



City of San Luis

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

FOR FISCAL YEAR ENDED ON JUNE 2025





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PREPARED BY: DEPARTMENT OF FINANCE

CITY OF SAN LUIS, ARIZONA
Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION



Letter of Transmittal

For the Fiscal Year Ended June 30, 2025



November 24, 2025

Honorable Mayor, City Council, City Manager, and Citizens of the City of San Luis, Arizona:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. Laws of the State of Arizona require that all local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. According to that requirement, we hereby issue the annual comprehensive financial report of the City of San Luis for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. The internal control framework is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As presented in this report, we believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona, for the fiscal year ended June 30, 2025, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report.

The independent audit of the financial statements of San Luis is usually part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. A grant reform that increased the single-audit threshold changed audit rules for fiscal years beginning on or after January 1, 2015. As a result of the new rules, the City was required to undergo a single audit due to the expended amounts that exceeded the \$750,000 margin in federal dollars during the audited year. In addition, the City must make records available for review or audit by appropriate federal agencies and the U.S. Government Accountability Office officials.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis that complements this letter of transmittal should be read in combination with it.

Profile of the Government

The City of San Luis, incorporated in 1979, is located in the southwestern corner of Arizona, immediately adjacent to Mexico and California, and occupies 30 square miles. The City of San Luis is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and six Council Members, all elected on a non-partisan basis, and serve overlapping four-year terms. The City Council is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, Magistrate, and Chief of Police. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City has experienced significant increases in population over the years. The 2000 census recorded the City of San Luis population at 15,400, and the 2020 census recorded the City of San Luis population at 35,257, a 128% increase from 2010. Today we estimate the City has 39,700 residents. The City of San Luis is listed in the top 10 cities with the most percentage growth in Arizona. Based on current projections, population growth trends are expected to continue at the same pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural activities, planning and zoning services, and general administrative services. San Luis offers a wide range of community facilities, including one gym, one cultural center, one senior center, one youth center, one activity center, one swimming pool, and five parks encompassing 90 acres.

This report includes financial statements on both a government-wide and a fund basis for the primary government and its component units. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No.14, "The Financial Reporting Entity." Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the

financial reporting entity consists of the City and two blended component units, the San Luis Community Facilities District and the San Luis Employees' Self Insurance Health Fund, as discussed further in Note 1 A of the notes to the financial statements.

Financial information

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budget Control: The City of San Luis, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City's expenditure limitation for the fiscal year 2025 was \$60.0 million.

The annual operating budget, which is adopted by ordinance each fiscal year, serves as the base for the City's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display the City's financial operations, including funding for one corporation outside the City's organizational structure. The City relies on the City's General Plan adopted in November 2020 to set the goals and priorities that will allow us to become the City we need to be in the future. There are four themes that are the focus of the plan (Growth, Economy, Environment, and Public Services).

The City Manager submits the annual balanced budget to City Council before June each year. A public hearing on the budget is held in the middle of June, with an expected budget adoption by June 30. The City is required to publish specific information and notices and hold public hearings as defined by state statute.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City of San Luis's diverse local economy is built on retail trade, agriculture, real estate development, and manufacturing. San Luis is a significant gateway for imports and exports to and from Mexico.

The City of San Luis' most significant revenue source is sales tax revenue, totaling \$22.7 million in the Fiscal Year 2025. Sales tax is generated from various business categories, including food stores, retail stores, restaurants, construction, and utilities. The City also receives a share of sales tax generated from the State of Arizona's (State) applied tax rate and from the City's own applied tax rate.

San Luis is a key contributor to Yuma County's \$4.4 billion agriculture and agribusiness economy, which represents one of the top two producing counties in Arizona. According to a University of Arizona economic impact study, agriculture and related industries in Yuma County generated \$4.4 billion in statewide economic activity in 2022, with \$3.9 billion retained locally.

generated \$4.4 billion in statewide economic activity in 2022, with \$3.9 billion retained locally. Yuma County produces approximately 90% of the nation's winter leafy vegetables and ranks first in the state for vegetable, melon, and specialty crop production.

Housing permits are expected to remain steady, even as the rest of the state anticipates a decline in housing development driven by high interest rates, which continue to reduce housing affordability. The City continues to face a shortage of affordable housing and struggles to address workforce gaps in essential positions. The rising cost of infrastructure also limits the City's ability to meet growing service demands. Looking ahead to FY2026, the Federal Reserve's projections suggest that the federal funds rate will gradually decline to around 3.4% by year-end, as monetary policy shifts toward supporting economic growth while anchoring inflation expectations. Inflation, measured by the Personal Consumption Expenditures (PCE) price index, is expected to moderate further projected to average between 2.3% and 2.6%, remaining slightly above the Fed's long-run target. While inflation is expected to ease from recent highs, it is still projected to remain modestly above 2%, reflecting persistent cost pressures and gradual disinflation across the broader economy.

New residential development continues to thrive. The real estate sector faced high interest rates, but the demand for housing continues in our community. The City continues to receive applications for residential developments. There are three subdivisions under construction, which we expect to be completed by the end of February 2026 and two more to be completed by October 2026. The City issued a total of 851 building permits of which 279 were for new residential units in the Fiscal Year 2025.

As the City of San Luis' needs grow and its population, our government works efficiently to meet those needs. Its citizens and municipal government are committed to creating a sustainable economy that will increase the quality of life for its residents and find solutions for the future. One of the major focuses will be to increase revenues to the City by promoting more commercial and industrial developments, encouraging a primary property tax and evaluating current fees for each department to make sure the revenues cover the cost of operations of the departments.

Recent high interest rates and construction costs impacted previously planned hotel developments, resulting in the shelving of two hospitality projects. However, the City is now prioritizing larger, higher-impact mixed-use and medical projects. In the commercial and medical development sector, Onvida Health recently purchased 80 acres of land on Main Street to build a new regional hospital in San Luis which is projected to create \$140 million in capital investment and create 250 new jobs. This investment is expected to spur the development of additional medical offices and approximately 40 acres of new commercial projects, including retail pads, big box stores, and potentially a hotel. This project represents a major private investment in the community's healthcare and economic future, supporting job creation and regional growth.

The San Luis Medical Mall expansion is expected to break ground in FY 2026, with an estimated \$80 million capital investment, with a new birthing center under construction. Additionally, the City is working to advance a 34-acre commercial corridor along Cesar Chavez Boulevard focused on attracting retail pads, auto dealerships, and mixed-use sit-down commercial developments.

In the industrial sector, San Luis continues to grow as a strategic manufacturing and logistics hub. Recently, Myers M&I Electric located to Magrino Industrial Park and is expected to create 250 manufacturing jobs in the electrical components industry. Myers M&I Electric is relocation operations from California and Texas and is expected to hire 40 initially by the end of 2025.

Magrino Industrial Park, with interest focused on cold storage, logistics, and advanced manufacturing. This includes active negotiations with Willmeng and Mortenson to bring cold storage and distribution facilities online. The Department is actively working with state and regional partners to locate potential tenants to the industrial park to facilitate development.

Beyond large-scale projects, the City is committed to strengthening its small business ecosystem through technical assistance and incubation programs. Through the City's small business program, 24 businesses are projected to graduate from the incubator by the end of 2025, with an additional 12 expected in 2026. These programs provide tailored support in areas such as marketing, business planning, and access to capital, further diversifying the local economic base and fostering sustainable job creation.

To better serve our residents, we completed the construction of a new Fire Station in the East area of the City and constructed a substation for the Police Department. The design for a new Police Station in the same area is complete, and we hope to start construction in FY2028. We invested \$9.7 million in road infrastructure to address the impact of traffic on the community. We also invested \$13.0 million in water and \$5.6 million in wastewater improvements to meet our current and future demands.

Another significant economic factor in the City is the state prison that employs more than 1,000 professionals and staff. In addition, since San Luis is a border/U.S. Port of entry, the U.S. Government departments of INS, Customs, and U.S. Marshall Prison facilities provide hundreds of jobs stationed in San Luis.

The \$350 million modernization and expansion of the San Luis I Land Port of Entry, funded by the Bipartisan Infrastructure Law and the Inflation Reduction Act, marks a significant development in regional border infrastructure. The project will double the vehicle lanes from 8 to 16 and pedestrian lanes from 4 to 10. The port processes 8 million border crossers annually, and we expect the number of crossers will also double. The Mexican shopper contributes approximately 70% of the sales tax to San Luis.

This project aims to replace outdated facilities with expanded buildings and increased inspection capacities, substantially boosting local economic activity and job creation. Key enhancements include doubling vehicle inspection lanes, a new pedestrian inspection building, and advanced sustainability features like all-electric, net-zero design and solar panels, aligning with the Federal Sustainability Plan. Notably, the port's upgrade will enhance security, alleviate congestion, and foster environmental justice while supporting the highly integrated binational economy of the San Luis region. The project is currently under construction and Phase 1 is expected to be completed in early Spring of 2026, with full completion by Fall 2028. This project exemplifies a collaborative effort across local, state, and federal levels, emphasizing the importance of modern infrastructure in promoting economic prosperity and national security.

Long-Term Financial Planning

The budget process guides the City's financial planning process. This process includes the annual budget that each department presents for review, followed by acceptance, reductions, or additions depending on revenue and expenditure forecasts. As part of the annual budget process, departments also submit capital plans for review and approval based on available funding. The capital plans are updated annually and approved by the City Council and serve as the primary drivers of the long-term financial planning process.

The budget process includes input from City Council, Departments, City Manager, and citizens, including community budget hearings. The City Council formally adopts the budget for the following year by the end of June.

It is customary for the water, wastewater, and sanitation funds to initiate a bi-annual review of existing rate study extending over a ten-year financial forecast to determine the long-term funding availability. The City had its last utility rate study completed back on December 28, 2022, and adopted by City Council on March 22, 2023. The adopted utility rate consists of a five-year utility rate increase plan that will support the enterprise funds and its capital projects.

Certificates of Achievements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its ACFR for the fiscal year that ended June 30, 2024.

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for 12 consecutive years. We believe that our current ACFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

Acknowledgments

The preparation of this Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated services of the staff of the Finance Department as well as the excellent cooperation and assistance of other City employees who contributed to its preparation. Sincere appreciation also must be given to the Mayor and the Governing Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of San Luis' finances. We also wish to thank the City's Independent Auditors, Heinfeld, Meech & Co., P.C., for their assistance in matters pertaining to the City's financial affairs.

Respectfully submitted,



Roula J. de Encinas
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Luis
Arizona**

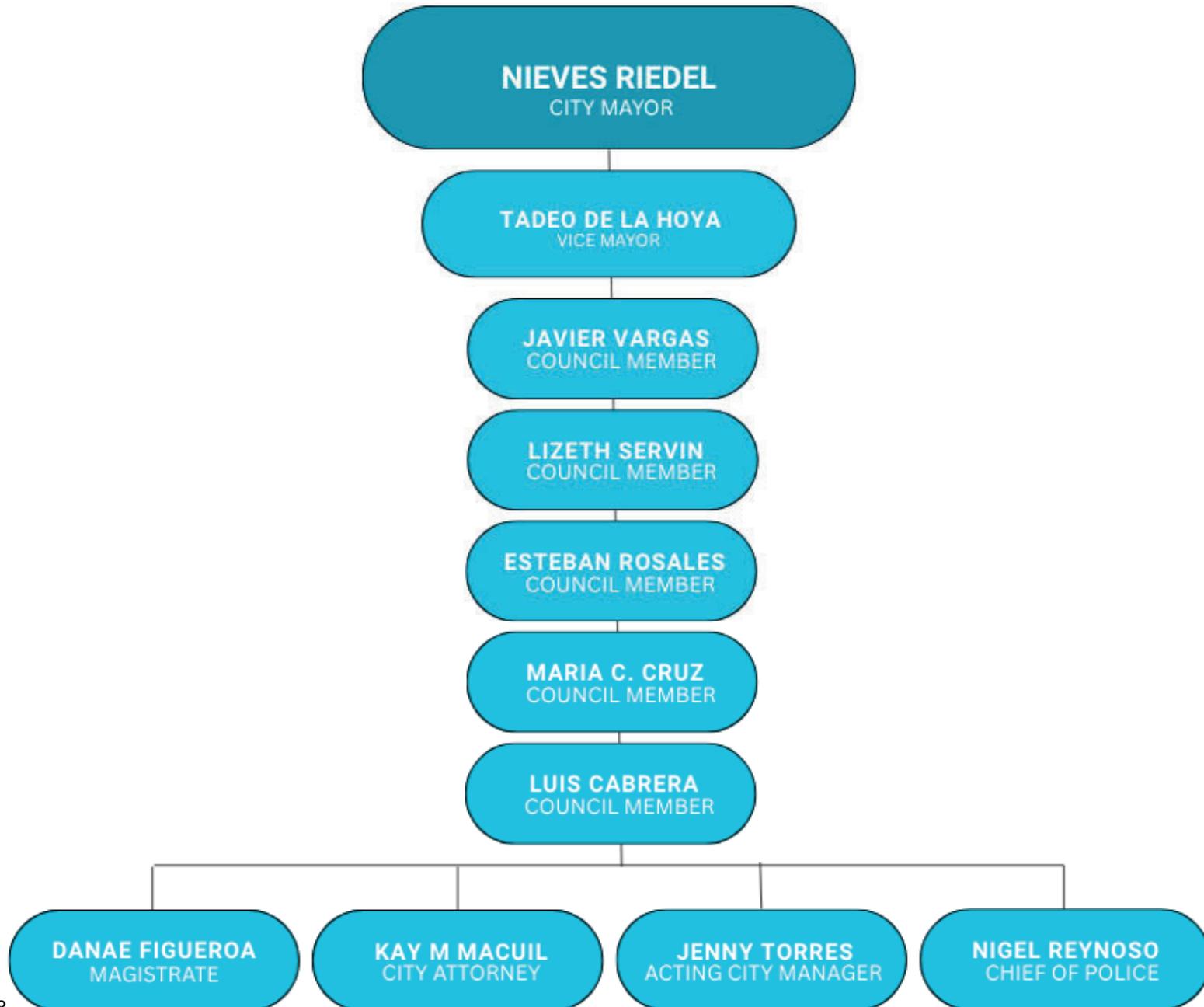
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL



Elected officials

As of June 30, 2025

*Nieves Rjedel
Mayor*

*Esteban Rosales
Councilmember
Tadeo DeLaHoya
Vice Mayor
Lizeth Servin
Councilmember*

*Luis Cabrera
Councilmember
Maria C Cruz
Councilmember
Javier Vargas
Councilmember*



Appointed officials

*Jenny Torres
Acting City Manager
Olivia Jenkins
Admin. Services Manager*

*Attorney
City Clerk
Director of Economic Development
Director of Parks and Recreation
Director of Finance
Fire Chief
Police Chief
Director of Human Resources
Magistrate
Director of Development Services
Director of Public Works
City Engineer
Information Technology Manager
Risk Manager
Senior Services Manager
Billing and Collection Manager*

*Kay Marion Macuil
Sonia Cornelio
Armando Esparza
Maria Angelica Roldan
Roula Jouanne de Encinas
Angel Ramirez
Nigel Reynoso
Adela Cortez
Danae Tera Figueroa
Jose A. Guzman
Eulogio Vera
Tomas Alberto Sanchez
Fernando Corona
Maria Sabori
Francisca Ramirez
Edgar Esparza*



FINANCIAL SECTION



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of San Luis, Arizona

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of San Luis, Arizona (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, of the City of San Luis, Arizona, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Highway Users Fund, and the Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of San Luis, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of City of San Luis, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of San Luis, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of San Luis, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 24, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)



**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

As management of the City of San Luis, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the basic financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

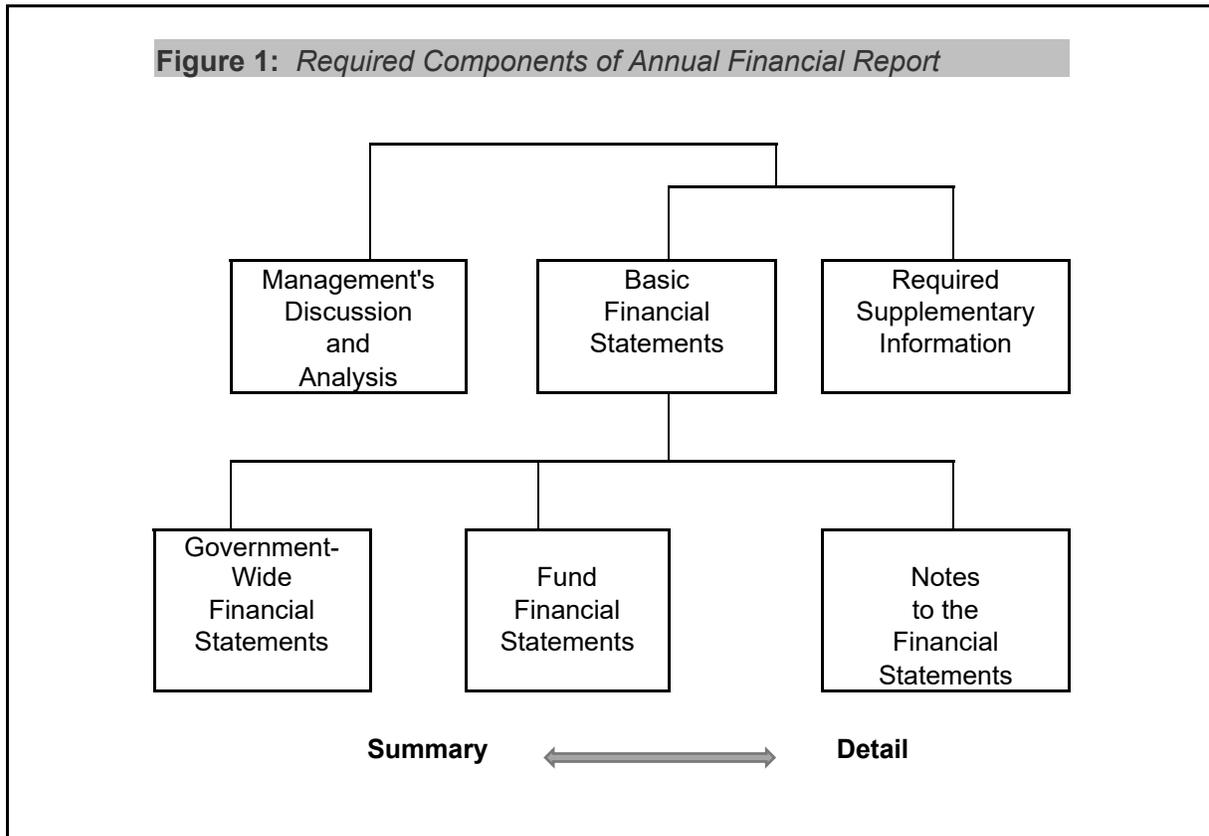
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$189.8 million.
- The City's net position of governmental activities increased \$14.1 million to \$130.5 million, and business-type activities increased \$10.1 million to \$59.3 million representing 69 percent and 31 percent, respectively, of the total net position of \$189.8 million.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$54.8 million, an increase of \$9.1 million over the prior year. 18 percent of this amount, or \$10.1 million, is restricted, committed, or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$44.7 million, or 160 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$38.5 million in revenues or 72 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15.1 million or 28 percent of total governmental activities. The City had \$25.8 million of program revenues related to business-type activities.
- The City had \$39.5 million in expenses related to governmental activities; of which \$15.1 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$38.5 million were adequate to provide for the costs of these programs. The City had \$16.8 million in expenses related to business-type activities that were offset by program specific charges for services, capital grants and contributions, and investment income.
- Among major governmental funds, the general fund had \$37.8 million in revenues, which primarily consisted of taxes, licenses and permits, fines and forfeitures, intergovernmental, and rental revenues. The total expenditures of the general fund were \$28.0 million. The general fund's fund balance increased from \$37.5 million to \$45.0 million. The highway users fund had revenues of \$4.6 million, which consisted primarily of intergovernmental revenues, and expenditures of \$4.7 million. The community development fund had revenue of \$4.9 million, which consisted primarily of intergovernmental revenues, and expenditures of \$4.9 million.
- The City's total long-term liabilities decreased from \$60.8 million to \$59.0 million during the current fiscal year. This decrease was due primarily to debt principal payments.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of the City.

