

City of San Luis, Arizona  
Annual Expenditure Limitation Report  
Fiscal Year Ended June 30, 2023

City of San Luis  
Annual Expenditure Limitation Report  
Year ended June 30, 2023

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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, 2023, 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 AICPA. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 15, 2024

City of San Luis, Arizona  
 Annual Expenditure Limitation Report  
 Year ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$	51,226,925	
2. Voter-approved alternative expenditure limitation (approved _____)			
3. Enter applicable amount from line 1 or line 2			\$ 51,226,925
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	46,154,483	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-		
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-		
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-		
8. Subtotal			\$ 46,154,483
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+		
10. Total adjusted amount subject to the expenditure limitation			\$ 46,154,483
11. Amount under (in excess of) the expenditure limitation			\$ <u>5,072,442</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 fiscal officer:

*R. Encinas*

Name and title: Roula Jouanne de Encinas, Acting Finance Director

Telephone number: 928-341-8534

Date: 03/15/2024

See accompanying notes to report.

City of San Luis, Arizona  
 Annual Expenditure Limitation Report  
 Year ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Amounts reported on the Reconciliation, line D	\$42,595,595	\$18,181,594	\$ 2,956,418	\$63,733,607
B. Less exclusions claimed:				
1. Debt proceeds				-
2. Debt service requirements	2,002,124	2,960,471		4,962,595
5. Grants and aid from the federal government	\$4,028,199	533,046		4,561,245
7. Amounts received from the State of Arizona	1,410,063			1,410,063
8. Quasi-external interfund transactions			2,956,418	2,956,418
10. Highway user revenues in excess of those received in fiscal year 1979-80	3,614,475			3,614,475
11. Contracts with other political subdivisions	74,328			74,328
16. Total exclusions claimed	<u>11,129,189</u>	<u>3,493,517</u>	<u>2,956,418</u>	<u>17,579,124</u>
C. Amounts subject to the expenditure limitation	<u>\$31,466,406</u>	<u>\$14,688,077</u>	<u>\$ -</u>	<u>\$46,154,483</u>

See accompanying notes to report.

City of San Luis, Arizona  
Annual Expenditure Limitation Report  
Year ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 42,790,650	\$ 14,150,441	\$ 3,098,520	\$ 60,039,611
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation		2,278,820		2,278,820
<u>d.</u> Pension and other postemployment benefits (OPEB) expense		317,847		317,847
<u>e.</u> Claims incurred but not reported (IBNR)			800,298	800,298
<u>3.</u> Required fees paid to the Industrial Commission of Arizona	90,960			90,960
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	104,095			104,095
<u>6.</u> Total subtractions	<u>195,055</u>	<u>2,596,667</u>	<u>800,298</u>	<u>3,592,020</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt		1,795,085		1,795,085
<u>2.</u> Capital asset acquisitions		4,609,997		4,609,997
3. Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> Claims previously recognized as IBNR			658,196	658,196
<u>4.</u> Pension and OPEB contributions paid in the current year		222,738		222,738
<u>6.</u> Total additions	<u>-</u>	<u>6,627,820</u>	<u>658,196</u>	<u>7,286,016</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 42,595,595</u>	<u>\$ 18,181,594</u>	<u>\$ 2,956,418</u>	<u>\$ 63,733,607</u>

See accompanying notes to report.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2023**

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 statements 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 in the Governmental Funds consists of principal retirement and interest expenditures on outstanding bonds and other long-term obligations reported in the Debt Service Fund.

	2023
Revenue bonds payable \$31,015,000	
Principal retirements	\$ 391,621
Interest and fiscal charges	455,391
Refunding bond payable - \$2,825,000	
Principal retirements	280,000
Interest and fiscal charges	77,500
PSPRS bond payable - \$8,230,172	
Principal retirements	379,584
Interest and fiscal charges	176,238
Wal-Mart note payable - \$376,000	
Principal retirements	40,528
Lease KS State Bank - \$12,302	
Principal retirements	2,767
Interest and fiscal charges	76
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	99,777
Interest and fiscal charges	12,303
SBITAs Payable - \$104,095	
Principal retirements	35,885
Total debt service	\$ 2,002,124

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2023**

The exclusion claimed for debt service requirements in the Enterprise Funds consists of principal retirement and interest expenditures on outstanding long-term obligations reported in the Proprietary Funds Statement of Cash Flow and Statement of Revenues, Expenses and Changes in Fund Net Position.

