



City of San Luis, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2017

**CITY OF SAN LUIS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017**

<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountant's Report	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

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, 2017 and the related notes to the report. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system 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 about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Heinfeld, Meech & Co., P.C.

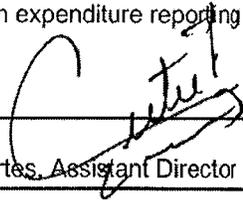
Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 27, 2018

City of San Luis, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	<u>\$ 42,577,580</u>	
2. Voter-approved alternative expenditure limitation (Approved _____)	<u>N/A</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 42,577,580</u>
4. Amount subject to the limitation (total amount from Part II, Line C)	<u>\$ 27,778,225</u>	
5. Amount under (in excess of) the expenditure limitation		<u>\$ 14,799,355</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: _____

Carlos Cortes, Assistant Director of Finance

Telephone Number: _____

928-341-8520

Date: _____

03.27.2018

If any of the provisions of the Arizona Constitution, Article IX, §20(2)(a), (b), or (c), or A.R.S. §41 -1279.07(l) 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, 2017

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	\$ 21,817,025	\$ 11,853,203	\$ 2,031,455	\$ 35,701,683
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness	837,933	1,766,253		2,604,186
Debt service requirements on other long-term obligations	261,252	1,068,950		1,330,202
Grants and aid from the federal government	1,078,644			1,078,644
Amounts received from the State of Arizona	38,534			38,534
Highway user revenues in excess of those received in fiscal year 1979-80	2,871,892			2,871,892
Total exclusions claimed	<u>5,088,255</u>	<u>2,835,203</u>	<u>-</u>	<u>7,923,458</u>
C. Amounts subject to the expenditure limitation	<u>\$ 16,728,770</u>	<u>\$ 9,018,000</u>	<u>\$ 2,031,455</u>	<u>\$ 27,778,225</u>

See accompanying notes to report.

City of San Luis, Arizona
Annual Expenditure Limitation Report—Reconciliation
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	\$ 21,817,025	\$ 9,527,387	\$ 2,011,692	\$ 33,356,104
B. Subtractions:				
Depreciation		1,899,759		1,899,759
Pension expense		134,885		134,885
Claims incurred but not reported (IBNR)			175,531	175,531
Total subtractions	-	2,034,644	175,531	2,210,175
C. Additions:				
Principal payments on long-term debt		1,049,494		1,049,494
Acquisition of capital assets		3,098,033		3,098,033
Amounts paid in the current year but reported as expenses in previous years:				
Pension contributions		212,933		212,933
Claims previously recognized as IBNR			195,294	195,294
Total additions	-	4,360,460	195,294	4,555,754
D. Amounts reported on Part II, Line A	\$ 21,817,025	\$ 11,853,203	\$ 2,031,455	\$ 35,701,683

See accompanying notes to report.

City of San Luis Arizona
Annual Expenditure Limitation Report
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, 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.

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.

	2017
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 298,100
Interest and fiscal charges	539,833
Total debt service	\$ 837,933

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.

	2017
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 516,735
Interest and fiscal charges	749,358
Total debt service	\$ 1,266,093
Utility Revenue Bonds \$ 6,580,000	
Principal retirements	\$ 260,000
Interest and fiscal charges	240,160
Total debt service	\$ 500,160

City of San Luis Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2017

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.

	2017
GADA loan payable - \$3,025,000	
Interest and fiscal charges	\$ 166,378
Wal-Mart note payable - \$376,000	
Principal retirements	20,423
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	66,967
Interest and fiscal charges	7,484
Total debt service	\$ 261,252

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

	2017
GADA loan payable - \$10,725,000	
Principal retirements	\$ 230,000
Interest and fiscal charges	785,498
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	42,759
Interest and fiscal charges	4,769
Republic First National - \$379,290	
Interest and fiscal charges	5,924
Total debt service	\$ 1,068,950

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:

Description	
Grants and aid from the federal government	\$ 1,078,644
Amounts received from the State of Arizona	38,534
Highway user revenues in excess of those received in fiscal year 1979-80	2,526,082
Other revenues—(nonexcludable)	8,062,559
Total intergovernmental revenues as reported in the fund financial statements	\$ 11,705,819

City of San Luis Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2017

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

2016 - Unspent excludable revenue available for carryforward in future years	\$ 542,735
Highway user revenues received in the current fiscal year	2,526,082
Less: Highway user revenues received in the current fiscal year equal to fiscal year 1979-80 revenues received	<u>(5,098)</u>
Revenues available for exclusion in the current fiscal year	<u>\$ 3,063,719</u>
Actual expenditures of highway user revenues in the current fiscal year	2,876,990
Amount equal to 1979-80 revenues expended in the current fiscal year	<u>(5,098)</u>
Excludable revenues expended in the current fiscal year	<u>\$ 2,871,892</u>
Revenues available for exclusion in the current fiscal year	3,063,719
Revenues expended and claimed as an exclusion in the current fiscal year	<u>(2,871,892)</u>
Unspent excludable revenue available for carryforward in future years	<u>\$ 191,827</u>

Note 6 - The subtraction of \$ 134,885 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$ 212,933 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 \$175,531 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 \$195,294 represents claimed incurred but not paid for the previous year.

Note 8 - The addition of \$1,049,494 for principal payments on long-term debt in the Enterprise Funds consists of:

Revenues bonds payable \$31,015,000		
Principal retirements	\$	516,735
GADA loan payable - \$10,725,000		
Principal retirements		230,000
Utility Bond Payable \$ 6,580,000		
Principal retirements		260,000
1st Bank Yuma Note Payable - \$554,453		
Principal retirements		<u>42,759</u>
Total	\$	<u>1,049,494</u>