The following diagram shows how the required components of this annual comprehensive financial report are arranged and relate to one another.



Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a financial statement of a private-sector business. These statements are prepared under the full-accrual basis of accounting where all the current year's revenues and expenses are included regardless of when cash is received or paid. The government-wide statements provide short and long-term information about the City's financial status as a whole. These two statements report the City's net position and how they have changed. The statement of net position and the statement of activities help to determine if the City is in a better financial position as a result of the current year's activities.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *statement of net position* reflects the City's net position at the end of the fiscal year. The net position of the City is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to evaluate the City's financial condition.

The *statement of activities* presents information showing how the City's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing or related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

In the government-wide financial statements the City's activities are presented in the following three categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, health and welfare, culture and recreation, community development, and public works and streets. Sales taxes, intergovernmental, licenses and permits, and fines and forfeitures revenue finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, wastewater, business center, sanitation, ambulance services, and business incubator. The services are financed through user fees and charges.
- **Discretely presented component unit** – The City includes the activities of another entity in its report – The San Luis Facility Development Corporation, which owns the Detention Facility. Although legally separate, the component unit is required to be included for fair presentation in conformity with Generally Accepted Accounting Principles. Financial information for the component unit is reported separately from the financial information for the primary government.

Fund Financial Statements. The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in funds balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Highway Users, Community Development, and Debt Service Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the other supplementary information section presented immediately following the notes to the financial statements.

- **Proprietary funds.** The City has two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses separate enterprise funds to account for its water, wastewater, sanitation, business incubator, ambulance services, and business center, all six of which are presented as major funds of the City. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City uses an internal service fund to account for its self-insurance program. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included with the governmental activities in the government-wide financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also includes certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees, public safety employees, and elected officials. Required supplementary information can be found immediately following the notes to the financial statements.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, (see figure 2) assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$189.8 million as of June 30, 2025. By far the largest portion of the City's net position (70 percent) reflects its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure); less any related debt still outstanding and deferred charges that was used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion nine percent of the City's net position, \$17.4 million at June 30, 2025, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 21 percent at June 30, 2025, may be used to meet the government's ongoing obligations to its citizens and creditors.

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2025 and 2024.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 70,131,340	\$ 99,963,980	\$ 20,673,959	\$ 27,280,442	\$ 90,805,299	\$127,244,422
Capital assets, net	94,561,036	88,954,227	78,729,764	61,417,208	173,290,800	150,371,435
Total Assets	164,692,376	188,918,207	99,403,723	88,697,650	264,096,099	277,615,857
Total Deferred Outflow of Resources	7,094,355	7,216,183	1,266,009	1,275,529	8,360,364	8,491,712
Long-term liabilities	32,017,112	31,912,711	26,960,889	28,896,913	58,978,001	60,809,624
Other liabilities	6,703,544	45,198,525	6,040,320	2,772,057	12,743,864	47,970,582
Total Liabilities	38,720,656	77,111,236	33,001,209	31,668,970	71,721,865	108,780,206
Total Deferred Inflow of Resources	2,549,118	2,605,150	8,346,759	9,091,242	10,895,877	11,696,392
Net Position						
Net investment in capital assets	82,172,527	76,185,493	50,038,331	34,388,688	132,210,858	110,574,181
Restricted	13,261,948	9,474,259	4,161,387	3,218,447	17,423,335	12,692,706
Unrestricted	35,082,482	30,443,193	5,122,046	11,605,832	40,204,528	42,049,025
Total net position	\$130,516,957	\$ 116,102,945	\$ 59,321,764	\$ 49,212,967	\$189,838,721	\$165,315,912

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Governmental Activities: Net position in governmental activities saw an increase of \$14.1 million. The reasons for this change can be summarized as follows:

- Program revenues covered 38 percent of total governmental expenses, decreasing from 50 percent in the prior year. This is a 12 percent decrease in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$15.1 million, which was a decrease of \$2.3 million from the previous year. The overall decrease can be tied to capital grants and contributions resulting from fewer donations of infrastructure assets from developers.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$2.1 million totaling \$38.5 million. This amounts to an overall increase in general revenues of six percent, due mainly to stronger than anticipated city sales tax revenues.
- Expenses totaled \$39.5 million, a 13 percent increase compared to the previous year. This increase resulted from salaries increased provided to employees and the hiring of additional positions to support the growing city.
- For governmental activities, city sales taxes represent 34 percent of the total revenues, being the largest single source of funds, followed by state shared revenues and capital grants and contributions representing 30 and 16 percent of total revenues, respectively. City sales tax collections have historically been the largest revenue source and are anticipated to be for the near term; the City's overall business and population growth is responsible for the continued increase in the city sales tax collections.

Business-type Activities: Net position of the enterprise funds at the end of the year amounted to \$59.3 million. The Enterprise Funds had an increase in net position of \$10.1 million. Overall, total revenues exceeded expenses for all the proprietary funds, with the exception of the business incubator.

- Expenses totaled \$16.8 million, a one percent increase compared to prior year, which is not significant.
- Capital grants and contributions and charges for services increased in comparison with prior year by 43 percent and 12 percent, respectively. The increase in capital grants and contributions is due to the City receiving federal grants for water and wastewater system upgrades. The increase in charges for services is due to increases in rates charged to proprietary system users.
- The most recent rate increase from city rate study to compensate for future operation and investment took place on January 1, 2025. Net position for the enterprise funds has steadily increased over the past few years due to the growing customer base and customers paying more appropriate rates for the delivery of service.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

For business-type activities, the largest part of the revenue is attributable to Charges for Services - Program Revenues, which is made up of 32 percent Water, 32 percent Wastewater, 19 percent Ambulance, and 13 percent Sanitation funds.

Figure 3	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues:						
Charges for services	\$ 1,761,962	\$ 3,553,253	\$ 19,754,450	\$ 17,654,106	\$ 21,516,412	\$ 21,207,359
Operating grants and contributions	4,680,885	3,024,293			4,680,885	3,024,293
Capital grants and contributions	8,699,126	10,826,271	6,071,827	4,239,082	14,770,953	15,065,353
General Revenues:						
City sales taxes	18,187,822	16,116,973			18,187,822	16,116,973
Franchise taxes	599,848	540,783			599,848	540,783
Property taxes	975,508	816,102			975,508	816,102
State shared revenues	16,127,942	16,908,872			16,127,942	16,908,872
Investment earnings	2,609,291	2,056,659	1,041,405	1,039,478	3,650,696	3,096,137
Total Revenues	53,642,384	53,843,206	26,867,682	22,932,666	80,510,066	76,775,872
Expenses						
General Government	9,219,435	7,903,721			9,219,435	7,903,721
Public Safety	16,448,000	14,521,368			16,448,000	14,521,368
Public Works & Streets	6,641,214	5,796,978			6,641,214	5,796,978
Health and Welfare	490,717	533,531			490,717	533,531
Culture and Recreation	4,045,878	3,582,525			4,045,878	3,582,525
Community Development	2,241,891	1,976,278			2,241,891	1,976,278
Interest on Long-Term Debt	456,296	649,214			456,296	649,214
Water			4,355,294	4,520,913	4,355,294	4,520,913
Wastewater			5,599,937	5,589,569	5,599,937	5,589,569
Business Center			603,893	601,313	603,893	601,313
Sanitation			2,252,264	2,302,491	2,252,264	2,302,491
Business Incubator			195,640	183,462	195,640	183,462
Ambulance Services			3,751,857	3,426,163	3,751,857	3,426,163
Total expenses	39,543,431	34,963,615	16,758,885	16,623,911	56,302,316	51,587,526
Increase/(decrease) in net position	14,098,953	18,879,591	10,108,797	6,308,755	24,207,750	25,188,346
Net position – beginning	116,418,004	97,538,413	49,212,967	42,904,212	165,630,971	140,442,625
Net position - ending	\$ 130,516,957	\$ 116,418,004	\$ 59,321,764	\$ 49,212,967	\$ 189,838,721	\$ 165,630,971

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental and Business-type activities. The following table (Figure 4) presents the cost of the major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

- The cost of all governmental activities this year was \$39.5 million. The cost of all business-type activities this year was \$16.8 million.
- Federal and State governments, charges for services, and local developers subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$41.0 million.
- The net cost of governmental activities of \$24.4 million was financed by general revenues of \$38.5 million, which are primarily made up of sales taxes and state shared revenues.
- Business type activities showed an increase to net position of \$10.1 million in the fiscal year ended June 30, 2025 as compared to the prior fiscal year. The user fee charges continue to play a significant role in consistent increases to net position. However, capital contributions received increased in comparison with prior year due to federal grants received for water and wastewater system upgrades.

Figure 4 - Activities	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General Government	\$ 9,219,435	\$ (7,552,587)
Public Safety	16,448,000	(12,600,727)
Public Works and Streets	6,641,214	2,458,600
Health and Welfare	490,717	(242,104)
Culture and Recreation	4,045,878	(3,766,453)
Community Development	2,241,891	(2,241,891)
Interest on Long-Term Debt	456,296	(456,296)
Total Expenses	39,543,431	\$(24,401,458)
Business-Type Activities		
Water	4,355,294	5,808,750
Wastewater	5,599,937	2,973,681
Business Center	603,893	11,888
Sanitation	2,252,264	295,134
Business Incubator	195,640	(73,919)
Ambulance Services	3,751,857	51,858
Total Expenses	16,758,885	9,067,392
Total	\$ 56,302,316	\$(15,334,066)

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Discretely Component Unit

The Detention Facility, which is a legally separate component unit within the financial statements of the City of San Luis, Arizona, presents at June 30, 2025 a negative net position of \$447,924. This is a decrease of \$3.7 million when compared to the \$3.2 million net position balance from last year. Expense increases outpaced revenue increases even as bed count figures improved during the second half of the year. Revenues and expenses increased 10 percent and 15 percent, respectively, in comparison to prior year. The Detention Facility is currently operating under a forbearance agreement with its bond holders through at least April 2027. Principal repayment schedules were adjusted to allow more revenue from the facility in the near term to be used for operating costs to sustain the long-term viability of the facility.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance available for appropriations can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's major governmental funds include the General Fund, the Highway Users Fund, the Community Development Fund, and the Debt Service Fund. The remaining governmental funds are considered non-major.

At June 30, 2025, the City's governmental funds reported combined fund balance of \$54.8 million, an increase of \$9.1 million from prior year.

The General Fund is the chief operating fund of the City. At the end of the current year fiscal year, the City's fund balance available in the general fund was \$45.0 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 160 percent of total general fund expenditures and total fund balance represents approximately 161 percent of that same amount. A fund balance percentage of 15 to 20 percent of expenditures is typically considered a sign of financial health. The General Funds overall fund balance increased \$7.5 million during the year mainly due to conservative budgeting and spending practices over expenditures.

The Highway Users Fund accounts for the revenues and expenditures dedicated to support the maintenance, repair and construction of streets. During the current year, fund balance decreased \$117,800 to \$3.5 million, due to streets expenditures of \$4.7 million exceeding revenues of \$4.6 million.

The Community Development Fund accounts for resources received under federal, state and local grants for community development projects. During the current year, fund balance increased \$1.1 million to \$1.2 million due to earnings on cash and investment balances.

The Debt Service Fund accounts for the resources accumulated for payment of interest and principal on governmental activities debt backed by the City's excise taxes. During the current year, resources of \$1.6 million were transferred in from the General Fund for the annual principal and interest expenditures of \$1.8 million with investment earnings making up the deficit between expenditures and transfers in. The net impact of these transactions on fund balance was a \$2 decrease.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are presented for the general fund and all major special revenue funds. These statements compare the budget as amended throughout the fiscal year and the actual expenditures prepared on a budgetary basis.

The City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendment to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriation that become necessary to maintain services.

General Fund revenues for fiscal year 2025 were \$5.2 million more than projected. Key differences between final estimated revenues and actual revenues were due to stronger sales tax collections and investment earnings than anticipated.

General Fund expenditures were \$2.5 million less than the revised fiscal year 2025 budget due to the following:

- This significant reduction can be primarily attributed to a series of vacant positions within various city departments that have remained unfilled throughout the year. The budget allocated for these positions, which covers salaries, benefits, and associated costs, has consequently not been utilized, contributing to overall decrease in expenditures.
- Additionally, the reduction in General Fund expenditures can also be tracked back to lower operational expenses than anticipated. This includes savings in areas such maintenance, utilities, supplies and special services, where budgeted amounts were not fully utilized.

CAPITAL ASSETS

As of June 30, 2025, the City had invested \$278.0 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets prior to depreciation. Total depreciation/amortization expense for the year was \$5.3 million for the governmental activities and \$2.6 million for the business-type-activities.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS (CONTINUED)

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2025 and 2024.

Figure 5	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 10,674,440	\$ 9,730,908	\$ 954,696	\$ 954,696	\$ 11,629,136	\$ 10,685,604
Construction in progress	7,685,002	3,906,200	17,058,661	5,239,213	24,743,663	9,145,413
Buildings and Improvements	32,441,469	31,027,647	14,340,948	12,243,660	46,782,417	43,271,307
Machinery and equipment	21,326,028	20,618,706	14,033,123	13,187,233	35,359,151	33,805,939
Infrastructure	87,027,086	84,299,165	71,567,726	66,472,591	158,594,812	150,771,756
SBITAs	130,300	104,095			130,300	104,095
Right-to-use leases	24,000		702,519	702,519	726,519	702,519
Total	<u>\$159,308,325</u>	<u>\$149,686,721</u>	<u>\$118,657,673</u>	<u>\$ 98,799,912</u>	<u>\$277,965,998</u>	<u>\$248,486,633</u>

Major capital asset events during the current fiscal year included the following:

- Continue with the ROW acquisition and other construction for the Cesar Chavez Boulevard widening project with investment of \$3.6 million during the fiscal year
- Acquisition of land for City drainage improvements at cost of \$508,506
- Water meter modernization and replacement project in the amount of \$2.6 million
- Contributed infrastructure (land, streets, water lines, sewer lines) from developers in the amount of \$1.9 million
- New water well and new water storage tank at combined cost of \$8.3 million
- Wastewater treatment plant improvement and expansion project at a cost of \$3.0 million

Additional information on the City's capital assets can be found in Note 7 of this report.

DEBT ADMINISTRATION

At year end, the City's debts represent Revenue Bonds in the amount of \$40.9 million for both governmental and business-type activities that are backed solely by specified revenue sources (i.e., excise taxes and user fees collected). The remainder which is composed of leases, SBITAs, and notes are paid from user fees and charges and other local revenue sources.

Long-term debt decreased by \$3.5 million due primarily to bond principal repayments and premium amortization.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of the City's outstanding long-term debt for the fiscal year ended June 30, 2025 and 2024.

OUTSTANDING DEBT						
(Revenue Bonds, Financed Purchases, Leases, SBITAs, and Notes Payable)						
Figure 6	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue bonds	\$ 16,708,532	\$ 18,043,347	\$ 24,153,266	\$ 26,192,494	\$ 40,861,798	\$ 44,235,841
Financed purchases		55,386		5,233		60,619
Leases payable	16,000		699,055	699,092	715,055	699,092
SBITAs payable	63,155	34,685			63,155	34,685
Note payable	55,070	162,751			55,070	162,751
Total	\$ 16,842,757	\$ 18,296,169	\$ 24,852,321	\$ 26,896,819	\$ 41,695,078	\$ 45,192,988

Additional information on the City's long-term obligations can be found in Notes 9 through 13 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's revenues and expenditures/expenses are affected by changes in international, national and local economic factors. Economic growth can be measured by various factors. Highlights of the economic factors that affected the City this past fiscal year are explained below:

The yearly number of visitors crossing the border in the City increased for private vehicles and decreased for commercial and pedestrian crossings. With the ongoing construction project at the port and typical high volumes, the long wait times in either direction is likely causing travelers to choose alternative crossing modes or hold off on their travel altogether if it is for non-essential purposes. When comparing the current year to the previous year, daily averages of vehicles increased by 9 percent, pedestrians decreased by 1 percent, and commercial crossings decreased by 8 percent.

The decrease in commercial crossings could stem from a variety of challenges. These might include increases in tariffs or trade barriers, logistical challenges, or shifts in trade patterns favoring other ports of entry. Another contributing factor could be the implementation of stricter border controls and inspections for commercial vehicles, leading to delays and increased costs for businesses.

The peak months for all crossing occur in December through May and hit the lowest point during the summer months of July and August. (Source: United States Department of Transportation).

BORDER CROSSING						
Class	Fiscal Year 2025			Fiscal Year 2024		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	828,046	737,998	26,266	774,457	641,000	24,023
Pedestrians	243,962	131,344	6,468	244,349	131,662	6,546
Commercial	6,876	3,598	167	7,833	3,574	181

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

ECONOMICS FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

- General Fund revenues come from two main sources: local sales taxes and intergovernmental revenues. The City of San Luis, like all Arizona cities, places significant reliance on collected local sales tax. Overall, local sales tax revenues encompassed 46 percent of the \$39.5 million general revenues in fiscal year 2025. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications. Our retail sales increased by 4 percent compared to last, primarily due to favorable economic conditions, including increase consumer confidence, higher disposable income levels, and successful marketing strategies that significantly boosted consumer spending. We expect a slight increase in sales tax revenue through the fiscal year 2025-26 in construction, retail, and food industries compared to the fiscal year 2024-25 levels due to substantial interest in developing new subdivisions and the rising cost of goods and services. However, increasing interest rates and inflation can also affect the acquisition power, resulting in a slight decrease or no change in the retail sales tax revenue in the next year.
- The City also receives significant revenue allocations from the State for income tax, sales tax, and motor vehicle tax. These revenue sources are placed in the City's General Fund to support the City's day-to-day activities. Shared revenues from the state income tax are expected to decrease with the state's flat tax fully implemented.

There is quite a bit of opportunity and business potential still available within the City.

