



City of San Luis, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2016

**CITY OF SAN LUIS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of San Luis, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of City of San Luis, Arizona for the year ended June 30, 2016. The City's management is responsible for this report. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 20, 2017

City of San Luis, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	<u>\$ 40,998,637</u>	
2. Voter-approved alternative expenditure limitation (Approved _____)	<u>N/A</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 40,998,637</u>
4. Amount subject to the limitation (total amount from Part II, Line C)	<u>\$ 27,020,371</u>	
5. Amount under (in excess of) the expenditure limitation		<u><u>\$ 13,978,266</u></u>

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 of Chief Financial Officer: 

Name and Title: _____ Ketic St. Louis, Finance Director _____

Telephone Number: _____ 928-341-8520 _____ Date: 3-20-2017

If any of the provisions of the Arizona Constitution, Article IX, §20(2)(a), (b), or (c), or A.R.S. apply to the City/Town, use the long form Part I on page VI-17 of the UERS Manual.

See accompanying notes to report.

City of San Luis, Arizona
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2016

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 21,345,788	\$ 11,373,810	\$ 2,140,490	\$ 34,860,088
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness	1,119,195	1,673,490		2,792,685
Debt service requirements on other long-term obligations	264,081	1,318,713		1,582,794
Grants and aid from the federal government	673,284			673,284
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes		9,151		9,151
Amounts received from the State of Arizona	68,268			68,268
Highway user revenues in excess of those received in fiscal year 1979-80	2,239,260			2,239,260
Prior years carryforward	474,275			474,275
Total exclusions claimed	<u>4,838,363</u>	<u>3,001,354</u>		<u>7,839,717</u>
C. Amounts subject to the expenditure limitation	<u>\$ 16,507,425</u>	<u>\$ 8,372,456</u>	<u>\$ 2,140,490</u>	<u>\$ 27,020,371</u>

See accompanying notes to report.

City of San Luis, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2016

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	\$ 21,406,405	\$ 8,198,316	\$ 2,077,386	\$ 31,682,107
B. Subtractions:				
Depreciation		1,790,115		1,790,115
Loss on disposal of capital assets		48,015		48,015
Pension expense		165,335		165,335
Claims incurred but not reported (IBNR)			195,294	195,294
Required fees paid to the Arizona Department of Revenue	60,617			60,617
Total subtractions	<u>60,617</u>	<u>2,003,465</u>	<u>195,294</u>	<u>2,259,376</u>
C. Additions:				
Principal payments on long-term debt		1,158,247		1,158,247
Acquisition of capital assets		3,877,378		3,877,378
Amounts paid in the current year but reported as expenses in previous years:				
Pension contributions		143,334		143,334
Claims previously recognized as IBNR			258,398	258,398
Total additions		<u>5,178,959</u>	<u>258,398</u>	<u>5,437,357</u>
D. Amounts reported on Part II, Line A	<u>\$ 21,345,788</u>	<u>\$ 11,373,810</u>	<u>\$ 2,140,490</u>	<u>\$ 34,860,088</u>

See accompanying notes to report.

City of San Luis, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

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, 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; and Statement of Cash Flows for the Proprietary Funds.

Note 2- The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expenditures reported in the Municipal Projects Bond Fund.

	2016
Revenues bonds payable \$31,015,000	
Principal retirements	\$572,819
Interest and fiscal charges	546,376
Total debt service	\$1,119,195

The exclusion claimed for debt service requirements on bonded indebtedness in the Enterprise Funds consists of principal retirement and interest expenditures reported in the Water and Wastewater funds as ratios of their proportionate shares of the Municipal Projects debt issuance.

	2016
Revenues bonds payable \$31,015,000	
Principal retirements	\$897,181
Interest and fiscal charges	776,309
Total debt service	\$1,673,490

Note 3 - The exclusion claimed for debt service requirements on other long term obligations in the Governmental funds consists of principal retirement and interest expense.

	2016
GADA loan payable - \$3,025,000	
Interest and fiscal charges	\$166,375
Wal-Mart note payable - \$375,628	
Principal retirements	21,270
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	64,448
Interest and fiscal charges	10,021
USDA Note Payable - \$50,000	
Principal retirements	1,967
Total debt service	\$264,081

City of San Luis, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

The exclusion claimed for debt service requirements on other long term obligations in the Water and Wastewater funds consists of principal retirement and interest expense.

	2016
GADA loan payable - \$10,725,000	
Principal retirements	\$220,000
Interest and fiscal charges	801,232
Utility Revenue Bonds - \$6,580,000	
Interest and fiscal charges	250,040
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	41,066
Interest and fiscal charges	6,375
Total debt service	\$1,318,713

Note 4 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

Grants and aid from the federal government	\$ 673,284
Amounts received from the State of Arizona	68,268
Highway user revenues in excess of those received in fiscal year 1979-80	2,713,535
Other revenues—(nonexcludable)	6,704,048
Total intergovernmental revenues as reported in the fund financial statements	\$ 10,159,135

The following schedule presents revenues from which exclusions have been claimed for grants and aid, and amounts received from other form of government, in the Enterprise Funds:

Capital contributions from political subdivision WIFA (Water Infrastructure Finance Authority)	\$ 9,151
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Note 5 - Prior year's carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Governmental Funds

2015 - Unspent excludable revenue available for carryforward in future years	\$ 1,022,918
Highway user revenues received in the current fiscal year	2,239,260
Less: Highway user revenues received in the current fiscal year equal to fiscal year 1979-80 revenues received	(5,098)
Revenues available for exclusion in the current fiscal year	\$ 3,257,080
Actual expenditures of highway user revenues in the current fiscal year	2,719,443
Amount equal to 1979-80 revenues expended in the current fiscal year	(5,098)
Excludable revenues expended in the current fiscal year	\$ 2,714,345
Revenues available for exclusion in the current fiscal year	3,257,080
Revenues expended and claimed as an exclusion in the current fiscal year	(2,714,345)
Unspent excludable revenue available for carryforward in future years	\$ 542,735

City of San Luis, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

Note 6 - The subtraction of \$ 165,335 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$ 143,334 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

Note 7 - The subtraction of \$195,294 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the Internal Service Fund while the addition of \$258,398 represents claimed incurred but not paid for the previous year.

Note 8 - The addition of \$1,158,246 for principal payments on long-term debt in the Enterprise Funds consists of:

Revenues bonds payable \$31,015,000		
Principal retirements	\$	897,181
GADA loan payable - \$10,725,000		
Principal retirements		220,000
1st Bank Yuma Note Payable - \$554,453		
Principal retirements		<u>41,066</u>
Total	\$	1,158,247