOT-State Planning and Research Funds		68,506
	US DOT-Strategic Transportation Safety Plan		130,731
	US DOT-FTA Section 5303		21,680
	Homeland Security		24,592
	Highway Planning & Construction Fund		82,045
	Governor's Office of Highway Safety		28,889
	Community Development Block Grants		428,649
	Total Governmental Funds	<u>\$</u>	<u>1,112,807</u>
5.	Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes		
	Governmental Funds:		
	General Fund - donations	\$	108,386
	Non Major - contributions		278,892
	Total Governmental Funds	<u>\$</u>	<u>387,278</u>
6.	Amounts received from the State		
	Special Revenue Funds:		
	Miscellaneous Police - AZ POST - WALETA	\$	117,813
	Miscellaneous Police - AZ POST Training		1,617
	Miscellaneous Police - GOHS DUI Abatement		9,257
	Total Governmental Funds	<u>\$</u>	<u>128,687</u>
	Proprietary Funds		
	Airport - ADOT E5S1Q-Reloc Hydrant	\$	35,780
	Airport - ADOT E5S1R-FOD/Runway Lip		29,078
	Total Proprietary Funds	<u>\$</u>	<u>64,858</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 - EXCLUSIONS CLAIMED IN PART II (Cont'd)**

7.	Quasi-external interfund transactions		
	Sewer revenue collected from Non major Enterprise Funds (Wastewater and Airport )	\$	94,973
	Sewer revenue collected from Governmental Funds		<u>176,686</u>
	Total Proprietary Funds	\$	<u><u>271,659</u></u>
9.	Highway User Funds in Excess of FY 1979-80:		
	HURF Revenue	\$	4,981,079
	Total HURF revenue received during 1979-80		<u>(805,527)</u>
	Total HURF revenue available for exclusion	\$	<u><u>4,175,552</u></u>
	Total HURF Expenditures	\$	4,925,005
	Less Non-HURF Revenue		
	Miscellaneous revenues		(3,984)
	Interest previously excluded		(1,749)
	Less HURF FY 1979-80 Base Limit		<u>(805,527)</u>
	Remaining HURF Expenditures	\$	4,113,745
	HURF Revenue Available for Exclusion		<u>4,175,552</u>
	HURF Revenue in Excess of Expenditure to Carryforward		<u><u>(61,807)</u></u>
	Total HURF Expenditures Excluded	\$	<u><u>4,113,745</u></u>
10.	Contracts with other Political Subdivisions:		
	General Fund:		
	Lake Havasu City School District No. 1 Joint Use of Facilities	\$	50,000
	Mohave County Court reimbursements		576,996
	Total Contracts with other Political Subdivisions	\$	<u><u>626,996</u></u>
11.	Refunds, reimbursements, and other recoveries:		
	General Fund and Special Revenue Funds:		
	Insurance damage reimbursements	\$	<u><u>35,573</u></u>

*\*Amount included on Statement of Revenues, Expenses & Changes in Fund Net Position  
Proprietary Funds – Charges for Services*