Population and residential growth continue to drive strong demand for commercial and industrial development within the City. Although elevated construction costs and high interest rates have delayed the completion of certain projects, notable progress has been made in others. During the fiscal year, the Wendy's restaurant was completed, two new buildings were finalized within the Plaza Colibri commercial subdivision, and additional businesses, including a frozen yogurt shop and a barber shop, opened their doors

Significant medical investments are also underway. Onvida Health acquired 80 acres on Main Street to construct a regional hospital with an estimated \$140 million in capital investment, projected to generate approximately 250 new jobs. Additionally, the expansion of the San Luis Medical Mall which includes the construction of a new birthing center and a 15-bed community hospital continues to advance, further reducing the need for residents to seek healthcare services outside the community. A 34-acre corridor along Cesar Chavez Boulevard is also being developed and rezoned for commercial and mixed-use purposes, attracting interest from retail, automotive, and restaurant tenants. Other ongoing projects include the construction of a gym, a grocery store, and the securing of land for future rehabilitation centers, medical clinics, office spaces, and additional middle and high schools and hotels.

The industrial sector continues to experience steady growth. A major investor acquired 88 acres in the industrial park and completed critical infrastructure improvements to support manufacturing and logistics operations. The City successfully attracted Myers M&I Electric, a major manufacturing company relocating from California and Texas, expected to create up to 250 jobs within five years. Three additional industrial developers are actively negotiating to develop 93 acres within the Magrino Industrial Park for cold storage, logistics, and advanced manufacturing facilities. These investments further strengthen the City's economic base and long-term job creation outlook.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

ECONOMICS FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The \$350 million modernization and expansion of the San Luis I Land Port of Entry, funded by the Bipartisan Infrastructure Law and the Inflation Reduction Act, marks a significant development in regional border infrastructure. The project will double the vehicle lanes from 8 to 16 and pedestrian lanes from 4 to 10. The port processes 8 million border crossers yearly, and we expect the number of crossers will also double. The Mexican shopper contributes approximately 70% of the sales tax to San Luis.

The receipt of \$ 62.0 million in state and federal grants for the widening of Cesar Chavez Boulevard is a major step towards addressing traffic concerns, enhancing safety, and providing alternative transportation modes. The project timeline extends to construction commencement in January 2026 and will continue for two years, promising substantial improvements in local infrastructure.

Another key contributor to the City's economy is the state prison, which employs over 1,256 professionals and staff members. Moreover, as a border city and U.S. Port of Entry, San Luis hosts federal agencies such as Immigration and Naturalization Services (INS), Customs, and U.S. Marshals, whose local operations create hundreds of additional job opportunities.

The City continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. The City maintains a strong commitment to sustainability and cost-effective services while delivering the same quantity and the best quality of services to its constituents.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the City's Finance Director.

BASIC FINANCIAL STATEMENTS



City of San Luis, Arizona
Statement of Net Position
June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Detention Facility
Assets				
Current assets:				
Cash and investments	\$ 51,992,428	\$ 15,062,341	\$ 67,054,769	\$
Restricted cash and investments	3,900,219	2,048,453	5,948,672	10,138,329
Accounts receivable (net)	2,892,213	2,327,048	5,219,261	5,893,262
Property taxes receivable	38,324		38,324	
Internal balances	6,718,323	(6,718,323)		
Due from component unit	19,491		19,491	
Notes receivable		26,668	26,668	
Due from governmental entities	3,542,931	389,631	3,932,562	
Leases receivable	12,911	664,663	677,574	
Prepaid items	428,330	56,595	484,925	
Inventory	168,409	307,531	475,940	
Total current assets	<u>69,713,579</u>	<u>14,164,607</u>	<u>83,878,186</u>	<u>16,031,591</u>
Noncurrent assets:				
Leases receivable	417,761	6,509,352	6,927,113	
Capital assets not being depreciated	18,359,442	18,013,357	36,372,799	661,359
Capital assets, net accumulated depreciation	76,201,594	60,716,407	136,918,001	21,937,365
Total noncurrent assets	<u>94,978,797</u>	<u>85,239,116</u>	<u>180,217,913</u>	<u>22,598,724</u>
Total assets	<u>164,692,376</u>	<u>99,403,723</u>	<u>264,096,099</u>	<u>38,630,315</u>
Deferred outflows of resources				
Pension plan items	7,062,548	710,878	7,773,426	
Deferred loss on refunding	31,807	555,131	586,938	103,398
Total deferred outflows of resources	<u>7,094,355</u>	<u>1,266,009</u>	<u>8,360,364</u>	<u>103,398</u>
Liabilities				
Current liabilities:				
Accounts payable	3,338,114	4,680,680	8,018,794	14,501,792
Estimated claims and judgements	766,075		766,075	
Accrued payroll and taxes	2,081,711	219,611	2,301,322	
Due to primary government				19,491
Court bonds payable	55,907		55,907	
Customer deposits	1,853	657,535	659,388	
Accrued interest payable	301,073	482,494	783,567	292,935
Current portion of long-term obligations	2,609,292	2,150,216	4,759,508	2,610,000
Unearned revenues	158,811		158,811	
Total current liabilities	<u>9,312,836</u>	<u>8,190,536</u>	<u>17,503,372</u>	<u>17,424,218</u>
Noncurrent liabilities:				
Non-current portion of long-term obligations	29,407,820	24,810,673	54,218,493	21,757,419
Total noncurrent liabilities	<u>29,407,820</u>	<u>24,810,673</u>	<u>54,218,493</u>	<u>21,757,419</u>
Total liabilities	<u>38,720,656</u>	<u>33,001,209</u>	<u>71,721,865</u>	<u>39,181,637</u>
Deferred inflows of resources				
Pension plan items	1,394,936	193,164	1,588,100	
Deferred gain on refunding	745,604	1,113,106	1,858,710	
Leases	408,578	7,040,489	7,449,067	
Total deferred inflows of resources	<u>2,549,118</u>	<u>8,346,759</u>	<u>10,895,877</u>	
Net position				
Net investment in capital assets	82,172,527	50,038,331	132,210,858	(1,665,297)
Restricted for:				
Capital projects	4,226,426	2,385,189	6,611,615	
Debt service	1,368,997	1,776,198	3,145,195	5,928,947
Assessment districts	644,967		644,967	
HURF	3,500,135		3,500,135	
Community development	1,394,178		1,394,178	
Public safety	2,127,245		2,127,245	
Unrestricted	35,082,482	5,122,046	40,204,528	(4,711,574)
Total net position	<u>\$ 130,516,957</u>	<u>\$ 59,321,764</u>	<u>\$ 189,838,721</u>	<u>\$ (447,924)</u>

City of San Luis, Arizona
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Primary
					Government
					Governmental
					Activities
Primary Government					
Governmental activities					
General government	\$ 9,219,435	\$ 1,568,021	\$	\$ 98,827	\$ (7,552,587)
Public safety	16,448,000	130,919	1,996,816	1,719,538	(12,600,727)
Public works and streets	6,641,214		2,435,456	6,664,358	2,458,600
Health and welfare	490,717		248,613		(242,104)
Culture and recreation	4,045,878	63,022		216,403	(3,766,453)
Community development	2,241,891				(2,241,891)
Interest on long-term debt	456,296				(456,296)
Total governmental activities	<u>39,543,431</u>	<u>1,761,962</u>	<u>4,680,885</u>	<u>8,699,126</u>	<u>(24,401,458)</u>
Business-type activities					
Water	4,355,294	6,410,033		3,754,011	
Wastewater	5,599,937	6,255,802		2,317,816	
Business center	603,893	615,781			
Sanitation	2,252,264	2,547,398			
Business incubator	195,640	121,721			
Ambulance services	3,751,857	3,803,715			
Total business-type activities	<u>16,758,885</u>	<u>19,754,450</u>		<u>6,071,827</u>	
Total primary government	<u>\$ 56,302,316</u>	<u>\$ 21,516,412</u>	<u>\$ 4,680,885</u>	<u>\$ 14,770,953</u>	
Component Unit					
Detention Facility	<u>\$ 26,919,295</u>	<u>\$ 22,810,902</u>	<u>\$</u>	<u>\$</u>	
General revenues					
Taxes:					
City sales taxes for general purposes					18,187,822
Franchise taxes					599,848
Property taxes					975,508
State shared revenue (not restricted)					16,127,942
Investment earnings					2,609,291
Total general revenues					<u>38,500,411</u>
Changes in net position					
					14,098,953
Net position, beginning of year, previously reported					
					116,501,363
Adjustments to beginning net position					(83,359)
Net position, beginning of year, as restated					<u>116,418,004</u>
Net position, end of year					
					<u>\$ 130,516,957</u>

**Net (Expense) Revenue and Changes in Net
Position**

Primary Government		Component Unit
Business-Type Activities	Total	Detention Facility
\$	\$ (7,552,587)	\$
	(12,600,727)	
	2,458,600	
	(242,104)	
	(3,766,453)	
	(2,241,891)	
	(456,296)	
	<u>(24,401,458)</u>	
5,808,750	5,808,750	
2,973,681	2,973,681	
11,888	11,888	
295,134	295,134	
(73,919)	(73,919)	
51,858	51,858	
<u>9,067,392</u>	<u>9,067,392</u>	
		(4,108,393)
	18,187,822	
	599,848	
	975,508	
	16,127,942	
<u>1,041,405</u>	<u>3,650,696</u>	<u>416,630</u>
<u>1,041,405</u>	<u>39,541,816</u>	<u>416,630</u>
10,108,797	24,207,750	(3,691,763)
48,887,768	165,389,131	3,243,839
325,199	241,840	
<u>49,212,967</u>	<u>165,630,971</u>	<u>3,243,839</u>
<u>\$ 59,321,764</u>	<u>\$ 189,838,721</u>	<u>\$ (447,924)</u>



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS

City of San Luis, Arizona
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 37,260,114	\$ 3,907,767	\$ 2,216,381	\$
Restricted cash and investments				3,900,219
Accounts receivable (net)	2,633,522	103,959	5,000	9,881
Property taxes receivable				
Due from governmental entities	2,001,481	363,862	124,148	
Due from other funds	8,958,645			
Due from component unit	19,491			
Leases receivable	430,672			
Prepaid items	349,638		78,400	292
Inventories	16,883	151,526		
Total assets	<u>\$ 51,670,446</u>	<u>\$ 4,527,114</u>	<u>\$ 2,423,929</u>	<u>\$ 3,910,392</u>
Liabilities				
Accounts payable	\$ 1,080,180	\$ 978,287	\$ 918,105	\$
Accrued payroll and taxes	2,030,716	48,692	2,303	
Court bonds payable	55,907			
Customer deposits	1,853			
Due to other funds	880,748			2,240,322
Bond interest payable				301,073
Bonds payable				1,183,916
Unearned revenues	1,968		156,843	
Total liabilities	<u>4,051,372</u>	<u>1,026,979</u>	<u>1,077,251</u>	<u>3,725,311</u>
Deferred inflows of resources				
Unavailable revenues - municipal court	918,173			
Unavailable revenues - intergovernmental			124,147	
Unavailable revenues - property taxes				
Unavailable revenues - other	1,245,292			
Leases	408,578			
Total deferred inflows of resources	<u>2,572,043</u>		<u>124,147</u>	
Fund balances				
Nonspendable	366,521	151,526	78,400	292
Restricted		3,348,609	1,144,131	184,789
Committed				
Unassigned	44,680,510			
Total fund balances	<u>45,047,031</u>	<u>3,500,135</u>	<u>1,222,531</u>	<u>185,081</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,670,446</u>	<u>\$ 4,527,114</u>	<u>\$ 2,423,929</u>	<u>\$ 3,910,392</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,705,929	\$ 48,090,191
	3,900,219
4,304	2,756,666
38,324	38,324
1,053,440	3,542,931
	8,958,645
	19,491
	430,672
	428,330
	168,409
<u>\$ 5,801,997</u>	<u>\$ 68,333,878</u>
\$ 359,710	\$ 3,336,282
	2,081,711
	55,907
	1,853
	3,121,070
	301,073
	1,183,916
	158,811
<u>359,710</u>	<u>10,240,623</u>
	918,173
616,388	740,535
18,096	18,096
	1,245,292
	408,578
<u>634,484</u>	<u>3,330,674</u>
	596,739
4,492,744	9,170,273
315,059	315,059
	44,680,510
<u>4,807,803</u>	<u>54,762,581</u>
<u>\$ 5,801,997</u>	<u>\$ 68,333,878</u>

City of San Luis, Arizona
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net
Position
June 30, 2025

Total fund balances - governmental funds **\$ 54,762,581**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 159,308,325	
Less accumulated depreciation/amortization	<u>(64,747,289)</u>	
		94,561,036

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Municipal court	918,173	
Intergovernmental	740,535	
Property taxes	18,096	
Other	<u>1,245,292</u>	
		2,922,096

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (713,797)

Deferred outflows of resources, deferred inflows of resources, and net assets related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	7,062,548	
Deferred inflows of resources related to pensions	<u>(1,394,936)</u>	
		5,667,612

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 4,150,625

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(1,534,627)	
Note payable	(55,070)	
Leases payable	(16,000)	
SBITAs	(63,155)	
Bonds payable	(15,524,616)	
Net pension liability	<u>(13,639,728)</u>	
		<u>(30,833,196)</u>

Net position of governmental activities **\$ 130,516,957**



City of San Luis, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>	<u>Debt Service</u>
Revenues				
Taxes	\$ 18,787,670	\$	\$	\$
Licenses and permits	1,135,422			
Intergovernmental	16,127,942	3,780,259	3,945,251	
Fines and forfeitures	285,427			
Charges for services	70,082			
Rents	17,772			
Investment earnings	1,148,708	268,151	918,596	155,551
Development fees		506,777		
Other	264,110		63,022	
Total revenues	<u>37,837,133</u>	<u>4,555,187</u>	<u>4,926,869</u>	<u>155,551</u>
Expenditures				
Current:				
General government	7,678,367			
Public safety	12,594,790			
Public works and streets	428,013	3,010,602		
Health and welfare	289,170		138,515	
Culture and recreation	3,490,341		37,750	
Community development	1,567,849		30,000	
Capital outlay	1,788,501	1,662,385	4,737,432	
Debt service:				
Principal retirement	131,520			1,183,916
Interest and fiscal charges	2,992			604,251
Total expenditures	<u>27,971,543</u>	<u>4,672,987</u>	<u>4,943,697</u>	<u>1,788,167</u>
Excess (deficiency) of revenues over expenditures	<u>9,865,590</u>	<u>(117,800)</u>	<u>(16,828)</u>	<u>(1,632,616)</u>
Other financing sources (uses)				
Transfers in		1,070,795	1,092,607	1,632,614
Transfers out	(2,475,221)	(1,070,795)		
Lease agreements	24,000			
SBITA agreements	96,604			
Total other financing sources (uses)	<u>(2,354,617)</u>		<u>1,092,607</u>	<u>1,632,614</u>
Changes in fund balances	<u>7,510,973</u>	<u>(117,800)</u>	<u>1,075,779</u>	<u>(2)</u>
Fund balances, beginning of year, previously reported				
	37,851,117	3,617,935	146,752	268,442
Adjustments to beginning fund balances	(315,059)			(83,359)
Fund balances, beginning of year, as restated	<u>37,536,058</u>	<u>3,617,935</u>	<u>146,752</u>	<u>185,083</u>
Fund balances, end of year	<u>\$ 45,047,031</u>	<u>\$ 3,500,135</u>	<u>\$ 1,222,531</u>	<u>\$ 185,081</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 990,305	\$ 19,777,975
	1,135,422
3,292,815	27,146,267
221,139	506,566
	70,082
2,500	20,272
103,357	2,594,363
631,607	1,138,384
13,252	340,384
<u>5,254,975</u>	<u>52,729,715</u>
	7,678,367
1,676,779	14,271,569
372,592	3,811,207
	427,685
6,197	3,534,288
598,418	2,196,267
1,650,145	9,838,463
107,681	1,423,117
4,399	611,642
<u>4,416,211</u>	<u>43,792,605</u>
<u>838,764</u>	<u>8,937,110</u>
	3,796,016
(250,000)	(3,796,016)
	24,000
	96,604
<u>(250,000)</u>	<u>120,604</u>
<u>588,764</u>	<u>9,057,714</u>
3,903,980	45,788,226
315,059	(83,359)
<u>4,219,039</u>	<u>45,704,867</u>
<u>\$ 4,807,803</u>	<u>\$ 54,762,581</u>

City of San Luis, Arizona
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Changes in fund balances - total governmental funds **\$ 9,057,714**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Expenditures for capitalized assets	\$	9,838,463	
Capital contributions from donated assets		1,141,292	
Less current year depreciation/amortization		<u>(5,332,395)</u>	
			5,647,360

Issuance of long-term provides current financial resources from governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

Lease agreements		(24,000)	
SBITA agreements		<u>(96,604)</u>	
			(120,604)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal court		5,482	
Intergovernmental		75,117	
Property taxes		(14,797)	
Other		<u>(309,353)</u>	
			(243,551)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Financed purchase principal retirement		55,386	
Lease principal retirement		8,000	
SBITA principal retirement		68,134	
Note principal retirement		107,681	
Bond principal retirement		<u>1,183,916</u>	
			1,423,117

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions		2,010,118	
Pension expense		<u>(3,077,092)</u>	
			(1,066,974)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(617,578)	
Deferred bond items on issuance of refunding debt		43,432	
Loss on disposal of assets		(40,551)	
Amortization of deferred bond items		<u>111,914</u>	
			(502,783)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

(95,326)

Changes in net position in governmental activities **\$ 14,098,953**

City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General
For the Year Ended June 30, 2025

