



**City of San Luis, Arizona**  
**Annual Expenditure Limitation Report**  
Year Ended June 30, 2020

**CITY OF SAN LUIS, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2020**

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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 the City of San Luis, Arizona for the year ended June 30, 2020, 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. PC*

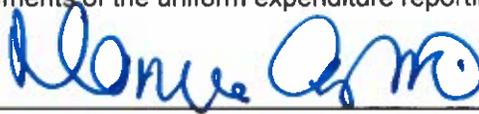
Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
February 17, 2021

City of San Luis, Arizona  
Annual Expenditure Limitation Report—Part I  
Year Ended June 30, 2020

1. Economic Estimates Commission expenditure limitation	<u>\$ 47,925,995</u>	
2. Voter-approved alternative expenditure limitation (Approved _____)	<u>N/A</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 47,925,995</u>
4. Amount subject to the limitation (total amount from Part II, Line C)	<u>\$ 28,712,781</u>	
5. Amount under (in excess of) the expenditure limitation		<u><u>\$ 19,213,214</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: \_\_\_\_\_

Monica Castro, Director of Finance

Telephone Number: \_\_\_\_\_

928-341-8520

Date: \_\_\_\_\_

2-17-21

***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, 2020

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	\$ 24,823,044	\$ 11,524,028	\$ 2,001,140	\$ 38,348,212
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	1,206,189	2,862,304		4,068,493
Debt service requirements on other long-term obligations (Note 3)	92,861	154,399		247,260
Grants and aid from the federal government (Note 4)	2,318,163			2,318,163
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	3,001,515			3,001,515
Total exclusions claimed	<u>6,618,727</u>	<u>3,016,703</u>	<u>-</u>	<u>9,635,431</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,204,317</u>	<u>\$ 8,507,325</u>	<u>\$ 2,001,140</u>	<u>\$ 28,712,781</u>

See accompanying notes to report.

City of San Luis, Arizona  
Annual Expenditure Limitation Report—Reconciliation  
Year Ended June 30, 2020

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	\$ 24,823,044	\$ 11,197,427	\$ 1,967,377	\$ 37,987,848
B. Subtractions:				
<i>Items not requiring use of current financial resources:</i>				
Depreciation		2,106,150		2,106,150
Pension expense ( Note 5)		217,129		217,129
Claims incurred but not reported (IBNR) (Note 6)			250,660	250,660
Total subtractions	-	2,323,279	250,660	2,573,939
C. Additions:				
Principal payments on long-term debt (Note 7)		1,699,879		1,699,879
Acquisition of capital assets		668,117		668,117
Amounts paid in the current year but reported as expenses in previous years:				
Pension contributions (Note 5)		281,884		281,884
Claims previously recognized as IBNR (Note 6)			284,423	284,423
Total additions	-	2,649,880	284,423	2,934,303
D. Amounts reported on Part II, Line A	\$ 24,823,044	\$ 11,524,028	\$ 2,001,140	\$ 38,348,212

See accompanying notes to report.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2020**

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.

	2020
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 339,015
Interest and fiscal charges	508,874
Refunding bond payable - \$2,825,000	
Principal retirements	245,000
Interest and fiscal charges	113,300
Total debt service	\$ 1,206,189

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2020**

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, Wastewater and Business Center funds. The Water and Wastewater Funds are presented in applicable ratios of their proportionate shares of the Municipal Project debt issuance.

	2020
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 512,675
Interest and fiscal charges	700,840
Utility Revenue Bonds \$ 6,580,000	
Principal retirements	295,000
Interest and fiscal charges	208,050
Refunding bond payable - \$11,715,000	
Principal retirements	755,000
Interest and fiscal charges	390,739
Total debt service	\$ 2,862,304

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.

	2020
Wal-Mart note payable - \$376,000	
Principal retirements	\$ 26,757
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	18,488
Interest and fiscal charges	118
Lease KS State Bank - \$12,302	
Principal retirements	2,309
Interest and fiscal charges	530
Santander Leasing - \$334,501	
Principal retirements	42,553
Enterprise Leasing Unit 23DGH5 - \$19,993	
Principal retirements	941
Interest and fiscal charges	167
Enterprise Leasing Unit 23DGH2 - \$22,310	
Principal retirements	861
Interest and fiscal charges	137
Total debt service	\$ 92,861

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2020**

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 Sanitation and Ambulance Services Funds.

	2020
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	\$ 11,793
Interest and fiscal charges	75
1st Bank Yuma Note Payable - \$246,842	
Principal retirements	45,636
Interest and fiscal charges	9,615
Republic First National - \$379,290	
Principal retirements	74,541
Interest and fiscal charges	7,507
Santander Leasing - \$334,501	
Principal retirements	5,233
Total debt service	\$ 154,400

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	2020
Grants and aid from the federal government	\$ 2,318,163
Highway user revenues in excess of those received in fiscal year 1979-80	3,001,515
Other revenues—(nonexcludable)	9,490,626
Total intergovernmental revenues as reported in the fund financial statements	\$ 14,810,304

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2020**

Note 5 - The subtraction of \$217,129 for pension expense consists of the change in the net pension liability, changes in deferred outflows of resources related to pensions and changes in deferred inflows of resources related to pensions recognized in the current year in the Enterprise Funds. The addition of \$281,884 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System and Public Safety Personnel Retirement System from the Enterprise Funds.

Note 6 - The subtraction of \$250,660 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 \$284,423 represents claimed incurred but not paid for the previous year.

Note 7 - The addition of \$1,699,879 for principal payments on long-term debt in the Enterprise Funds consists of:

	2020
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 512,675
Refunding bond payable - \$11,715,000	
Principal retirements	755,000
Utility Bond Payable \$ 6,580,000	
Principal retirements	295,000
1st Bank Yuma Note Payable - \$554,453	
Principal retirements	11,793
1st Bank Yuma Note Payable - \$246,842	
Principal retirements	45,637
Republic First National - \$379,290	
Principal retirements	74,541
Santander Leasing - \$334,501	
Principal retirements	5,233
Total	\$1,699,879

Note 8 - Highway user revenues for the current year were \$3,006,613 which is \$3,001,515 more than the highway user revenue received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$3,001,515, which includes no utilization of \$191,827 of the prior year carryforward balance.