



City of San Luis, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2018

**CITY OF SAN LUIS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018**

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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, 2018 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 28, 2019

City of San Luis, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	<u>\$ 43,975,687</u>	
2. Voter-approved alternative expenditure limitation (Approved _____)	<u>N/A</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 43,975,687</u>
4. Amount subject to the limitation (total amount from Part II, Line C)	<u>\$ 28,607,102</u>	
5. Amount under (in excess of) the expenditure limitation		<u>\$ 15,368,585</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: Monica Castro

Name and Title: Monica Castro, Director of Finance

Telephone Number: 928-341-8520 Date: 3/28/2019

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, 2018

Description	Governmental <u>Funds</u>	Enterprise <u>Funds</u>	Internal Service <u>Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 24,890,936	\$ 20,952,370	\$ 1,992,232	\$ 47,835,538
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	3,952,186	12,081,869		16,034,055
Debt service requirements on other long-term obligations (Note 3)	96,914	133,390		230,305
Grants and aid from the federal government (Note 4)	317,831			317,831
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	2,646,246			2,646,246
Total exclusions claimed	<u>7,013,178</u>	<u>12,215,259</u>	-	<u>19,228,436</u>
C. Amounts subject to the expenditure limitation	<u>\$ 17,877,758</u>	<u>\$ 8,737,111</u>	<u>\$ 1,992,232</u>	<u>\$ 28,607,102</u>

See accompanying notes to report.

City of San Luis, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2018

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	\$ 24,890,936	\$ 10,622,300	\$ 1,975,102	\$ 37,488,338
B. Subtractions:				
Depreciation		1,913,540		1,913,540
Pension expense (Note 5)		68,057		68,057
Claims incurred but not reported (IBNR) (Note 6)			158,401	158,401
Total subtractions	-	1,981,597	158,401	2,139,998
C. Additions:				
Principal payments on long-term debt (Note 7)		10,939,559		10,939,559
Acquisition of capital assets		1,126,204		1,126,204
Amounts paid in the current year but reported as expenses in previous years:				
Pension contributions (Note 5)		245,904		245,904
Claims previously recognized as IBNR (Note 6)			175,531	175,531
Total additions	-	12,311,667	175,531	12,487,198
D. Amounts reported on Part II, Line A	\$ 24,890,936	\$ 20,952,370	\$ 1,992,232	\$ 47,835,538

See accompanying notes to report.

**CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018**

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 Debt Service Fund.

	2018
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 305,893
Interest and fiscal charges	530,715
GADA loan payable - \$3,025,000	
Principal retirements	3,025,000
Refunding bond payable - \$2,825,000	
Interest and fiscal charges	90,578
Total debt service	\$ 3,952,186

The exclusion claimed for debt service requirements on bonded indebtedness in the Enterprise Funds consists of principal retirement, interest expenses, and deferred bond items reported in the Water and Wastewater funds as ratios of their proportionate shares of the Municipal Project debt issuance and the Business Center Fund.

	2018
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 479,107
Interest and fiscal charges	735,077
Utility Revenue Bonds \$ 6,580,000	
Principal retirements	270,000
Interest and fiscal charges	229,900
GADA loan payable - \$10,725,000	
Principal retirements	10,070,000
Refunding bond payable - \$11,715,000	
Interest and fiscal charges	297,785
Total debt service	\$ 12,081,869

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018

Note 3 - The exclusion claimed for debt service requirements on other long-term obligations in the Governmental funds consists of principal retirement and interest expenditures reported in the Debt Service and General Funds.

	2018
Wal-Mart note payable - \$376,000	
Principal retirements	\$ 22,532
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	69,542
Interest and fiscal charges	4,840
Total debt service	\$ 96,914

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise funds consists of principal retirement and interest expenses reported within the Business Center, Sanitation, and Ambulance Services Funds.

	2018
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	\$ 44,328
Interest and fiscal charges	3,085
Republic First National - \$379,290	
Principal retirements	76,124
Interest and fiscal charges	5,924
Total debt service	\$ 129,461

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

Description	2018
Grants and aid from the federal government	\$317,831
Highway user revenues in excess of those received in fiscal year 1979-80	2,646,246
Other revenues—(nonexcludable)	8,515,947
Total intergovernmental revenues as reported in the fund financial statements	\$11,480,024

Note 5 - The subtraction of \$ 68,057 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$ 245,904 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018**

Note 6 - The subtraction of \$ 158,401 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 \$175,531 represents claimed incurred but not paid for the previous year.

Note 7 - The addition of \$10,939,559 for principal payments on long-term debt in the Enterprise Funds consists of:

	2018
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 479,107
GADA loan payable - \$10,725,000	
Principal retirements	10,070,000
Utility Bond Payable \$ 6,580,000	
Principal retirements	270,000
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	44,328
Republic First National - \$379,290	
Principal retirements	76,124
Total	\$ 10,939,559

Note 8 - Highway user revenues for the current year were \$2,651,344 which is \$2,646,246 more than the highway user revenue received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$2,646,246, which includes no utilization of \$191,827 of the prior year carryforward balance.