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 15,635,040	\$ 15,635,040	\$ 18,787,670	\$ 3,152,630
Licenses and permits	893,160	893,160	1,135,422	242,262
Intergovernmental	15,216,490	15,216,490	16,127,942	911,452
Fines and forfeitures	277,400	277,400	285,427	8,027
Charges for services	44,650	44,650	70,082	25,432
Rents	188,710	188,710	17,772	(170,938)
Investment earnings	250,000	250,000	1,148,708	898,708
Other	<u>106,000</u>	<u>106,000</u>	<u>264,110</u>	<u>158,110</u>
Total revenues	<u>32,611,450</u>	<u>32,611,450</u>	<u>37,837,133</u>	<u>5,225,683</u>
Expenditures				
Current:				
General government				
City council	1,300,110	1,195,110	885,367	309,743
City administration	1,570,020	711,020	504,347	206,673
City clerk	323,720	323,720	282,598	41,122
City attorney	500,700	653,700	653,172	528
City prosecutor	438,530	397,530	339,182	58,348
Finance	649,420	641,420	561,437	79,983
Human resources	553,950	553,950	469,080	84,870
Municipal court	1,017,440	998,290	804,466	193,824
Information technology	942,500	935,750	849,845	85,905
Facilities	856,020	878,850	829,326	49,524
Fleet services	262,940	294,690	278,661	16,029
Risk and property	755,715	755,715	747,934	7,781
Billing and collections	35,725	50,725	35,254	15,471
Non departmental	548,850	483,250	437,698	45,552
Public safety				
Police department	7,992,430	8,371,380	7,869,513	501,867
Fire department	4,614,120	4,914,120	4,725,277	188,843
Public works and streets				
Public works	201,080	201,080	165,258	35,822
Engineering	426,450	356,450	262,755	93,695
Health and welfare				
Senior services	384,760	384,760	289,170	95,590
Culture and recreation				
Cultural center	347,390	347,390	271,763	75,627
Parks ground	1,835,220	1,870,220	1,805,178	65,042
Parks - recreation	1,159,460	1,163,360	978,088	185,272
Youth center	338,490	338,490	284,984	53,506
Aquatic center	203,510	204,880	150,328	54,552
Community development				
Development services	689,220	689,220	611,257	77,963
Building safety	599,540	621,540	477,781	143,759
Economic development	508,350	544,350	478,811	65,539
Capital outlay	697,370	1,535,370	1,788,501	(253,131)
Debt service:				
Principal retirement	35,200	35,200	131,520	(96,320)
Interest and fiscal charges	<u>900</u>	<u>900</u>	<u>2,992</u>	<u>(2,092)</u>
Total expenditures	<u>29,789,130</u>	<u>30,452,430</u>	<u>27,971,543</u>	<u>2,480,887</u>
Excess (deficiency) of revenues over expenditures	<u>2,822,320</u>	<u>2,159,020</u>	<u>9,865,590</u>	<u>7,706,570</u>
Other financing sources (uses)				
Transfers out	(5,499,310)	(5,499,310)	(2,475,221)	3,024,089
Lease agreements			24,000	24,000
SBITA agreements			96,604	96,604
Total other financing sources (uses)	<u>(5,499,310)</u>	<u>(5,499,310)</u>	<u>(2,354,617)</u>	<u>3,144,693</u>
Changes in fund balances	<u>(2,676,990)</u>	<u>(3,340,290)</u>	<u>7,510,973</u>	<u>10,851,263</u>
Fund balances, beginning of year, previously reported				
	37,851,117	37,851,117	37,851,117	
Adjustments to beginning fund balances			(315,059)	(315,059)
Fund balances, beginning of year, as restated	<u>37,851,117</u>	<u>37,851,117</u>	<u>37,536,058</u>	<u>(315,059)</u>
Fund balances, end of year	<u>\$ 35,174,127</u>	<u>\$ 34,510,827</u>	<u>\$ 45,047,031</u>	<u>\$ 10,536,204</u>

City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway Users
For the Year Ended June 30, 2025

	<u>Budget</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 3,628,630	\$ 3,628,630	\$ 3,780,259	\$ 151,629
Investment earnings	75,000	75,000	268,151	193,151
Development fees	562,000	562,000	506,777	(55,223)
Total revenues	<u>4,265,630</u>	<u>4,265,630</u>	<u>4,555,187</u>	<u>289,557</u>
Expenditures				
Current:				
Public works and streets	3,033,180	3,235,950	3,010,602	225,348
Capital outlay	4,002,790	3,241,790	1,662,385	1,579,405
Total expenditures	<u>7,035,970</u>	<u>6,477,740</u>	<u>4,672,987</u>	<u>1,804,753</u>
Excess (deficiency) of revenues over expenditures	<u>(2,770,340)</u>	<u>(2,212,110)</u>	<u>(117,800)</u>	<u>2,094,310</u>
Other financing sources (uses)				
Transfers in	3,214,430	3,214,430	1,070,795	(2,143,635)
Transfers out	(1,407,090)	(1,407,090)	(1,070,795)	336,295
Total other financing sources (uses)	<u>1,807,340</u>	<u>1,807,340</u>	<u> </u>	<u>(1,807,340)</u>
Changes in fund balances	<u>(963,000)</u>	<u>(404,770)</u>	<u>(117,800)</u>	<u>286,970</u>
Fund balances, beginning of year	<u>3,617,935</u>	<u>3,617,935</u>	<u>3,617,935</u>	<u> </u>
Fund balances, end of year	<u>\$ 2,654,935</u>	<u>\$ 3,213,165</u>	<u>\$ 3,500,135</u>	<u>\$ 286,970</u>

City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 9,979,180	\$ 9,979,180	\$ 3,945,251	(6,033,929)
Investment earnings			918,596	918,596
Other	49,000	49,000	63,022	14,022
Total revenues	<u>10,028,180</u>	<u>10,028,180</u>	<u>4,926,869</u>	<u>(5,101,311)</u>
Expenditures				
Current:				
Health and welfare	108,630	108,630	138,515	(29,885)
Culture and recreation	25,000	25,000	37,750	(12,750)
Community development		60,000	30,000	30,000
Capital outlay	11,301,640	10,748,640	4,737,432	6,011,208
Total expenditures	<u>11,435,270</u>	<u>10,942,270</u>	<u>4,943,697</u>	<u>5,998,573</u>
Excess (deficiency) of revenues over expenditures	<u>(1,407,090)</u>	<u>(914,090)</u>	<u>(16,828)</u>	<u>897,262</u>
Other financing sources (uses)				
Transfers in	1,407,090	1,407,090	1,092,607	(314,483)
Changes in fund balances	<u> </u>	<u>493,000</u>	<u>1,075,779</u>	<u>582,779</u>
Fund balances, beginning of year	<u>146,752</u>	<u>146,752</u>	<u>146,752</u>	<u> </u>
Fund balances, end of year	<u>\$ 146,752</u>	<u>\$ 639,752</u>	<u>\$ 1,222,531</u>	<u>\$ 582,779</u>



PROPRIETARY FUNDS

City of San Luis, Arizona
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

Business-Type Activities

	Water	Wastewater	Sanitation	Business Incubator	Ambulance Services
Assets					
Current assets:					
Cash and investments	\$ 7,577,913	\$ 7,234,101	\$	\$	\$ 250,327
Restricted cash and investments	733,839				
Accounts receivable (net)	570,826	147,900	50,809	2,601	1,550,991
Notes receivable	26,668				
Due from governmental entities	389,631				
Due from other funds					
Leases receivable				113,712	
Prepaid items and other assets	188,661	59,026	29,256		87,183
Total current assets	<u>9,487,538</u>	<u>7,441,027</u>	<u>80,065</u>	<u>116,313</u>	<u>1,888,501</u>
Noncurrent assets:					
Leases receivable				268,278	
Capital assets not being depreciated	11,293,496	6,368,178			
Capital assets, net of accumulated depreciation	26,874,863	26,037,267	1,685,212	2,305,011	1,154,046
Total noncurrent assets	<u>38,168,359</u>	<u>32,405,445</u>	<u>1,685,212</u>	<u>2,573,289</u>	<u>1,154,046</u>
Total assets	<u>47,655,897</u>	<u>39,846,472</u>	<u>1,765,277</u>	<u>2,689,602</u>	<u>3,042,547</u>
Deferred outflows of resources					
Pension plan items	135,729	196,726	60,775		317,648
Deferred loss on refunding					
Total deferred outflows of resources	<u>135,729</u>	<u>196,726</u>	<u>60,775</u>		<u>317,648</u>
Liabilities					
Current liabilities:					
Accounts payable	2,330,438	2,197,614	87,696	1,234	15,419
Estimated claims and judgements					
Accrued payroll and taxes	34,223	54,605	17,061	406	113,316
Customer deposits	635,562	12,225		9,748	
Due to other funds			1,135,675	821,562	
Accrued interest	172,536	200,019			10,220
Current portion of long-term obligations	476,597	605,700	17,310	1,312	189,297
Total current liabilities	<u>3,649,356</u>	<u>3,070,163</u>	<u>1,257,742</u>	<u>834,262</u>	<u>328,252</u>
Noncurrent liabilities:					
Non-current portion of long-term obligations	8,091,111	9,620,989	267,082	699,216	916,325
Total noncurrent liabilities	<u>8,091,111</u>	<u>9,620,989</u>	<u>267,082</u>	<u>699,216</u>	<u>916,325</u>
Total liabilities	<u>11,740,467</u>	<u>12,691,152</u>	<u>1,524,824</u>	<u>1,533,478</u>	<u>1,244,577</u>
Deferred inflows of resources					
Pension plan items	37,737	54,696	16,897		83,834
Deferred gain on refunding	537,701	575,405			
Leases				335,975	
Total deferred inflows of resources	<u>575,438</u>	<u>630,101</u>	<u>16,897</u>	<u>335,975</u>	<u>83,834</u>
Net position					
Net investment in capital assets	27,601,003	20,520,994	1,685,212	1,605,956	1,154,046
Restricted for:					
Capital projects	794,174	1,591,015			
Debt service	561,303				
Unrestricted	6,519,241	4,609,936	(1,400,881)	(785,807)	877,738
Total net position	<u>\$ 35,475,721</u>	<u>\$ 26,721,945</u>	<u>\$ 284,331</u>	<u>\$ 820,149</u>	<u>\$ 2,031,784</u>

Business-Type Activities		Governmental Activities
Business Center	Total Enterprise Funds	Internal Service Funds
\$	\$ 15,062,341	3,902,237
1,314,614	2,048,453	
3,921	2,327,048	135,547
	26,668	
	389,631	
		880,748
550,951	664,663	
	364,126	
<u>1,869,486</u>	<u>20,882,930</u>	<u>4,918,532</u>
6,241,074	6,509,352	
351,683	18,013,357	
<u>2,660,008</u>	<u>60,716,407</u>	
<u>9,252,765</u>	<u>85,239,116</u>	
<u>11,122,251</u>	<u>106,122,046</u>	<u>4,918,532</u>
	710,878	
555,131	555,131	
<u>555,131</u>	<u>1,266,009</u>	
48,279	4,680,680	1,832
		766,075
	219,611	
	657,535	
4,761,086	6,718,323	
99,719	482,494	
<u>860,000</u>	<u>2,150,216</u>	
<u>5,769,084</u>	<u>14,908,859</u>	<u>767,907</u>
5,215,950	24,810,673	
<u>5,215,950</u>	<u>24,810,673</u>	
<u>10,985,034</u>	<u>39,719,532</u>	<u>767,907</u>
	193,164	
	1,113,106	
6,704,514	7,040,489	
<u>6,704,514</u>	<u>8,346,759</u>	
(2,528,880)	50,038,331	
	2,385,189	
1,214,895	1,776,198	
(4,698,181)	5,122,046	4,150,625
<u>\$ (6,012,166)</u>	<u>\$ 59,321,764</u>	<u>\$ 4,150,625</u>

City of San Luis, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

Business-Type Activities

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Business Incubator</u>
Operating revenues				
Charges for services	\$ 6,248,573	\$ 6,253,617	\$ 2,479,764	\$
Rents				116,672
Other	161,460	2,185	67,634	5,049
Total operating revenues	<u>6,410,033</u>	<u>6,255,802</u>	<u>2,547,398</u>	<u>121,721</u>
Operating expenses				
Cost of sales and services	3,338,135	4,159,375	1,961,583	122,908
Insurance premiums/claims				
Depreciation and amortization	765,838	1,138,756	290,681	59,450
Total operating expenses	<u>4,103,973</u>	<u>5,298,131</u>	<u>2,252,264</u>	<u>182,358</u>
Operating income (loss)	<u>2,306,060</u>	<u>957,671</u>	<u>295,134</u>	<u>(60,637)</u>
Nonoperating revenues (expenses)				
Investment earnings	642,564	370,727		
Interest and fiscal charges	(251,321)	(300,050)		(13,282)
Gain (loss) on disposal of assets		(1,756)		
Total nonoperating revenue (expenses)	<u>391,243</u>	<u>68,921</u>		<u>(13,282)</u>
Income (loss) before capital contributions	2,697,303	1,026,592	295,134	(73,919)
Capital contributions	<u>3,754,011</u>	<u>2,317,816</u>		
Changes in net position	6,451,314	3,344,408	295,134	(73,919)
Net position, beginning of year, previously reported	28,866,823	23,209,922	(10,803)	894,068
Adjustments to beginning net position	157,584	167,615		
Net position, beginning of year, as restated	<u>29,024,407</u>	<u>23,377,537</u>	<u>(10,803)</u>	<u>894,068</u>
Total net position, end of year	<u>\$ 35,475,721</u>	<u>\$ 26,721,945</u>	<u>\$ 284,331</u>	<u>\$ 820,149</u>

Business-Type Activities		Governmental Activities	
Ambulance Services	Business Center	Total Enterprise Funds	Internal Service Funds
\$ 3,802,815	\$	\$ 18,784,769	\$ 3,493,980
	562,617	679,289	
900	53,164	290,392	
<u>3,803,715</u>	<u>615,781</u>	<u>19,754,450</u>	<u>3,493,980</u>
3,551,317	119,614	13,252,932	
			3,604,234
180,154	185,528	2,620,407	
<u>3,731,471</u>	<u>305,142</u>	<u>15,873,339</u>	<u>3,604,234</u>
72,244	310,639	3,881,111	(110,254)
2,246	25,868	1,041,405	14,928
(20,386)	(298,751)	(883,790)	
		(1,756)	
<u>(18,140)</u>	<u>(272,883)</u>	<u>155,859</u>	<u>14,928</u>
54,104	37,756	4,036,970	(95,326)
		6,071,827	
54,104	37,756	10,108,797	(95,326)
1,977,680	(6,049,922)	48,887,768	4,245,951
		325,199	
<u>1,977,680</u>	<u>(6,049,922)</u>	<u>49,212,967</u>	<u>4,245,951</u>
<u>\$ 2,031,784</u>	<u>\$ (6,012,166)</u>	<u>\$ 59,321,764</u>	<u>\$ 4,150,625</u>

City of San Luis, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Water	Wastewater	Sanitation	Business Incubator
<u>Increase/Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities				
Cash received from customers	\$ 5,998,949	\$ 6,246,497	\$ 2,541,348	\$ 118,250
Cash payments to suppliers for goods and services	(1,297,724)	(928,901)	(1,638,646)	(109,594)
Cash payments to employees for services	(890,465)	(1,273,960)	(401,200)	(13,200)
Net cash provided by/used for operating activities	3,810,760	4,043,636	501,502	(4,544)
Cash flows from noncapital financing activities				
Interfund borrowing	(1,178,609)		(129,339)	17,863
Cash flows from capital and related financing activities				
Capital contributions from development fees and grants	3,366,621	1,916,906		
Payments for capital acquisitions	(13,057,788)	(5,687,814)	(372,163)	
Principal paid on long-term obligations	(472,841)	(582,087)		(37)
Interest paid on long-term obligations	(281,525)	(333,950)		(13,282)
Net cash provided by/used for capital and related financing activities	(10,445,533)	(4,686,945)	(372,163)	(13,319)
Cash flows from investing activities				
Investment income	642,564	370,727		
Net increase/decrease in cash and cash equivalents	(7,170,818)	(272,582)		
Cash and cash equivalents, beginning of year	15,482,570	7,506,683		
Cash and cash equivalents, end of year	\$ 8,311,752	\$ 7,234,101	\$	\$
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and investments	\$ 7,577,913	\$ 7,234,101	\$	\$
Restricted cash and investments	733,839			
Total cash and cash equivalents	\$ 8,311,752	\$ 7,234,101	\$	\$
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>				
Operating income/loss	\$ 2,306,060	\$ 957,671	\$ 295,134	\$ (60,637)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:				
Depreciation/amortization	765,838	1,138,756	290,681	59,450
Difference between pension expense and contributions	(24,422)	(9,596)	(96,912)	
Difference between lease revenue and cash payments				(4,255)
Changes in assets and liabilities:				
Increase/decrease in accounts receivable	(45,948)	(9,505)	(6,050)	104
Increase/decrease in prepaid items and other assets	5,236	(1,101)	(8,524)	
Increase/decrease in due from governmental entities	(389,631)			
Increase/decrease in notes receivable	1,953			
Increase/decrease in accounts payable	1,142,082	1,917,022	19,290	(293)
Increase/decrease in customer deposits	22,542	200		680
Increase/decrease in estimated claims and judgements				
Increase/decrease in accrued payroll and taxes	6,454	15,941	3,890	4
Increase/decrease in compensated absences payable	20,596	34,248	3,993	403
Total adjustments	1,504,700	3,085,965	206,368	56,093
Net cash provided by/used for operating activities	\$ 3,810,760	\$ 4,043,636	\$ 501,502	\$ (4,544)
<u>Noncash Capital, Financing, and Investing Activities</u>				
Amortization of premium/discount and deferred charges on refunding	\$ 93,751	\$ 99,987	\$	\$
Capital contributions	387,390	400,910		

Business-Type Activities			Governmental Activities
Ambulance Services	Business Center	Total Enterprise Funds	Internal Service Funds
\$ 3,545,272	\$ 596,079	\$ 19,046,395	\$ 3,507,314
(981,950)	(77,025)	(5,033,840)	(3,839,443)
<u>(2,476,738)</u>		<u>(5,055,563)</u>	
86,584	519,054	8,956,992	(332,129)
	(726,229)	(2,016,314)	(335,826)
		5,283,527	
	(28,652)	(19,146,417)	
(62,404)	(830,000)	(1,947,369)	
<u>(20,652)</u>	<u>(210,850)</u>	<u>(860,259)</u>	
<u>(83,056)</u>	<u>(1,069,502)</u>	<u>(16,670,518)</u>	
2,246	25,868	1,041,405	14,928
5,774	(1,250,809)	(8,688,435)	(653,027)
<u>244,553</u>	<u>2,565,423</u>	<u>25,799,229</u>	<u>4,555,264</u>
\$ 250,327	\$ 1,314,614	\$ 17,110,794	\$ 3,902,237
\$ 250,327	\$ 1,314,614	\$ 15,062,341	\$ 3,902,237
	1,314,614	2,048,453	
\$ 250,327	\$ 1,314,614	\$ 17,110,794	\$ 3,902,237
\$ 72,244	\$ 310,639	\$ 3,881,111	\$ (110,254)
180,154	185,528	2,620,407	
49,295		(81,635)	
	(15,781)	(20,036)	
(258,443)	(3,921)	(323,763)	13,334
(18,425)		(22,814)	
		(389,631)	
		1,953	
(32,238)	42,589	3,088,452	1,832
		23,422	
			(237,041)
12,142		38,431	
81,855		141,095	
<u>14,340</u>	<u>208,415</u>	<u>5,075,881</u>	<u>(221,875)</u>
\$ 86,584	\$ 519,054	\$ 8,956,992	\$ (332,129)
\$	\$ (99,314)	\$ 94,424	\$
		788,300	



NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting standards.

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. Liabilities are recognized for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through noncash means. The District’s analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Below are the City’s more significant accounting policies.

A. Reporting Entity

The City of San Luis (the “City”) was incorporated in 1979 under the provision of the Arizona Constitution and is located on the Arizona-Sonora Mexico border. The City is a municipal entity governed by an elected Mayor and council.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Statement Entity – Omnibus*. The City is the primary government unit. Component units are financially accountable to the City. Financial accountability exists if the primary government appoints a voting majority of the entity’s governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide financial benefit, or impose financial burdens on the primary government. Component units meeting the criteria have been accounted for as “blended” component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City’s operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City.