	2023
Revenue bonds payable \$31,015,000	
Principal retirements	\$ 585,915
Interest and fiscal charges	713,259
Utility revenue bonds \$ 6,580,000	
Principal retirements	325,000
Interest and fiscal charges	172,140
Refunding bond payable - \$11,715,000	
Principal retirements	795,000
Interest and fiscal charges	242,638
Revenue bond payable - \$984,828	
Principal retirements	31,524
Interest and fiscal charges	21,140
1st Bank Yuma note payable - \$246,842	
Principal retirements	52,378
Interest and fiscal charges	2,925
San Luis Industrial Park -\$702,519	
Principal retirements	35
Interest and fiscal charges	13,284
Santander leasing - \$334,501	
Principal retirements	5,233
Total debt service	\$ 2,960,471

Note 3 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	2023
Grants and aid from the federal government	\$4,028,198
Amounts received from the State of Arizona	1,410,063
Highway user revenues in excess of those received in fiscal year 1979-80	3,614,475
Other revenues—(nonexcludable)	14,834,678
Total intergovernmental revenues as reported in the fund financial statements	\$23,887,414

The exclusion claimed for grants and aid from the federal government in the enterprise funds was recorded as a capital contribution in the Wastewater Fund and expended on capital asset acquisitions.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2023**

- Note 4 \$188,995 of the exclusion claimed for amounts received from the State of Arizona represents the expenditure of monies from the Smart and Safe Arizona Act. The activity was recorded as intergovernmental revenue and public safety expenditures in the Police Grants and Special Revenues Fund. The remaining \$1,221,068 of the exclusion claimed for amounts received from the State of Arizona represent street improvement grants. The activity was recorded as intergovernmental revenue and either community development or capital outlay expenditures in the Community Development Fund.
- Note 5 The quasi-external interfund transaction revenue of \$834,285 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 \$2,956,418 is the exclusion utilized 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 6 Highway user revenues for the current year were \$3,619,573 which is \$3,614,475 more than the highway user revenue received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$3,614,475.
- Note 7 The \$74,328 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 intergovernmental revenue and current public safety expenditures in the Police Grants and Special Revenues Fund.
- Note 8 The subtraction of \$317,847 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 \$222,738 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 9 The \$90,960 of required fees paid to the Industrial Commission of Arizona pursuant to A.R.S. 23-1703 for the deposit into the Municipal Firefighter Cancer Reimbursement Fund. The expenditure is recorded in the general government function of the Governmental funds.
- Note 10 The subtraction of \$800,298 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 \$658,196 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, 2023**

Note 11 The addition of \$1,795,085 for principal payments on long-term debt in the Enterprise Funds consists of:

	2023
Revenues bond payable \$31,015,000	
Principal retirements	\$ 585,915
Utility Bond Payable \$ 6,580,000	
Principal retirements	325,000
Refunding bond payable - \$11,715,000	
Principal retirements	795,000
PSPRS bond payable - \$8,230,172	
Principal retirements	31,524
1st Bank Yuma Note Payable - \$246,842	
Principal retirements	52,378
San Luis Industrial Park -\$702,519	
Principal retirements	35
Santander Leasing - \$334,501	
Principal retirements	5,233
<b>Total</b>	<b>\$1,795,085</b>

Note 12 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 sources and the changes in those balances is shown in the table below:

**Governmental Funds**

Description	Balance June 30, 2022	Additions	Exclusions Utilized	Balance June 30, 2023
Debt Proceeds	\$ 440,809	\$ -	\$ -	\$ 440,809
Dividends, interest, and gains on the sale or redemption of investment securities	83,274	1,271,924	-	1,355,198
Amounts received from the State of Arizona (Note 4)	232,243	1,453,614	1,410,063	275,794
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	371,042	3,614,476	3,614,476	371,042
	\$ 1,127,368	\$ 6,340,014	\$ 5,024,539	\$ 2,442,843

**Enterprise Funds**

Description	Balance June 30, 2022	Additions	Exclusions Utilized	Balance June 30, 2023
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 29,247	\$ 716,265	\$ -	\$ 745,512
Quasi-external interfund transactions (Note 5)	1,737,909	834,285	-	2,572,194
	\$ 1,767,156	\$ 1,550,550	\$ -	\$ 3,317,706

**Internal Service Funds**

Description	Balance June 30, 2022	Additions	Exclusions Utilized	Balance June 30, 2023
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 8,403	\$ 5,304	\$ -	\$ 13,707
Quasi-external interfund transactions (Note 5)	306,170	3,016,979	2,956,418	366,731
	\$ 314,573	\$ 3,022,283	\$ 2,956,418	\$ 380,438