

City of San Luis, Arizona
Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2021

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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, 2021, 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

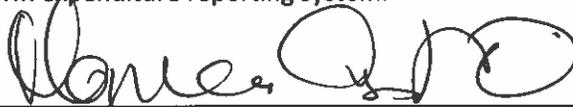
Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 30, 2022

City of San Luis, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2021

1. Economic Estimates Commission expenditure limitation	<u>\$ 51,141,406</u>	
2. Voter-approved alternative expenditure limitation (Approved _____)	<u>N/A</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 51,141,406</u>
4. Amount subject to the limitation (total amount from Part II, Line C)	<u>\$ 27,910,125</u>	
5. Amount under (in excess of) the expenditure limitation		<u><u>\$ 23,231,281</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:

3/30/22

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, 2021

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	\$ 34,325,987	\$ 13,231,967	\$ 2,604,700	\$ 50,162,654
B. Less exclusions claimed:				
Bond proceeds (Note 14)	7,789,363	984,828		8,774,191
Debt service requirements on bonded indebtedness (Note 2)	1,270,155	2,852,091		4,122,246
Debt service requirements on other long-term obligations (Note 3)	130,210	140,083		270,293
Grants and aid from the federal government (Note 4)	3,787,588			3,787,588
Quasi-external interfund transactions (Note 12)			2,604,700	2,604,700
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 9)	2,660,872			2,660,872
Contracts with other political subdivisions (Note 13)	32,639			32,639
Total exclusions claimed	<u>15,670,827</u>	<u>3,977,002</u>	<u>2,604,700</u>	<u>22,252,529</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,655,160</u>	<u>\$ 9,254,965</u>	<u>\$ -</u>	<u>\$ 27,910,125</u>

See accompanying notes to report.

City of San Luis, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2021

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	\$ 34,415,538	\$ 12,289,788	\$ 2,541,141	\$ 49,246,467
B. Subtractions:				
<i>Items not requiring use of current financial resources:</i>				
Depreciation		2,123,242		2,123,242
Pension expense (Note 6)		318,673		318,673
Claims incurred but not reported (IBNR) (Note 7)			187,101	187,101
Required fees paid to the Arizona Department of Revenue (Note 10)	89,551			89,551
Total subtractions	<u>89,551</u>	<u>2,441,915</u>	<u>187,101</u>	<u>2,718,567</u>
C. Additions:				
Principal payments on long-term debt (Note 8)		1,730,995		1,730,995
Acquisition of capital assets		454,825		454,825
Amounts paid in the current year but reported as expenses in previous years:				
Pension contributions (Note 6)		1,198,274		1,198,274
Claims previously recognized as IBNR (Note 7)			250,660	250,660
Total additions	<u>-</u>	<u>3,384,094</u>	<u>250,660</u>	<u>3,634,754</u>
D. Amounts reported on Part II, Line A	<u>\$ 34,325,987</u>	<u>\$ 13,231,967</u>	<u>\$ 2,604,700</u>	<u>\$ 50,162,654</u>

See accompanying notes to report.

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021

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.

		2021
Revenue bonds payable \$31,015,000		
Principal retirements	\$	356,551
Interest and fiscal charges		491,923
Refunding bond payable - \$2,825,000		
Principal retirements		255,000
Interest and fiscal charges		103,500
Revenue bonds payable - \$8,230,172		
Principal retirements		22,328
Interest and fiscal charges		40,853
Total debt service	\$	1,270,155

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021

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.

	2021
Revenues bonds payable \$31,015,000	
Principal retirements	\$ 530,985
Interest and fiscal charges	674,319
Utility Revenue Bonds \$ 6,580,000	
Principal retirements	305,000
Interest and fiscal charges	196,460
Refunding bond payable - \$11,715,000	
Principal retirements	765,000
Interest and fiscal charges	375,439
Revenues bond payable - \$984,828	
Principal retirements	0
Interest and fiscal charges	4,888
Total debt service	\$ 2,852,091

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.

	2021
Wal-Mart note payable - \$376,000	
Principal retirements	\$ 30,184
Lease KS State Bank - \$12,302	
Principal retirements	2,452
Interest and fiscal charges	387
Santander Leasing - \$334,501	
Principal retirements	42,553
Enterprise Leasing Unit 23DGH5 - \$19,993	
Principal retirements	3,175
Interest and fiscal charges	500
Enterprise Leasing Unit 23DGH2 - \$22,310	
Principal retirements	3,682
Interest and fiscal charges	544
1st Bank Yuma Note Payable - \$508,980	
Principal retirements	46,733
Interest and fiscal charges	0
Total debt service	\$ 130,210

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021

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.