Blended Component Units

The San Luis Community Facilities District (SLCFD) was created in 1999 under the provisions of Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is considered by law to be an independent political sub-division of the state, and separate from the City. Council members serve as the Board of Directors. The purpose of the entity is to provide land for the development of the Regional Center for Border Health which will revert along with the development to the City at the end of the term. The District leases the land under a 30-year agreement to Western Arizona Area Health Education Center, Inc. (WAAHEC), an unrelated not-for-profit corporation for \$2,500 per year. The activity is reported in the San Luis Community Facilities District Fund.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The San Luis Employees' Self Insurance Health Fund (ESI) was formed for the purpose of managing the health insurance fund and is governed by five Board members. The Board consists of three non-staff members, one member of Council and one member from the Human Resources Department. Although it is legally separate from the City, the Trust is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to City employees through a self-insured plan. Employees are covered 100 percent by the plan and pay on the average \$275 a month for family or dependent care. The activity of the ESI is reported as the Insurance Fund, an internal service fund.

No separate financial statements are prepared for the blended component units.

Discretely Presented Component Unit

Discretely presented component units are entities that are legally separate from the primary government but for which omission would cause the primary government's financial statements to be misleading or incomplete. The component units below do not meet the criteria for blended presentation and therefore, they are reported separately from the primary government.

The San Luis Facility Development Corporation (SLFDC) was incorporated in 2005 exclusively for the purpose of financing, owning, and/or operating one or more public projects that affect economic development in the City of San Luis, Arizona or Yuma County and to provide facilities, equipment, and other physical plant and related support to the project. It is governed by a Board of five Directors of which two are members of City Council. The Corporation was used in April 2014 and July 2014 to refinance two bond issues that were originally used to build and extend the detention facility respectively. The City General Fund receives certain revenues in the form of a bed tax from the operations. The activity is reported in the City's Detention Facility Fund.

No separate financial statements are prepared for the discretely presented component unit.

Joint Ventures

A joint venture (JV) is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. A "jointly governed organization" is an organization that meets all the JV criteria except the participants do not retain on-going financial interest or responsibility.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations

The City's officials are also responsible for appointing the board members of other organizations; however, the City's accountability for these organization does not extend beyond the making of appointments and therefore they are not included as part of the financial statements.

The following is a related organization that is excluded from the reporting entity:

- East San Luis Community Facility District

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements – The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

Governmental Fund Financial Statements – All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both “*measurable*” and “*available*”. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, other local taxes, franchise fees, forfeitures and penalties, motor license fees, rents and concessions, interest revenue, and state and federal grants and subventions. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

Reconciliations of the fund financial statements to the Government-Wide Financial Statements are provided to explain the differences.

Certain indirect costs are included as part of the program expenses reported for individual functions and activities.

The City reports the following major governmental funds.

General – This fund is the general operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in other funds.

Highway Users – This fund accounts for the revenue received from the State for public works and streets.

Community Development – This fund accounts for grants received from the Federal and State governments for community development purposes.

Debt Service – This fund accounts for the repayment of several of the City's bonds.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The City's non-major funds are as follows:

Special Revenue Funds

- Police Grants and Special Revenues
- Judicial Collection Enhancement
- San Luis Community Facilities District
- Assessment Districts

Capital Projects Funds

- Impact Fees

Proprietary Fund Financial Statements - Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following proprietary funds:

Water – This fund accounts for the City's water operations.

Wastewater – This fund accounts for the City's wastewater operations.

Sanitation – This fund accounts for the activities of the City's sanitation operations.

Business Incubator – This fund accounts for the City's business incubator operations which offers assistance to small businesses, encourage light manufacturing and help create job opportunities within the City.

Ambulance Services – This fund accounts for City's ambulance resources to provide emergency 9-1-1 response and emergency medical transportation for the residents and guests of the City of San Luis.

Business Center – This fund accounts for activity related to properties acquired by the City from the Industrial Development Authority to develop trade, encourage production, and assure job opportunities in the City.

Additionally, the City reports the following internal service fund type:

Insurance (ESI) - The Insurance fund is used to account for the accumulation and allocation of costs associated with the City's self-insured group health and dental insurance program.

C. Cash, Cash Equivalents and Investments

The City considers cash on hand, demand deposits, cash and investments held by the State Treasurer, cash with trustee and highly liquid investments with maturities of three months from the date of acquisition to be cash equivalents. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash, Cash Equivalents and Investments (Continued)

Cash and investments are generally pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Arizona Revised Statutes (A.R.S.) authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona or any of its counties, cities, towns, school districts, and special districts as specified by statute.

The State Board of Deposit provides oversight for the State Treasurer's pool, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

Money market investments are stated at amortized cost. All other investments are stated at cost, which approximates fair value. Certain resources set aside for the repayments of debt are classified as investments held by trustee – restricted. Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

D. Restricted Cash and Investments with Fiscal Agents

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants and other agreements. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances, the repayment of bond principal/interest, or the operation of the San Luis Detention Facility.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in investment earnings in the governmental fund financial statements and in non-operating revenues in the proprietary fund financial statements.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous account receivable, and interest receivable, and are reported net of allowance for uncollectible. The City reserved all receivable in excess of 180 days as an allowance.

H. Interfund Receivables and Payable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

I. Inventories

Inventories of the governmental funds are recorded under the consumption method. Inventories are recorded as expenditures when consumed rather than when purchased. Inventories are valued at year end based on average cost. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery, equipment, construction in progress, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible right-to-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to use assets are amortized over the shorter of the lease/subscription term or the underlying asset’s useful life. Amortization of right-to-use assets is included with depreciation expense. The estimated useful lives and depreciation/amortization periods are as follows:

Assets	Years
Infrastructure	15-50
Buildings and improvements	20-50
Improvements other than buildings	5-50
Machinery, and equipment	5-25
Intangible right-to-use assets	58

K. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

L. Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable. The City and its blended component unit have items that qualify for reporting in these categories.

Deferred Inflows of Resources represent inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as revenue until that time. In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting, in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from Municipal Court fines, intergovernmental revenue, property taxes, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

Under the full accrual basis, the City has three items that qualify for reporting in this category:

- A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual experience related is recorded as a deferred inflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan as described further in Note 18.
- A deferred inflow from leases is recorded at the inception of a lease in which the City is the lessor. The inflow of resources is recognized ratably over the term of the lease.

Deferred Outflows of Resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

- A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual investment earnings is recorded as a deferred outflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan.

M. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Annual leave, based on graduated scale of years of employment, is credited to each employee as it accrues and differs between administrative and public safety functions. The maximum accrual allowed follows the aforementioned pattern of accrued hours and cannot exceed twice the yearly earned hours. Vacation benefits vest at the employee's current rate of pay.

The current and long-term liabilities for accumulated vacation are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases

As lessee, the City recognizes lease liabilities with an initial, individual value of \$100,000 or more. The City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City's estimated incremental borrowing rate is based on the interest rate from recent debt issuances.

As lessor, the City recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses an interest rate based on the applicable rate on federal securities as the discount rate to measure lease receivables.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities, net of bond premiums or discounts. Bond premiums and discounts are amortized over the life of the bonds using straight-line method. Issuance costs are reported as expense when incurred.

Governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

P. Arbitrage Rebate Requirement

The City is subject to the Internal Revenue Code ("IRC") Section 148(f), related to its tax exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The City had no rebate liability for arbitrage as of June 30, 2025.

Q. Claims Liabilities

The City accounts for material claims and judgments outstanding at year-end. When it is probable that a claim liability has incurred at year-end, and the amount of loss can be reasonably estimated, the City records the estimated loss.

R. Subscription-Based Information Technology Arrangements (SBITAs)

As an end user of subscription-based technology, the City recognizes SBITA obligations with an initial, individual value of \$50,000 or more. The City uses its estimated incremental borrowing rate to measure SBITA obligations unless it can readily determine the interest rate implicit in the SBITA contract. The City's estimated incremental borrowing rate is based on describe how the City determined its estimated incremental borrowing rate.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

T. Net Position

For government-wide and proprietary fund financial statements, net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

V. Budget

The City publishes and adopts an annual budget in accordance with applicable state statutes. The City prepares an annual budget on a basis consistent with Generally Accepted Accounting Principles for all governmental funds. After review of the tentative budgets, City Council holds public hearings and then adopts the annual budget for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise funds. All annual appropriations lapse at the fiscal year end.

The appropriated budget is prepared by fund and department on the same basis of accounting as required for governmental fund types and conforms to GAAP. Amendments are required for any revisions that increases total expenditures of any fund or that change functional appropriations. During the year, several amendments to the original budget were necessary to meet the needs of the City. Also, transfers of appropriations between departments and over-expenditures of appropriations at the department level require Council approval. The City legal level of budgetary control, which is the level at which expenditures may not legally exceed appropriations, is at the department level.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

In the governmental fund financial statements, fund balance is composed of five classifications designed to show the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories which are not spendable resources.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end portion of prepaid items which are not spendable resources.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Continued)

Restricted – This classification includes revenue sources that are restricted to specific purposes externally imposed by 1) external parties (grantors or creditors) 2) imposed by law through constitutional provisions or 3) enabling legislation legally enforceable by external parties.

Committed – Represents portion of fund balance that can only be used for specific purpose imposed by majority vote of City Council, the highest level of decision-making authority. Such commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Any changes or removal of specific purposes requires majority action as well by the governing body. Committed funds include funds for capital projects and specified program services as defined by the creation of the fund.

Assigned – Amounts are constrained by the City’s intent to be used for specific purposes. Intent should be expressed by the Council or the City Manager but requires City Council to approve a resolution to set up encumbrances.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the general fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative fund balance as unassigned.

The City has a revenue spending guideline for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. Management may deviate from this policy if it’s in the best interest of the City.

	<u>General Fund</u>	<u>Highway Users Fund</u>	<u>Community Development Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:					
Non spendable:					
Prepaid items	\$ 349,638	\$	\$ 78,400	\$ 292	\$
Inventory	16,883	151,526			
Restricted:					
HURF		3,348,609			
Assessment districts					626,871
Capital projects					2,307,516
Debt service				184,789	
Public safety					1,510,857
Community development			1,144,131		47,500
Committed:					
Public safety					315,059
Unassigned	44,680,510				
Total fund balances	<u>\$45,047,031</u>	<u>\$ 3,500,135</u>	<u>\$ 1,222,531</u>	<u>\$ 185,081</u>	<u>\$ 4,807,803</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

	Primary Government		Component Unit	Total
	Governmental Activities	Business-type Activities	Detention Facility	
Equity in pooled cash	\$ 9,216,541	\$ (4,548,466)	\$	\$ 4,668,075
Cash and cash equivalents	3,908,432	4,620,732		8,529,164
Investments	38,867,455	14,990,075		53,857,530
Restricted assets:				
Cash and investments	<u>3,900,219</u>	<u>2,048,453</u>	<u>10,138,329</u>	<u>16,087,001</u>
Total	<u>\$ 55,892,647</u>	<u>\$ 17,110,794</u>	<u>\$ 10,138,329</u>	<u>\$ 83,141,770</u>

Cash and investments consisted of the following:

Cash on hand	\$ 5,800
Demand deposits	13,191,439
Investments	<u>69,944,531</u>
Total	<u>\$ 83,141,770</u>

Custodial Credit Risk - Demand Deposits. For deposits, custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a policy for custodial credit risk. The carrying amounts of the City's demand deposits were \$13,191,439 at June 30, 2025. Bank balances were \$14,155,656 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions not in the City's name.

Risk Disclosures – Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. The City does not have a formal investment policy that limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate.

	Fair Value	Investment Maturities (in years) Less than 1
	Money Market	\$ 16,087,001
State Treasurer	<u>53,857,530</u>	<u>53,857,530</u>
Total	<u>\$ 69,944,531</u>	<u>\$ 69,944,531</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investment should be recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments will be recognized as an increase or decrease to investment assets and investment income as applicable.

The City measures and records investment using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2025, City's investment in mutual funds were considered to be level one investments.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to repay the holder at the maturity date. This is generally measured by the assignment of a rating by a nationally recognized statistical organization. However, some issuers do not seek a credit rating. The City has no investment policy that would further limit its investment choices. As of June 30, 2025, the City's investment in the State Treasurer's Government Investment Pool (LGIP) were rated AA Af by Standard and Poor's Corporation.

The City's investment in mutual funds were rated Aaa by Moody's Corporation.

That portion of the external investment pool which belongs to local government participants is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at www.aztreasury.gov or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1st Floor, Phoenix, AZ 85007.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools, as investment companies, are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 – CASH AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that, in the event of the counterparty’s failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the City’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration Credit Risk. The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2025, the City’s investments included 14 percent invested in money market funds, and 86 percent invested in the State Treasurer’s investment pool.

NOTE 4 – RECEIVABLES

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible amounts as follows at June 30, 2025:

Fund	Accounts Receivable, Gross	Allowance	Accounts Receivable, Net
Governmental Funds			
General	\$ 3,054,078	\$ 420,556	\$ 2,633,522
Highway Users	103,959		103,959
Community Development	5,000		5,000
Debt Service	9,881		9,881
Non-major governmental funds	4,304		4,304
Total governmental funds	<u>\$ 3,177,222</u>	<u>\$ 420,556</u>	<u>\$ 2,756,666</u>
Proprietary Funds			
Water	\$ 593,108	\$ 22,282	\$ 570,826
Wastewater	152,562	4,662	147,900
Sanitation	52,706	1,897	50,809
Business Incubator	2,601		2,601
Ambulance Services	5,910,704	4,359,713	1,550,991
Business Center	3,921		3,921
Internal Service	135,547		135,547
Total proprietary funds	<u>\$ 6,851,149</u>	<u>\$ 4,388,554</u>	<u>\$ 2,462,595</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 4 – RECEIVABLES (CONCLUDED)

Due from governmental entities, net of allowance for uncollectibles, for the City's individual major funds and non-major governmental funds in the aggregate were as follows at June 30, 2025:

	Due from Federal Government	Due from State Government	Due from County Government	Due from School Districts	Due From Other Governments, net
Governmental Funds					
General	\$	\$ 2,001,481	\$	\$	\$ 2,001,481
Highway Users		363,862			363,862
Community Development	124,148				124,148
Non-major governmental funds	478,412		509,227	65,801	1,053,440
Total governmental funds	\$ 602,560	\$ 2,365,343	\$ 509,227	\$ 65,801	\$ 3,542,931
Proprietary Funds					
Water	\$ 389,631				\$ 389,631

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unavailable revenue of \$2,922,026 consisted mostly of court fines and detention center issuer fees receivable reported in the General Fund and opioid settlement receivables in the nonmajor governmental funds; unearned revenue of \$158,811 consisted mostly of state grant revenue not yet spent from the Community Development Fund.

NOTE 5 – LEASES RECEIVABLE

The City leases land for a cell tower, office space, and industrial building space under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$17,511, \$562,617, and \$98,765 is recorded as rents revenue in the General, Business Center, and Business Incubator Funds, respectively, while related interest revenue of \$3,281, \$53,164, \$2,026 is recorded as other revenue in those same funds, respectively.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 – INTERFUND TRANSACTIONS

A. Due From and To Other Funds

Fund	Due from other Funds	Due to other Funds
General	\$ 8,958,645	\$ 880,748
Debt service		2,240,322
Sanitation		1,135,675
Business incubator		821,562
Business center		4,761,086
Internal service	880,748	
Total	<u>\$ 9,839,393</u>	<u>\$ 9,839,393</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

B. Transfers

Transfers between funds of the primary government:

	Transfer out:			Total
	General	Highway Users	Non-Major Governmental Funds	
Transfer in:				
Highway Users Fund	\$ 1,070,795	\$	\$	\$ 1,070,795
Community Development Fund	21,812	1,070,795		1,092,607
Debt Service Fund	1,382,614		250,000	1,632,614
Total	<u>\$ 2,475,221</u>	<u>\$ 1,070,795</u>	<u>\$ 250,000</u>	<u>\$ 3,796,016</u>

Transfers are used (1) to move receipts restricted for debt service from the collecting funds to the funds obligated to pay debt service payments (2) to meet local match requirements for federal and state grants.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 – CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2025 follows:

<u>Governmental Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,730,908	\$ 943,532	\$	\$ 10,674,440
Construction in progress	3,906,200	6,304,716	2,525,914	7,685,002
Total capital assets, not being depreciated/amortized	<u>13,637,108</u>	<u>7,248,248</u>	<u>2,525,914</u>	<u>18,359,442</u>
Capital assets, being depreciated:				
Buildings and improvements	31,027,647	1,473,142	59,320	32,441,469
Machinery and equipment	20,618,706	1,902,058	1,194,736	21,326,028
Infrastructure	84,299,165	2,727,921		87,027,086
Intangible right-to-use equipment		24,000		24,000
Intangible right-to-use SBITAs	104,095	130,300	104,095	130,300
Total capital assets being depreciated/amortized	<u>136,049,613</u>	<u>6,257,421</u>	<u>1,358,151</u>	<u>140,948,883</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,026,731)	(903,342)	(31,323)	(13,898,750)
Machinery and equipment	(12,655,427)	(1,839,104)	(1,182,182)	(13,312,349)
Infrastructure	(34,980,926)	(2,547,264)		(37,528,190)
Intangible right-to-use equipment		(8,000)		(8,000)
Intangible right-to-use SBITAs	(69,410)	(34,685)	(104,095)	
Total accumulated depreciation/amortization	<u>(60,732,494)</u>	<u>(5,332,395)</u>	<u>(1,317,600)</u>	<u>(64,747,289)</u>
Total capital assets, being depreciated, net	<u>75,317,119</u>	<u>925,026</u>	<u>40,551</u>	<u>76,201,594</u>
Governmental activities capital assets, net	<u>\$ 88,954,227</u>	<u>\$ 8,173,274</u>	<u>\$ 2,566,465</u>	<u>\$ 94,561,036</u>
<u>Business-type Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 954,696	\$	\$	\$ 954,696
Construction in progress	5,239,213	18,330,261	6,510,813	17,058,661
Total capital assets, not being depreciated	<u>6,193,909</u>	<u>18,330,261</u>	<u>6,510,813</u>	<u>18,013,357</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	12,243,660	2,097,288		14,340,948
Machinery and equipment	13,187,233	947,759	101,869	14,033,123
Infrastructure	66,472,591	5,095,135		71,567,726
Intangible right-to-use land	702,519			702,519
Total capital assets being depreciated/amortized	<u>92,606,003</u>	<u>8,140,182</u>	<u>101,869</u>	<u>100,644,316</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(4,209,763)	(409,145)		(4,618,908)
Machinery and equipment	(9,731,130)	(741,790)	(75,202)	(10,397,718)
Infrastructure	(23,405,157)	(1,457,254)		(24,862,411)
Intangible right-to-use land	(36,654)	(12,218)		(48,872)
Total accumulated depreciation/amortization	<u>(37,382,704)</u>	<u>(2,620,407)</u>	<u>(75,202)</u>	<u>(39,927,909)</u>
Total capital assets, being depreciated/amortized, net	<u>55,223,299</u>	<u>5,519,775</u>	<u>26,667</u>	<u>60,716,407</u>
Business-type activities capital assets, net	<u>\$ 61,417,208</u>	<u>\$ 23,850,036</u>	<u>\$ 6,537,480</u>	<u>\$ 78,729,764</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 – CAPITAL ASSETS (CONCLUDED)

<u>Component Unit Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 661,359	\$	\$	\$ 661,359
Total capital assets, not being depreciated	<u>661,359</u>			<u>661,359</u>
Capital assets, being depreciated:				
Buildings and improvements	34,129,886			34,129,886
Machinery and equipment	<u>329,194</u>			<u>329,194</u>
Total capital assets being depreciated	<u>34,459,080</u>			<u>34,459,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,429,712)	(762,809)		(12,192,521)
Machinery and equipment	<u>(329,194)</u>			<u>(329,194)</u>
Total accumulated depreciation	<u>(11,758,906)</u>	<u>(762,809)</u>		<u>(12,521,715)</u>
Total capital assets, being depreciated, net	<u>22,700,174</u>	<u>(762,809)</u>		<u>21,937,365</u>
Component unit capital assets, net	<u>\$ 23,361,533</u>	<u>\$ (762,809)</u>	<u>\$</u>	<u>\$22,598,724</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental activities:</u>	<u>Amount</u>
General government	\$ 713,254
Public safety	1,227,788
Public works and streets	2,812,921
Health and welfare	59,149
Culture and recreation	488,550
Community development	<u>30,733</u>
Total depreciation/amortization expense	<u>\$ 5,332,395</u>

<u>Business-type activities:</u>	
Water	\$ 765,838
Wastewater	1,138,756
Business Center	185,528
Sanitation	290,681
Business Incubator	59,450
Ambulance Services	<u>180,154</u>
Total depreciation/amortization expense	<u>\$ 2,620,407</u>

<u>Discretely presented Component Unit:</u>	
Detention Facility	<u>\$ 762,809</u>
Total depreciation expense	<u>\$ 762,809</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 8 – CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for streets, parks, water system, and wastewater treatment projects totaling \$24.7 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2025. The remaining balance for work not yet complete at the end of the year is estimated at \$1.7 million for governmental activities projects and \$4.7 million for business-type activities projects.

NOTE 9 – LEASES PAYABLE

The City has acquired the use of land for the Business Incubator and equipment for the Parks and Recreation Department under the provisions of contracts classified as leases. The related obligations under the lease agreements have been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund, a major governmental fund, and the Business Incubator Fund, a major proprietary fund, are used to pay the lease obligations. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

The net present value and future minimum lease payments at year end were as follows:

Year ending June 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,000	\$	\$ 37	\$ 13,282
2027	8,000		38	13,281
2028			39	13,280
2029			707	13,278
2030			1,394	13,257
2031-35			9,607	65,846
2036-40			18,447	64,549
2041-45			28,957	62,337
2046-50			41,382	59,043
2051-55			55,995	54,473
2056-60			73,108	48,407
2060-64			93,082	40,586
2065-69			116,308	30,724
2070-75			143,242	18,495
2076-79			116,712	4,199
Total	<u>\$ 16,000</u>	<u>\$</u>	<u>\$ 699,055</u>	<u>\$ 515,037</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 – LEASES PAYABLE (CONCLUDED)

The right-to-use assets recorded under leases that meet the City’s capitalization threshold are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Land	\$	\$ 702,519
Equipment	24,000	
Less: Accumulated amortization	8,000	48,872
Total	\$ 16,000	\$ 653,647

NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The City has entered into subscription-based information technology arrangements (SBITAs) for procurement management. The related obligation under the SBITA has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the obligation. Amortization of right-to-use assets recorded under SBITAs is included with depreciation expense.

At June 30, 2025, the net present value and future minimum SBITA payments were as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 30,974	\$ 2,470
2027	32,181	1,258
Total	\$ 63,155	\$ 3,728

The total value of assets recorded under SBITAs that meet the City’s capitalization threshold is \$130,300, less accumulated amortization of zero.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 11 – REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2025 consisted of the outstanding revenue bonds presented below. The bonds are callable with interest payable semiannually.

In October 2017, the City issued \$14,540,000 in Excise Tax Revenue Refunding Obligations. This consisted of Tax Exempt Series 2017A \$2,825,000, and \$11,715,000 Series 2017B Taxable Obligations collectively with average true-interest rate of 3% to refund the Greater Arizona Development Authority (GADA) obligations in the amount of \$12,845,000.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025
Governmental activities	\$ 2,825,000	5.00%	7/1/25-27	\$ 975,000
Business-type activities	11,715,000	2.75-3.50%	7/1/25-31	6,145,000
Total				<u>\$ 7,120,000</u>

Year ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 310,000	\$ 41,000	\$ 860,000	\$ 186,538
2027	325,000	25,125	880,000	160,438
2028	340,000	8,500	905,000	133,097
2029			935,000	103,762
2030			965,000	72,284
2031-32			1,600,000	49,000
Total	<u>\$ 975,000</u>	<u>\$ 74,625</u>	<u>\$ 6,145,000</u>	<u>\$ 705,119</u>

In May 2021, the City issued \$9,215,000 in Excise Tax Revenue Obligations Taxable Series 2021 to pay down the net pension liabilities for the City's police and fire pension plans with the Public Safety Personnel Retirement System.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025
Governmental activities	\$ 8,230,172	0.49-2.92%	7/1/25-37	\$ 7,086,955
Business-type activities	984,828	0.49-2.92%	7/1/25-37	848,046
Total				<u>\$ 7,935,001</u>

Year ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 482,295	\$ 167,928	\$ 57,705	\$ 20,092
2027	486,761	161,597	58,239	19,335
2028	495,692	153,662	59,308	18,386
2029	504,624	144,049	60,376	17,235
2030	513,555	133,114	61,445	15,926
2031-35	2,755,332	462,379	329,668	55,323
2036-39	1,848,696	82,106	221,305	9,823
Total	<u>\$ 7,086,955</u>	<u>\$ 1,304,835</u>	<u>\$ 848,046</u>	<u>\$ 156,120</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 11 – REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

In April 2024, the City issued \$19,735,000 in Excise Tax Revenue Refunding Obligations Series 2024 to refund the Excise Tax Revenue Refunding Obligations Series 2014A in the amount of \$21,535,000.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2025</u>
Governmental activities	\$ 7,690,191	5.00%	7/1/25-38	\$ 7,651,224
Business-type activities	12,044,809	5.00%	7/1/25-38	11,983,776
Total				<u>\$ 19,635,000</u>

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 391,621	\$ 372,771	\$ 613,379	\$ 583,854
2027	411,105	352,703	643,895	552,423
2028	430,588	331,660	674,412	519,465
2029	452,020	309,595	707,980	484,905
2030	475,401	286,409	744,599	448,591
2031-35	2,754,986	1,041,890	4,315,014	1,631,860
2036-39	2,735,503	281,830	4,284,497	441,420
Total	<u>\$ 7,651,224</u>	<u>\$ 2,976,858</u>	<u>\$11,983,776</u>	<u>\$ 4,662,518</u>

The City has pledged to repay \$43,490,000 in Excise Tax Revenue Bonds and Refunding Bonds issued in 2017, 2021, 2024 and payable through 2038-39. Pledged revenues on the bonds include excise taxes, state shared revenues, permit fees, and franchise taxes. Excise taxes are defined to include the transaction privilege tax and business taxes, which the City imposes. A portion of the debt service is funded by the revenues directly or indirectly derived from the operation and use of the water system. However, that does not relieve the aforementioned revenues to be pledged. In 2025, the revenue pledged amounted to \$35.9 million. Principal and interest for the current year were \$2,715,000 and \$1,421,214, respectively. The coverage ratio (pledged revenues to debt service) for 2025 is 8.68. More in depth disclosures can be referenced from the statistical section, Table XII.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 11 – REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

In November 2013, the City issued direct placement Utility Revenue Bonds Series 2013 totaling \$6,580,000 to finance the construction of new water and sewer lines. Payments will be effected when due from pledged revenues.

<u>Purpose</u>	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025
Business-type activities	\$ 6,580,000	3.80%	7/1/25-33	\$ 3,840,000

Year Ending June 30:	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 365,000	\$ 138,985	\$ 503,985
2027	380,000	124,830	504,830
2028	395,000	110,105	505,105
2029	410,000	94,810	504,810
2030	425,000	78,945	503,945
2031-34	1,865,000	145,255	2,010,255
Total	<u>\$ 3,840,000</u>	<u>\$ 692,930</u>	<u>\$ 4,532,930</u>

The City has pledged to repay \$6,580,000 in Utility Revenue Bonds issued in 2013, and payable through 2033-34. The bonds are collateralized by net operating revenues and investment income of the Water and Wastewater Enterprise Funds. In 2025, the net revenue pledged amounted to \$6,181,616. Principal and interest for the current year were \$365,000 and \$145,920, respectively. The coverage ratio (pledged revenues to debt service) for 2025 is 12.10. More in depth disclosures can be referenced from the statistical section, Table XIII.

DISCRETELY PRESENTED COMPONENT UNIT

In October 2005, the San Luis Facility Development Corporation (SLFDC) issued Senior Lien Project Revenue Bonds Series 2005 totaling \$27,795,000 to finance the construction of a regional detention facility. The principal and interest on the bonds are not a general obligation of the Corporation and City, but the issuer entered into agreements to house prisoners and the revenues from there are to be pledged to secure payment of the bonds. Again, in February 2011, the SLFDC issued Senior Lien Project Revenue Bonds Series 2011 totaling \$20,165,000 to finance the construction for an expansion of the existing regional detention facility. The bonds were issued with the same terms and conditions as the previous issues. Subsequently, during April 2014 and July 2014, the Corporation refunded both issues following an IRS audit in which the issues were found to be taxable as opposed to the non-taxable status at time of issuance. The refunding amounts were \$26,090,000 and \$20,835,000 respectively.

<u>Purpose</u>	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025
Detention facility	\$ 26,090,000	7.00-7.25%	5/1/26-30	\$ 16,870,000
Detention facility	20,835,000	6.95%	5/1/27	7,785,000
Total				<u>\$ 24,655,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 11 – REVENUE BONDS PAYABLE (CONCLUDED)

DISCRETELY PRESENTED COMPONENT UNIT (Concluded)

Future debt service requirements for the SLCFDC revenue bonds are as follows:

<u>Year ending June 30:</u>	Principal		Interest	
	2014 Series	2014	2014 Series	2014
	Principal	Series A Principal	Interest	Series A Interest
2026	\$ 2,610,000	\$	\$ 1,216,550	\$ 541,058
2027		7,785,000	1,033,850	541,058
2028			1,033,850	
2029			1,033,850	
2030	<u>14,260,000</u>		<u>1,033,850</u>	
Total	<u>\$16,870,000</u>	<u>\$ 7,785,000</u>	<u>\$ 5,351,950</u>	<u>\$1,082,116</u>

The SLFDC has pledged to repay \$46,925,000 in Refunding Revenue Bonds issued in 2014, and payable through 2030. The bonds are collateralized by Detention Center operating revenue. In 2025, the revenue pledged amounted to \$23.2 million. Principal and interest for the current year were \$0 and \$1,757,608, respectively. The coverage ratio (pledged revenues to debt service) for 2025 is 13.22.

NOTE 12 – NOTE OBLIGATIONS

On December 2, 2020, the City entered into a \$508,980 transaction classified as a note payable to 1st Bank Yuma for the purchase of park land. The note is repayable in monthly installments through December 2, 2025 at an interest rate of 3.8%. Principal and interest payments of \$55,070 and \$627, respectively, will be made during fiscal year 2025-26.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 13 – CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for all categories for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 917,049	\$ 617,578	\$	\$ 1,534,627	\$ 1,331,332
Revenue bonds payable	16,936,080		1,222,901	15,713,179	1,183,916
Revenue bonds premium	1,107,267		111,914	995,353	
Note payable	162,751		107,681	55,070	55,070
Leases payable		24,000	8,000	16,000	8,000
Financed purchases payable	55,386		55,386		
SBITAs	34,685	96,604	68,134	63,155	30,974
Pension	12,699,493	940,235		13,639,728	
Governmental activities long-term liabilities	<u>\$ 31,912,711</u>	<u>\$ 1,678,417</u>	<u>\$ 1,574,016</u>	<u>\$ 32,017,112</u>	<u>\$ 2,609,292</u>
Business-type activities:					
Compensated absences	\$ 145,980	\$ 141,095	\$	\$ 287,075	\$ 254,095
Revenue bonds payable	20,568,921		1,592,099	18,976,822	1,531,084
Revenue bonds premium	1,513,609		108,115	1,405,494	
Revenue bonds discount	(80,036)		(10,986)	(69,050)	
Direct placement revenue bonds	4,190,000		350,000	3,840,000	365,000
Leases payable	699,092		37	699,055	37
Financed purchases payable	5,233		5,233		
Pension	1,854,114		32,621	1,821,493	
Business-type activities long-term liabilities	<u>\$ 28,896,913</u>	<u>\$ 141,095</u>	<u>\$ 2,077,119</u>	<u>\$ 26,960,889</u>	<u>\$ 2,150,216</u>
Discretely presented component units:					
Revenue bonds payable	\$ 24,655,000	\$	\$	\$ 24,655,000	\$ 2,610,000
Revenue bonds discount	(362,466)		(74,885)	(287,581)	
Discretely presented component unit long-term liabilities	<u>\$ 24,292,534</u>	<u>\$</u>	<u>\$ (74,885)</u>	<u>\$ 24,367,419</u>	<u>\$ 2,610,000</u>

Pension liabilities have typically been liquidated with General Fund and Proprietary Fund revenues.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Federal and State Grants – The City has received a number of grants from both Federal and State governments. Although the programs have been audited by the respective agencies, not all audits have been approved as of June 30, 2025; however, the City expects no material disallowance of expenditures.

Lawsuits – The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Incentive Fees – The City’s contract with the operator of the Detention Center includes a provision for variable incentive fees that are calculated based on average daily inmate counts at the facility. The fees are accumulated but only distributed if excess project revenues exist. At year end, \$5.7 million of variable incentive fees had been accumulated but not recognized as expenses due to disbursement being improbable. However, these fees were discharged in October 2025 when the third amendment to the agreement with the facility operator went into effect.

NOTE 15 – RESTATEMENTS OF BEGINNING BALANCES

Correction of an Error – Court Revenues – A committed revenue source related to the City Court had been recorded in the General Fund since the inception of the Council-approved fee in 2007 rather than the Judicial Collection Enhancement Fund, a non-major governmental fund. A beginning fund balance adjustment was necessary to present the accumulated committed resources in the appropriate fund.

Correction of an Error – Bond Refunding – The City refunded the 2014A excise tax revenue bonds during fiscal year 2023-24. However, the City recorded the July 1, 2025 interest payments on the refunded debt and interest revenue earned on the escrow account where the refunding bond proceeds were temporarily held until the defeased debt payments were called for final repayment. Beginning fund balance and net position adjustments were necessary to reverse the interest expense and revenue accruals that were paid by the escrow agent.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 15 – RESTATEMENTS OF BEGINNING BALANCES (CONCLUDED)

The effect of the matters noted above resulted in adjustments to and restatements of beginning net position, fund net position, and fund balance, as follows:

	June 30, 2024, As Previously Reported	Correction of an Error - Court Revenues	Correction of an Error - Bond Refunding	June 30, 2024, As Restated
Government-Wide				
Governmental activities	\$ 116,501,363	\$	\$ (83,359)	\$ 116,418,004
Business-type activities	48,887,768		325,199	49,212,967
Total primary government	<u>\$ 165,389,131</u>	<u>\$</u>	<u>\$ 241,840</u>	<u>\$ 165,630,971</u>
Governmental Funds				
Major Funds:				
General Fund	\$ 37,851,117	\$ (315,059)	\$	\$ 37,536,058
Highway Users Fund	3,617,935			3,617,935
Community Development Fund	146,752			146,752
Debt Service Fund	268,442		(83,359)	185,083
Non-Major Governmental Funds	3,903,980	315,059		4,219,039
Total Governmental Funds	<u>\$ 45,788,226</u>	<u>\$</u>	<u>\$ (83,359)</u>	<u>\$ 45,704,867</u>
Proprietary Funds				
Major Funds:				
Water Fund	\$ 28,866,823	\$	\$ 157,584	\$ 29,024,407
Wastewater Fund	23,209,922		167,615	23,377,537
Sanitation Fund	(10,803)			(10,803)
Business Incubator Fund	894,068			894,068
Ambulance Service Fund	1,977,680			1,977,680
Business Center Fund	(6,049,922)			(6,049,922)
Internal Service Fund	4,245,951			4,245,951
Total Proprietary Funds	<u>\$ 53,133,719</u>	<u>\$</u>	<u>\$ 325,199</u>	<u>\$ 53,458,918</u>

NOTE 16 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the Business Center Fund, a major Enterprise fund, and the Detention Facility, a discretely presented component unit, reported deficits of \$6,012,166 and \$447,924 in net position, respectively. The fund balance deficit of the Detention Facility is expected to be eliminated by operating revenues during fiscal year 2025-26. The net position deficit of the Business Center Fund is expected to be subsidized through future rent revenues of unoccupied building space.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 17 – RISK MANAGEMENT

The City of San Luis, Arizona is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and potential workers-related accidents. The City carries commercial insurance for vision, life, disability and stop loss. The City’s insurance protection for property liability, crime, cybersecurity, excess liability and workers’ compensations is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members’ additional premiums should reserves and annual premiums be insufficient to meet the pool’s obligations. There were no settlements in excess of insurance coverage in any of the prior three fiscal years.

The City established an Insurance Fund (an Internal Service Fund) during fiscal year 2012 to account for and finance its uninsured risks of loss related to health and dental claims. The program provides annual coverage per individual for up to a maximum of \$100,000. In addition, the City has an annual aggregate reimbursement maximum of \$1.0 million. The City purchases commercial insurance for claims in excess of these specified amounts.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended</u> <u>June 30, 2025</u>	<u>Year Ended</u> <u>June 30, 2024</u>
Unpaid claims, beginning of fiscal year	\$ 1,003,116	\$ 800,298
Incurred claims (including IBNRs)	3,604,234	1,459,022
Claim payments	<u>3,841,275</u>	<u>1,256,204</u>
Unpaid claims, end of fiscal year	<u>\$ 766,075</u>	<u>\$ 1,003,116</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS

The City contributes to four plans, all of which are described below. The plans are component units of the State of Arizona.

At June 30, 2025, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	\$ 13,639,728	\$ 1,821,493	\$ 15,461,221
Deferred outflows of resources	7,062,548	710,878	7,773,426
Deferred inflows of resources	1,394,936	193,164	1,588,100
Expense	3,077,091	177,779	3,254,870
Contributions	2,010,118	259,414	2,269,532

The City reported \$2,269,532 of pension contributions as expenditures in the governmental funds or as deferred outflows of resources in the proprietary funds related to all plans to which it contributes.

Arizona State Retirement System

Plan Description – City employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the City's financial statements.

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Benefits Provided – The ASRS provides retirement benefits, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS

	ASRS Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2025 were \$1,593,819.

Employers are also required to pay an Alternative Contribution rate (ACR) for retire members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 for retirement and 0.05 percent for long-term disability). ACR contributions are included in employer contributions presented above.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

The City’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability – At June 30, 2025, the City reported a liability of \$12,444,371 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024. The City’s proportion of the net liability was based on the City’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2024.