	2021
1st Bank Yuma Note Payable - \$246,842	
Principal retirements	\$ 47,813
Interest and fiscal charges	7,490
Republic First National - \$379,290	
Principal retirements	76,964
Interest and fiscal charges	2,583
Santander Leasing - \$334,501	
Principal retirements	5,233
Total debt service	\$ 140,083

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	2021
Grants and aid from the federal government	\$3,787,588
Highway user revenues in excess of those received in fiscal year 1979-80	2,660,872
Unexpended Excludable Revenues for Carryforward	478,878
Other revenues—(nonexcludable)	11,124,478
Total intergovernmental revenues as reported in the fund financial statements	\$18,051,816

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021

Note 5 The following schedules present revenues excludable that were not spent in the year of receipt may be accumulated and excludable in future years when spent. A summary of the revenue source and the changes in those balances is shown in the table below:

Governmental Funds

Description	Balance June 30, 2020	Additions	Exclusions Utilized	Exclusions Retired	Balance June 30, 2021
Debt Proceeds (Note 14)	\$ -	\$ 8,230,172	\$ 7,789,363	\$ -	\$ 440,809
Dividends, interest, and gains on the sale or redemption of investment securities	\$ -	\$ 18,923	\$ -	\$ -	\$ 18,923
Amounts received from the State of Arizona (Note 11)	\$ -	\$ 32,442	\$ -	\$ -	\$ 32,442
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 9)	\$ 191,827	\$ 3,139,750	\$ 2,660,872	\$ 299,663	\$ 371,042
	<u>\$ 191,827</u>	<u>\$ 11,421,287</u>	<u>\$ 10,450,235</u>	<u>\$ 299,663</u>	<u>\$ 863,216</u>

Enterprise Funds

Description	Balance June 30, 2020	Additions	Exclusions Utilized	Exclusions Retired	Balance June 30, 2021
Debt Proceeds (Note 14)	\$ -	\$ 984,828	\$ 984,828	\$ -	\$ -
Dividends, interest, and gains on the sale or redemption of investment securities	\$ -	\$ 22,992	\$ -	\$ -	\$ 22,992
Quasi-external interfund transactions (Note 12)	\$ -	\$ 872,889	\$ -	\$ -	\$ 872,889
	<u>\$ -</u>	<u>\$ 1,880,709</u>	<u>\$ 984,828</u>	<u>\$ -</u>	<u>\$ 895,881</u>

Internal Service Funds

Description	Balance June 30, 2020	Additions	Exclusions Utilized	Exclusions Retired	Balance June 30, 2021
Dividends, interest, and gains on the sale or redemption of investment securities	\$ -	\$ 4,197	\$ -	\$ -	\$ 4,197
Quasi-external interfund transactions (Note 12)	\$ -	\$ 2,910,870	\$ 2,604,700	\$ -	\$ 306,170
	<u>\$ -</u>	<u>\$ 2,915,067</u>	<u>\$ 2,604,700</u>	<u>\$ -</u>	<u>\$ 310,367</u>

Note 6 The subtraction of \$318,673 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 \$1,198,274 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 7 The subtraction of \$187,101 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 \$250,660 represents claimed incurred but not paid for the previous year.

**CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021**

Note 8 The addition of \$1,730,995 for principal payments on long-term debt in the Enterprise Funds consists of:

	2021
Revenues bonds payable \$31,015,000	
Principal retirements	\$530,985
Utility Bond Payable \$ 6,580,000	
Principal retirements	305,000
Refunding bond payable - \$11,715,000	
Principal retirements	765,000
1st Bank Yuma Note Payable - \$246,842	
Principal retirements	47,813
Republic First National - \$379,290	
Principal retirements	76,964
Santander Leasing - \$334,501	
Principal retirements	5,233
Total	\$1,730,995

Note 9 Highway user revenues for the current year were \$3,144,848 which is \$3,139,750 more than the highway user revenue received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$2,660,872, which includes no utilization of \$478,878 from current year and \$191,827 of the prior year carryforward balance.

Note 10 The \$89,551 of required fees paid to the Arizona Department of Revenue represents the fees assessed pursuant to A.R.S. 42-5041 for the State to recover a portion of the operating costs incurred in providing administrative and collection services to local governments. The expenditure is recorded in the general government function of the Governmental funds.

Note 11 The \$32,442 of amounts received from the State of Arizona represents the receipt of monies from the Smart and Safe Arizona Act. The revenue is recorded in the Police Grants and Special Revenue Fund as tax revenue. No excludable revenue was expended during the fiscal year.

CITY OF SAN LUIS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2021

Note 12 The quasi-external interfund transaction revenue of \$872,889 within the Enterprise Funds represents charges to other divisions of the City for water, wastewater, and solid waste services. No excludable revenue was expended during the fiscal year.

The revenue of \$2,910,870 and exclusion of \$2,604,700 in the Internal Service Fund relate to charges for services paid for employee health self-insurance services. The interfund charges are included in "Charges for Services" in the Internal Service Fund and as a current expenditure in various departments in the Governmental and Enterprise Funds.

Note 13 The \$32,639 of contracts with other political subdivisions in the governmental funds relates to charges to Yuma Union High School District for the services of a school resource officer. These charges are included in "Charges for Services" and current public safety expenditures in the Police Grants and Special Revenue Fund.

Note 14 The exclusion of \$7,789,363 in the governmental funds and \$984,828 in the enterprise funds for debt proceeds related to issuance of revenue bonds to reduce the PSPRS pension liabilities. The proceeds of \$8,230,172, payment to PSPRS of \$7,452,784, and bond issuance costs of \$336,579 were recorded within the Debt Service Fund. The proceeds and subsequent payment to PSPRS of \$984,828 were recorded within the Ambulance Services Fund.