The City’s reported liability at June 30, 2025 increased by \$473,338 from the City’s prior year liability of \$11,971,033 because of changes in the ASRS’ net pension liability and the City’s proportionate share of that liability. The ASRS’ publicly available financial report provides details on the change in the net pension liability.

Net Liability	City % Proportion	Increase (Decrease)
\$ 12,444,371	0.078	0.007

The City’s proportion of the net pension liability was based on total ASRS employer’s pension liability. The City’s proportion measured as of June 30, 2024, was .0778 percent, which was a increase of 0.0038 from its proportion measured as of June 30, 2023.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2025, the City recognized pension expense for ASRS of \$1,596,212. At June 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 694,633	\$
Net difference between projected and actual earnings on pension investments		794,709
Changes in proportion and differences between contributions and proportionate share of contributions	569,885	
Contributions subsequent to the measurement date	1,593,819	
Total	\$ 2,858,337	\$ 794,709

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

The \$1,593,819 reported as deferred outflows of resources related to ASRS pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension will be recognized in pension expense as follows:

Year Ending June 30:	
2026	\$ 15,904
2027	800,911
2028	(201,167)
2029	(145,839)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The Board adopted the experience study recommended changes which were applied to June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40
Interest rate sensitive	6%	(.45)
Private equity	10%	6.11
Real estate	17%	6.05
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 19,054,876	\$ 12,444,371	\$ 6,935,091

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Public Safety Personnel Retirement System

Plan Description – City public safety personnel who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent multiple-employer defined benefit pension plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in either agent plans or cost-sharing plans (PSPRS Tier 3 Risk Pool). The PSPRS issue publicly available financial reports that include their financial statements and required supplemental information. The reports are available on the PSPRS Web site at www.psprs.com.

The PSPRS Tier 3 Risk Pool plan and the PSPRS OPEB plans are not further disclosed because of their relative insignificance to the City's financial statements.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Benefits Provided – The PSPRS provides retirement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability: Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5 % to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit: Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Retirees and beneficiaries	11	5
Inactive, non-retired members	1	3
Active members	20	26
Total	<u>32</u>	<u>34</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2025, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members – pension	7.65% to 11.65%	7.65% to 11.65%
City:		
Pension	14.41%	12.87%
Health insurance	0.00%	0.39%

For the agent plans, the City’s contributions to the pension plan for the year ended June 30, 2025, were:

	PSPRS - Police	PSPRS - Fire
Pension contributions	\$ 322,011	\$ 298,791

During fiscal year 2025, the City paid for PSPRS pension contributions as follows: 94 percent from the General Fund, and six percent from the Ambulance Services Fund.

Pension Liability – At June 30, 2025, the City reported the following net pension (assets)/liabilities:

	PSPRS - Police	PSPRS - Fire
Net Pension (Assets)/Liabilities	\$ 1,606,499	\$ 814,776

The net pension (assets)/liabilities were measured as of June 30, 2024. The total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of that date.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	2.75-15.0%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022, actuarial valuation.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.20 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.62%
International public equity	16	4.47
Global private equity	27	7.05
Core bonds	6	2.44
Private credit	20	6.24
Diversifying strategies	5	3.15
Cash – Mellon	2	0.89
Total	<u>100%</u>	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Pension Discount Rates – At June 30, 2024, the discount rate used to measure the total pension liability was 7.2 percent.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Police			
Balances at June 30, 2024	\$ 17,839,460	\$ 16,050,219	\$ 1,789,241
Changes for the year:			
Service cost	404,610		404,610
Interest on the total pension liability	1,295,909		1,295,909
Differences between expected and actual experience in the measurement of the pension liability	131,019		131,019
Contributions – employer		226,635	(226,635)
Contributions – employee		173,225	(173,225)
Net investment income		1,624,216	(1,624,216)
Benefit payments, including refunds of employee contributions	(490,654)	(490,654)	
Administrative expense		(9,796)	9,796
Net changes	<u>1,340,884</u>	<u>1,523,626</u>	<u>(182,742)</u>
Balances at June 30, 2025	<u>\$ 19,180,344</u>	<u>\$ 17,573,845</u>	<u>\$ 1,606,499</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Fire			
Balances at June 30, 2024	\$ 13,170,957	\$ 12,755,350	\$ 415,607
Changes for the year:			
Service cost	448,642		448,642
Interest on the total pension liability	974,553		974,553
Differences between expected and actual experience in the measurement of the pension liability	743,941		743,941
Contributions – employer		301,624	(301,624)
Contributions – employee		169,864	(169,864)
Net investment income		1,306,849	(1,306,849)
Benefit payments, including refunds of employee contributions	(168,287)	(168,287)	
Administrative expense		(10,370)	10,370
Net changes	1,998,849	1,599,680	399,169
Balances at June 30, 2025	\$ 15,169,806	\$ 14,355,030	\$ 814,776

Sensitivity of the City’s Net Pension (Assets) Liabilities to Changes in the Discount Rate - The following table presents the City’s net pension (assets) liabilities calculated using the discount rates noted above, as well as what the City’s net pension (assets) liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
PSPRS - Police:			
Rate	6.20%	7.20%	8.20%
Net pension (assets) liability	\$ 4,787,293	\$ 1,606,499	\$ (926,401)
PSPRS - Fire			
Rate	6.20%	7.20%	8.20%
Net pension (assets) liability	\$ 3,459,438	\$ 814,776	\$ (1,302,433)

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial report. The reports are available on the PSPRS website at: www.psprs.com.

Pension Expense- For the year ended June 30, 2025, the City recognized the following pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 950,799	\$ 607,877

Pension Deferred Outflows/Inflows of Resources - At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police:		
Differences between expected and actual experience	\$ 2,023,447	\$ 113,032
Changes of assumptions or other inputs	150,732	
Net difference between projected and actual earnings on pension plan investments		\$50,173
Contributions subsequent to the measurement date	322,011	
Total	\$ 2,496,190	\$ 163,205
 PSPRS - Fire		
Differences between expected and actual experience	\$ 1,871,896	\$ 536,439
Changes of assumptions or other inputs	193,300	
Net difference between projected and actual earnings on pension plan investments		\$87,468
Contributions subsequent to the measurement date	298,791	
Total	\$ 2,363,987	\$ 623,907

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as an increase in the net pension assets or a reduction of the net pension liabilities in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2026	475,612	222,175
2027	819,256	515,581
2028	345,878	228,444
2029	348,391	261,479
2030	21,837	213,610

Elected Officials Retirement Plan

Plan Description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

The EORP OPEB plans are not further disclosed because of their relative insignificance of the City's financial statements.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Benefits Provided - The EORP provides retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP Retirement and disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 Any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

*With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with eight or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to seven years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Contributions – State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP.

For the year ended June 30, 2025, statute required active EORP members to contribute seven or 13 percent of the members’ annual covered payroll, and the City to contribute 70.44 percent of all active EORP members’ annual covered payroll. Also, statute required the City to contribute 58.32 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 46.62 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City’s required contributions to ASRS and EODCRS for these elected officials and judges. In addition, statute required the City to contribute 52.62 percent of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the EORP would typically fill. The City’s contributions to the pension plan for the year ended June 30, 2025 were \$54,911.

During fiscal year 2025, the City paid for EORP pension contributions from the General Fund.

Pension Liability - At June 30, 2025, the City reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the City’s proportionate share of the State’s appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the EORP net pension liability	\$	595,575
State's proportionate share of the EORP net pension liability associated with the City		41,098
Total	\$	636,673

The net asset and net liability were measured as of June 30, 2024, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The City’s proportion of the net pension liability was based on the City’s required contributions to the pension plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2024. The City’s proportion measured as of June 30, 2024, was 0.1 percent, which was a decrease of .05 from the proportion measured as of June 30, 2023.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Pension Expense - For the year ended June 30, 2025, the City recognized pension expense for EORP of \$99,982.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension investments	\$	\$ 6,279
Contributions subsequent to the measurement date	54,911	
Total	\$ 54,911	\$ 6,279

The \$54,911 reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension
2026	(5,774)
2027	4,753
2028	(2,909)
2029	(2,350)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.25%
Price inflation	2.50%
Cost of living adjustment	1.85%
Mortality rates	PUBG-2010 Mortality Tables with MP2021 improvement scale with adjustments to match
Healthcare cost trend rate	Not applicable

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 18 – RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.20 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash-Mellon	2%	0.89%
Diversifying Strategies	5	3.15
Core bonds	6	2.44
Private credit	20	6.24
Global private equity	27	7.05
International public equity	16	4.47
U.S. public equity	24	3.62
Total	<u>100%</u>	

Discount Rate - At June 30, 2024, the discount rate used to measure the EORP total pension liability was 7.2 percent, which was the same discount rate used as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and State contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the EORP net pension liability to changes in the discount rate -The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension (assets) liability	\$ 692,491	\$ 595,575	\$ 512,337

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued EORP financial report.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City's proportion of the net pension (assets) liability	0.08%	0.07%	0.07%	0.07%	0.07%
City's proportionate share of the net pension (assets) liability	\$ 12,444,371	\$ 11,971,033	\$ 11,481,050	\$ 9,009,794	\$ 11,650,354
City's covered payroll	\$ 10,741,056	\$ 9,185,604	\$ 7,837,311	\$ 7,835,768	\$ 7,409,817
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	115.86%	130.32%	146.49%	114.98%	157.23%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's proportion of the net pension (assets) liability	0.06%	0.06%	0.06%	0.06%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 9,288,007	\$ 8,837,885	\$ 9,873,369	\$ 10,475,512	\$ 9,932,851
City's covered payroll	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839	\$ 5,914,065
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	138.04%	139.04%	160.41%	174.63%	167.95%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%

See accompanying notes to this schedule.

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ELECTED OFFICIALS RETIREMENT PLAN
LAST NINE FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City's proportion of the net pension (assets) liability	0.10%	0.15%	0.12%	0.12%	0.12%
City's proportionate share of the net pension (assets) liability	\$ 595,575	\$ 377,726	\$ 800,708	\$ 746,991	\$ 813,649
State's proportionate share of the net pension (assets) liability	41,098	422,319	77,963	75,085	77,331
Total	<u>\$ 636,673</u>	<u>\$ 800,045</u>	<u>\$ 878,671</u>	<u>\$ 822,076</u>	<u>\$ 890,980</u>
City's covered payroll	\$ 98,526	\$ 103,983	\$ 92,800	\$ 91,963	\$ 93,350
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	604.49%	363.26%	862.83%	812.27%	871.61%
Plan fiduciary net position as a percentage of the total pension liability	42.22%	38.63%	32.01%	36.28%	29.80%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
City's proportion of the net pension (assets) liability	0.13%	0.08%	0.09%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 836,624	\$ 542,454	\$ 1,157,339	\$ 1,008,290
State's proportionate share of the net pension (assets) liability	78,634	92,946	374,681	208,166
Total	<u>\$ 915,258</u>	<u>\$ 635,400</u>	<u>\$ 1,532,020</u>	<u>\$ 1,216,456</u>
City's covered payroll	\$ 110,239	\$ 87,213	\$ 68,562	\$ 132,685
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	758.92%	621.99%	1688.02%	759.91%
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.40%	19.66%	23.42%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total pension liability				
Service cost	\$ 404,610	\$ 395,370	\$ 355,528	\$ 374,421
Interest	1,295,909	1,117,895	971,605	926,693
Changes of benefit terms				
Differences between expected and actual experience	131,019	1,426,379	1,136,881	(236,221)
Changes of assumptions or other inputs			145,989	
Benefit payments, including refunds of employee contributions	(490,654)	(462,278)	(404,078)	(457,446)
Net change in total pension liability	<u>1,340,884</u>	<u>2,477,366</u>	<u>2,205,925</u>	<u>607,447</u>
Total pension liability—beginning	<u>17,839,460</u>	<u>15,362,094</u>	<u>13,156,169</u>	<u>12,548,722</u>
Total pension liability—ending	<u>\$ 19,180,344</u>	<u>\$ 17,839,460</u>	<u>\$ 15,362,094</u>	<u>\$ 13,156,169</u>
Plan fiduciary net position				
Contributions—employer	\$ 226,635	\$ 194,368	\$ 228,436	\$ 6,309,302
Contributions—employee	173,225	182,231	199,267	179,082
Net investment income	1,624,216	1,144,894	(619,024)	2,424,785
Benefit payments, including refunds of employee contributions	(490,654)	(462,278)	(404,078)	(457,446)
Administrative expense	(9,796)	(8,604)	(11,174)	(11,103)
Other		(17,868)		
Net change in plan fiduciary net position	<u>1,523,626</u>	<u>1,032,743</u>	<u>(606,573)</u>	<u>8,444,620</u>
Plan fiduciary net position—beginning	<u>16,050,219</u>	<u>15,017,476</u>	<u>15,624,049</u>	<u>7,179,429</u>
Plan fiduciary net position—ending	<u>\$ 17,573,845</u>	<u>\$ 16,050,219</u>	<u>\$ 15,017,476</u>	<u>\$ 15,624,049</u>
Net pension (assets) liability—ending	<u>\$ 1,606,499</u>	<u>\$ 1,789,241</u>	<u>\$ 344,618</u>	<u>\$ (2,467,880)</u>
Plan fiduciary net position as a percentage of the total pension liability	91.62%	89.97%	97.76%	118.76%
Covered payroll	\$ 2,403,563	\$ 3,922,750	\$ 2,169,380	\$ 2,773,330
Net pension (assets) liability as a percentage of covered payroll	66.84%	45.61%	15.89%	(88.99)%

See accompanying notes to this schedule.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
\$ 403,478	\$ 420,691	\$ 365,220	\$ 449,219	\$ 350,332	\$ 306,944
846,911	736,413	721,974	647,619	562,087	555,140
			162,160	512,893	
357,114	705,904	(461,278)	385,365	(58,955)	(423,441)
	265,067		121,338	362,672	
(513,645)	(408,087)	(929,669)	(274,770)	(333,006)	(410,680)
1,093,858	1,719,988	(303,753)	1,490,931	1,396,023	27,963
11,454,864	9,734,876	10,038,629	8,547,698	7,151,675	7,123,712
<u>\$ 12,548,722</u>	<u>\$ 11,454,864</u>	<u>\$ 9,734,876</u>	<u>\$ 10,038,629</u>	<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>
\$ 576,635	\$ 573,259	\$ 258,678	\$ 393,486	\$ 351,711	\$ 248,515
194,076	198,310	178,569	231,348	207,745	182,813
88,327	342,633	414,905	640,556	30,048	179,881
(513,645)	(408,087)	(929,669)	(274,770)	(333,006)	(410,680)
(7,202)	(6,945)	(7,015)	(6,068)	(4,724)	(4,770)
(32,133)	(1,881)	72	68	(99,246)	(3,823)
306,058	697,289	(84,460)	984,620	152,528	191,936
6,873,371	6,176,082	6,260,542	5,275,922	5,123,394	4,931,458
<u>\$ 7,179,429</u>	<u>\$ 6,873,371</u>	<u>\$ 6,176,082</u>	<u>\$ 6,260,542</u>	<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>
<u>\$ 5,369,293</u>	<u>\$ 4,581,493</u>	<u>\$ 3,558,794</u>	<u>\$ 3,778,087</u>	<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>
57.21%	60.00%	63.44%	62.36%	61.72%	71.64%
\$ 2,683,494	\$ 2,353,202	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219
200.09%	194.69%	205.90%	181.54%	182.32%	112.73%

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE
LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total pension liability				
Service cost	\$ 448,642	\$ 425,121	\$ 411,690	\$ 431,341
Interest	974,553	847,205	734,077	696,458
Changes of benefit terms				
Differences between expected and actual experience	743,941	627,338	614,137	(470,260)
Changes of assumptions or other inputs			62,520	
Benefit payments, including refunds of employee contributions	<u>(168,287)</u>	<u>(140,644)</u>	<u>(109,301)</u>	<u>(135,819)</u>
Net change in total pension liability	1,998,849	1,759,020	1,713,123	521,720
Total pension liability—beginning	13,170,957	11,411,937	9,698,814	9,177,094
Total pension liability—ending	<u>\$ 15,169,806</u>	<u>\$ 13,170,957</u>	<u>\$ 11,411,937</u>	<u>\$ 9,698,814</u>
Plan fiduciary net position				
Contributions—employer	\$ 301,624	\$ 262,196	\$ 285,446	\$ 3,004,520
Contributions—employee	169,864	165,088	168,152	161,015
Net investment income	1,306,849	895,624	(474,496)	2,088,614
Benefit payments, including refunds of employee contributions	(168,287)	(140,644)	(109,301)	(135,819)
Administrative expense	(10,370)	(7,921)	(8,558)	(9,590)
Other		(93,810)		
Net change in plan fiduciary net position	1,599,680	1,080,533	(138,757)	5,108,740
Plan fiduciary net position—beginning	12,755,350	11,674,817	11,813,574	6,704,834
Plan fiduciary net position—ending	<u>\$ 14,355,030</u>	<u>\$ 12,755,350</u>	<u>\$ 11,674,817</u>	<u>\$ 11,813,574</u>
Net pension (assets) liability—ending	<u>\$ 814,776</u>	<u>\$ 415,607</u>	<u>\$ (262,880)</u>	<u>\$ (2,114,760)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.63%	96.84%	102.30%	121.80%
Covered payroll	\$ 2,260,755	\$ 2,920,482	\$ 1,971,629	\$ 2,593,218
Net pension (assets) liability as a percentage of covered payroll	36.04%	14.23%	(13.33)%	(81.55)%

See accompanying notes to this schedule.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
\$ 366,149	\$ 370,521	\$ 344,233	\$ 429,788	\$ 335,758	\$ 296,352
564,876	494,466	463,118	433,198	347,995	308,046
			88,014	588,157	
916,711	122,327	(487,056)	(519,052)	(33,940)	51,216
	168,975		200,618	264,127	
(85,039)	(106,693)	(83,463)	(131,347)	(281,063)	(51,738)
1,762,697	1,049,596	236,832	501,219	1,221,034	603,876
7,414,397	6,364,801	6,127,969	5,626,750	4,405,716	3,801,840
<u>\$ 9,177,094</u>	<u>\$ 7,414,397</u>	<u>\$ 6,364,801</u>	<u>\$ 6,127,969</u>	<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>
\$ 343,486	\$ 315,972	\$ 143,184	\$ 241,876	\$ 253,312	\$ 208,243
163,261	146,801	149,282	195,123	207,731	173,223
80,955	308,103	352,682	517,876	23,851	138,174
(85,039)	(106,693)	(83,463)	(131,347)	(281,063)	(51,738)
(6,600)	(6,342)	(6,068)	(4,982)	(3,832)	(3,755)
3,325	(1,809)	58	(92,419)	(26,171)	(2,750)
499,388	656,032	555,675	726,127	173,828	461,397
6,205,446	5,549,414	4,993,739	4,267,612	4,093,784	3,632,387
<u>\$ 6,704,834</u>	<u>\$ 6,205,446</u>	<u>\$ 5,549,414</u>	<u>\$ 4,993,739</u>	<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>
<u>\$ 2,472,260</u>	<u>\$ 1,208,951</u>	<u>\$ 815,387</u>	<u>\$ 1,134,230</u>	<u>\$ 1,359,138</u>	<u>\$ 311,932</u>
73.06%	83.69%	87.19%	81.49%	75.85%	92.92%
\$ 2,401,633	\$ 1,998,964	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922
102.94%	60.48%	46.09%	63.76%	85.26%	20.19%

**CITY OF SAN LUIS, ARIZONA
SCHEDULE OF PENSION CONTRIBUTIONS
ALL PENSION PLANS
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 1,593,819	\$ 1,292,149	\$ 1,094,924	\$ 941,261
Contributions in relation to the actuarially determined contribution	1,593,819	1,292,149	1,094,924	941,261
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 13,226,714	\$ 10,741,064	\$ 9,185,604	\$ 7,837,311
Contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.01%
Elected Officials Retirement Plan:				
Actuarially determined contribution	\$ 54,911	\$ 69,402	\$ 63,877	\$ 55,704
Contributions in relation to the actuarially determined contribution	54,911	69,402	63,877	55,704
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 77,954	\$ 98,526	\$ 103,983	\$ 92,800
Contributions as a percentage of covered payroll	70.44%	70.44%	61.43%	60.03%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 322,011	\$ 226,656	\$ 294,364	\$ 316,638
Contributions in relation to the actuarially determined contribution	322,011	226,656	294,364	316,638
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,234,636	\$ 2,403,563	\$ 3,922,750	\$ 2,169,380
Contributions as a percentage of covered payroll	14.41%	9.43%	7.50%	14.60%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 298,791	\$ 284,629	\$ 342,733	\$ 381,729
Contributions in relation to the actuarially determined contribution	298,791	284,629	342,733	381,729
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,321,608	\$ 2,260,755	\$ 2,920,482	\$ 1,971,629
Contributions as a percentage of covered payroll	12.87%	12.59%	11.74%	19.36%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available. Information for fiscal year 2016 is not available for the EORP plan.

NOTE: During the fiscal year ended June 30, 2021, the City made excess contributions to the Public Safety Retirement System for both the Police and Fire pension plans. The excess contributions were funded by the issuance of Excise Tax Revenue Obligations.

See accompanying notes to this schedule.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 912,866	\$ 848,424	\$ 752,249	\$ 692,826	\$ 663,522	\$ 650,874
<u>912,866</u>	<u>848,424</u>	<u>752,249</u>	<u>692,826</u>	<u>663,522</u>	<u>650,874</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 7,710,352	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839
11.84%	11.45%	11.18%	10.90%	10.78%	10.85%
\$ 56,493	\$ 55,682	\$ 54,965	\$ 20,495	\$ 16,112	
<u>56,493</u>	<u>55,682</u>	<u>54,965</u>	<u>20,495</u>	<u>16,112</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
\$ 91,963	\$ 93,350	\$ 110,239	\$ 87,213	\$ 68,562	
61.43%	59.65%	49.86%	23.50%	23.50%	
\$ 637,131	\$ 625,122	\$ 525,830	\$ 435,558	\$ 400,210	\$ 352,801
<u>6,368,494</u>	<u>625,122</u>	<u>525,830</u>	<u>435,558</u>	<u>400,210</u>	<u>352,801</u>
<u>\$ (5,731,363)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,773,330	\$ 2,683,494	\$ 2,353,202	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507
22.97%	23.30%	22.35%	25.20%	19.23%	19.66%
\$ 469,747	\$ 398,198	\$ 382,197	\$ 347,491	\$ 233,214	\$ 203,572
<u>3,082,714</u>	<u>398,198</u>	<u>382,197</u>	<u>347,491</u>	<u>233,214</u>	<u>203,572</u>
<u>\$ (2,612,967)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,593,218	\$ 2,401,633	\$ 1,998,964	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143
18.11%	16.58%	19.12%	19.64%	13.11%	12.77%

NOTE 1: PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuation Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2023 valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020 actuarial valuation.

The actuarial assumptions used in the June 30, 2024 valuation for PSPRS and EORP were based on the results of an actuarial experience study for the five-year period ending June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022 actuarial valuation.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's OR plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

**SUPPLEMENTARY INFORMATION COMBINING FUND
FINANCIAL STATEMENTS**



SPECIAL REVENUE FUNDS

Police Grants and Special Revenues - accounts for proceeds restricted to the use of Public Safety programs including the Operation Stone Garden program (OPSG), Smart and Safe Arizona Act funds, School Resource Officers (SROs) agreements, and other miscellaneous grants specific to Public Safety. It also accounts for monies and assets confiscated through criminal prosecution.

Judicial Collection Enhancement - reports the proceeds of specific revenue sources legally restricted to municipal court revenues and expenditures. The fund includes the JCEF Collections, San Luis Court Enhancement, Fill The Gap, Default Fees, Warrant Fees, and the San Luis Municipal Court Fare as departments.

SL Community Facilities District - The San Luis Community Facilities District was created in 1999 to provide land for the development of the Regional Center for Border Health, which will revert along with the development of the City at the end of the term. The district leases the land under a 30-year agreement to Western Arizona Area Health Education Center, Inc. (WAAHEC), an unrelated not-for-profit corporation.

Assessment Districts - accounts for the property taxes from a specific group of property owners within the City to improve, enhance, maintain landscaping, and light streets. Its primary purpose is to maintain specified areas of the subdivisions where the assessment district was created. Arizona Revised Statutes allow the establishment of Assessment Districts, which was adopted by City Council resolution.

CAPITAL PROJECTS FUNDS

Impact Fees – accounts for the public safety, parks and recreation, and administrative impact development fee activities of the City. Revenues are collected and expended in accordance with the City's adopted infrastructure improvement plan and Arizona Revised Statutes.

City of San Luis, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

Special Revenue Funds

	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts
Assets				
Cash and investments	\$ 710,411	\$ 676,632	\$ 47,500	\$ 659,425
Accounts receivable (net)	3,134	1,170		
Property taxes receivable				38,324
Due from governmental entities	1,053,440			
Total assets	<u>\$ 1,766,985</u>	<u>\$ 677,802</u>	<u>\$ 47,500</u>	<u>\$ 697,749</u>
Liabilities				
Accounts payable	\$ 2,483			\$ 52,782
Total liabilities	<u>2,483</u>			<u>52,782</u>
Deferred inflows of resources				
Unavailable revenues - intergovernmental	616,388			
Unavailable revenues - property taxes				18,096
Total deferred inflows of resources	<u>616,388</u>			<u>18,096</u>
Fund balances				
Restricted	1,148,114	362,743	47,500	626,871
Committed		315,059		
Total fund balances	<u>1,148,114</u>	<u>677,802</u>	<u>47,500</u>	<u>626,871</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,766,985</u>	<u>\$ 677,802</u>	<u>\$ 47,500</u>	<u>\$ 697,749</u>

**Capital Projects
Fund**

<u>Impact Fees</u>	<u>Total Non-Major Governmental Funds</u>
\$ 2,611,961	\$ 4,705,929
	4,304
	38,324
	<u>1,053,440</u>
<u>\$ 2,611,961</u>	<u>\$ 5,801,997</u>
\$ 304,445	\$ 359,710
<u>304,445</u>	<u>359,710</u>
	616,388
	<u>18,096</u>
	<u>634,484</u>
2,307,516	4,492,744
	<u>315,059</u>
<u>2,307,516</u>	<u>4,807,803</u>
<u>\$ 2,611,961</u>	<u>\$ 5,801,997</u>

San Luis, City of
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

Special Revenue Funds

	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts
Revenues				
Taxes	\$	\$	\$	\$ 990,305
Intergovernmental	3,292,815			
Fines and forfeitures	124,560	96,579		
Rents			2,500	
Investment earnings				
Development fees				
Other	13,252			
Total revenues	<u>3,430,627</u>	<u>96,579</u>	<u>2,500</u>	<u>990,305</u>
Expenditures				
Current:				
General government				
Public safety	1,664,385			
Public works and streets				372,592
Culture and recreation				
Community development				598,418
Capital outlay	1,235,888	36,078		
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>2,900,273</u>	<u>36,078</u>		<u>971,010</u>
Excess (deficiency) of revenues over expenditures	<u>530,354</u>	<u>60,501</u>	<u>2,500</u>	<u>19,295</u>
Other financing sources (uses)				
Transfers out				
Total other financing sources (uses)				
Changes in fund balances	<u>530,354</u>	<u>60,501</u>	<u>2,500</u>	<u>19,295</u>
Fund balances, beginning of year, previously reported	617,760	302,242	45,000	607,576
Adjustments to beginning fund balances		315,059		
Fund balances, beginning of year, as restated	<u>617,760</u>	<u>617,301</u>	<u>45,000</u>	<u>607,576</u>
Fund balances, end of year	<u>\$ 1,148,114</u>	<u>\$ 677,802</u>	<u>\$ 47,500</u>	<u>\$ 626,871</u>

Capital Projects

Fund

<u>Impact Fees</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$
	990,305
	3,292,815
	221,139
	2,500
103,357	103,357
631,607	631,607
	<u>13,252</u>
<u>734,964</u>	<u>5,254,975</u>
12,394	1,676,779
	372,592
6,197	6,197
	598,418
378,179	1,650,145
107,681	107,681
4,399	4,399
<u>508,850</u>	<u>4,416,211</u>
<u>226,114</u>	<u>838,764</u>
<u>(250,000)</u>	<u>(250,000)</u>
<u>(250,000)</u>	<u>(250,000)</u>
<u>(23,886)</u>	<u>588,764</u>
2,331,402	3,903,980
	<u>315,059</u>
<u>2,331,402</u>	<u>4,219,039</u>
<u>\$ 2,307,516</u>	<u>\$ 4,807,803</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Grants and Special Revenues
For the Year Ended June 30, 2025

	<u>Budget</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 2,921,080	\$ 2,921,080	\$ 3,292,815	\$ 371,735
Fines and forfeitures	60,000	60,000	124,560	64,560
Other			13,252	13,252
Total revenues	<u>2,981,080</u>	<u>2,981,080</u>	<u>3,430,627</u>	<u>449,547</u>
Expenditures				
Current:				
Public safety	1,611,280	1,507,280	1,664,385	(157,105)
Capital outlay	1,369,800	1,473,800	1,235,888	237,912
Total expenditures	<u>2,981,080</u>	<u>2,981,080</u>	<u>2,900,273</u>	<u>80,807</u>
Changes in fund balances			<u>530,354</u>	<u>530,354</u>
Fund balances, beginning of year	<u>617,760</u>	<u>617,760</u>	<u>617,760</u>	
Fund balances, end of year	<u>\$ 617,760</u>	<u>\$ 617,760</u>	<u>\$ 1,148,114</u>	<u>\$ 530,354</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Judicial Collection Enhancement
For the Year Ended June 30, 2025

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and forfeitures	\$ 77,500	\$ 96,579	\$ 19,079
Total revenues	<u>77,500</u>	<u>96,579</u>	<u>19,079</u>
Expenditures			
Current:			
General government	41,420		41,420
Capital outlay	36,080	36,078	2
Total expenditures	<u>77,500</u>	<u>36,078</u>	<u>41,422</u>
Changes in fund balances		<u>60,501</u>	<u>60,501</u>
Fund balances, beginning of year, previously reported	302,242	302,242	
Adjustments to beginning fund balances		<u>315,059</u>	<u>315,059</u>
Fund balances, beginning of year, as restated	<u>302,242</u>	<u>617,301</u>	<u>315,059</u>
Fund balances, end of year	<u>\$ 302,242</u>	<u>\$ 677,802</u>	<u>\$ 375,560</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
SL Community Facilities District
For the Year Ended June 30, 2025

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Rents	\$ 2,500	\$ 2,500	\$
Total revenues	<u>2,500</u>	<u>2,500</u>	<u> </u>
Changes in fund balances	<u>2,500</u>	<u>2,500</u>	<u> </u>
Fund balances, beginning of year	<u>45,000</u>	<u>45,000</u>	<u> </u>
Fund balances, end of year	<u>\$ 47,500</u>	<u>\$ 47,500</u>	<u>\$</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Assessment Districts
For the Year Ended June 30, 2025

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 973,200	\$ 990,305	\$ 17,105
Total revenues	<u>973,200</u>	<u>990,305</u>	<u>17,105</u>
Expenditures			
Current:			
Public works and streets	412,380	372,592	39,788
Community development	560,820	598,418	(37,598)
Total expenditures	<u>973,200</u>	<u>971,010</u>	<u>2,190</u>
Changes in fund balances		<u>19,295</u>	<u>19,295</u>
Fund balances, beginning of year	<u>607,576</u>	<u>607,576</u>	
Fund balances, end of year	<u>\$ 607,576</u>	<u>\$ 626,871</u>	<u>\$ 19,295</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Debt Service
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Investment earnings	\$ _____	\$ 155,551	\$ 155,551
Total revenues	<u>_____</u>	<u>155,551</u>	<u>155,551</u>
Expenditures			
Debt service:			
Principal retirement	1,222,880	1,183,916	38,964
Interest and fiscal charges	756,000	604,251	151,749
Bond issuance costs	_____	_____	_____
Total expenditures	<u>1,978,880</u>	<u>1,788,167</u>	<u>190,713</u>
Excess (deficiency) of revenues over expenditures	<u>(1,978,880)</u>	<u>(1,632,616)</u>	<u>346,264</u>
Other financing sources (uses)			
Transfers in	<u>1,978,880</u>	<u>1,632,614</u>	<u>(346,266)</u>
Total other financing sources (uses)	<u>1,978,880</u>	<u>1,632,614</u>	<u>(346,266)</u>
Changes in fund balances	<u>_____</u>	<u>(2)</u>	<u>(2)</u>
Fund balances, beginning of year, previously reported	268,442	268,442	
Adjustments to beginning fund balances	_____	<u>(83,359)</u>	<u>(83,359)</u>
Fund balances, beginning of year, as restated	<u>268,442</u>	<u>185,083</u>	<u>(83,359)</u>
Fund balances, end of year	<u>\$ 268,442</u>	<u>\$ 185,081</u>	<u>\$ (83,361)</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Impact Fees
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$	\$	\$ 103,357	\$ 103,357
Development fees	680,000	680,000	631,607	(48,393)
Total revenues	<u>680,000</u>	<u>680,000</u>	<u>734,964</u>	<u>54,964</u>
Expenditures				
Current:				
Public safety	10,000	10,000	12,394	(2,394)
Culture and recreation	5,000	5,000	6,197	(1,197)
Capital outlay	473,000	447,700	378,179	69,521
Debt service:				
Principal retirement	107,700	107,700	107,681	19
Interest and fiscal charges	4,400	4,400	4,399	1
Total expenditures	<u>600,100</u>	<u>574,800</u>	<u>508,850</u>	<u>65,950</u>
Excess (deficiency) of revenues over expenditure	<u>79,900</u>	<u>105,200</u>	<u>226,114</u>	<u>120,914</u>
Other financing sources (uses)				
Transfers out	(250,000)	(250,000)	(250,000)	
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	
Changes in fund balances	<u>(170,100)</u>	<u>(144,800)</u>	<u>(23,886)</u>	<u>120,914</u>
Fund balances, beginning of year	<u>2,331,402</u>	<u>2,331,402</u>	<u>2,331,402</u>	
Fund balances, end of year	<u>\$ 2,161,302</u>	<u>\$ 2,186,602</u>	<u>\$ 2,307,516</u>	<u>\$ 120,914</u>

City of San Luis, Arizona
Statement of Fund Net Position
Component Unit
June 30, 2025

	Detention Facility
Assets	
Current assets	
Restricted cash and investments	\$ 10,138,329
Accounts receivable (net)	5,893,262
Total current assets	16,031,591
Noncurrent assets	
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	(12,521,715)
Total noncurrent assets	22,598,724
Total assets	38,630,315
Deferred outflows of resources	
Deferred outflow on refundings	103,398
Liabilities	
Current liabilities	
Accounts payable	14,501,792
Due to primary government	19,491
Accrued interest	292,935
Current portion of long-term obligations	2,610,000
Total current liabilities	17,424,218
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	21,757,419
Total noncurrent liabilities	21,757,419
Total liabilities	39,181,637
Net position	
Net investment in capital assets	(1,665,297)
Restricted for:	
Debt service	5,928,947
Unrestricted	(4,711,574)
Total net position	\$ (447,924)

City of San Luis, Arizona
Statement of Revenues, Expenses, and Changes in
Fund Net Position
Component Unit
For the Year Ended June 30, 2025

	Detention Facility
Operating revenues	
Charges for services	\$ 22,810,902
Operating expenses	
General operations	24,267,626
Depreciation	762,809
Total operating expenses	25,030,435
Operating income (loss)	(2,219,533)
Nonoperating revenues (expenses)	
Investments earnings	416,630
Interest expense	(1,888,860)
Total nonoperating revenues (expenses)	(1,472,230)
Change in net position	(3,691,763)
Net position, beginning of year	3,243,839
Net position, end of year	\$ (447,924)

City of San Luis, Arizona
Statement of Cash Flows
Component Unit
For the Year Ended June 30, 2025

	Detention Facility
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from customers	\$ 20,370,864
Cash payments to suppliers for goods and services	<u>(17,149,438)</u>
Net cash provided by/used for operating activities	<u>3,221,426</u>
Cash flows from noncapital financing activities	
Borrowing with the primary government	10,826
Cash flows from capital and related financing activities	
Principal paid on long-term debt	
Interest paid on long-term debt	<u>(1,757,608)</u>
Net cash provided by/used by capital and related financing activities	<u>(1,757,608)</u>
Cash flows from investing activities	
Investment earnings	416,630
Net increase/decrease in cash and cash equivalents	1,891,274
Cash and cash equivalents, beginning of year	<u>8,247,055</u>
Cash and cash equivalents, end of year	<u>\$ 10,138,329</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Restricted cash and investments	<u>\$ 10,138,329</u>
Total cash and cash equivalents	<u>\$ 10,138,329</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ (2,219,533)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Depreciation	762,809
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	(2,440,038)
Increase/decrease in accounts payable	<u>7,118,188</u>
Total adjustments	<u>5,440,959</u>
Net cash provided by/used for operating activities	<u>\$ 3,221,426</u>
<u>Noncash Capital, Financing, and Investing Activities</u>	
Amortization of premium/discount and deferred charges on refunding	\$ (131,388)

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other school cities.

Operating Information

These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

CITY OF SAN LUIS, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities										
Net investment in capital assets	\$ 82,172,527	\$ 76,185,493	\$ 69,074,159	\$ 54,131,102	\$ 51,811,286	\$ 44,991,467	\$ 52,027,709	\$47,586,157	\$45,187,300	\$43,224,321
Restricted	13,261,948	9,789,318	6,028,237	9,972,478	9,947,936	8,680,843	3,168,082	2,981,920	3,063,550	1,785,917
Unrestricted	35,082,482	30,443,193	22,436,017	18,018,044	16,443,189	9,602,386	8,143,370	2,083,278	531,781	2,061,627
Total governmental activities net position	\$ 130,516,957	\$ 116,418,004	\$ 97,538,413	\$ 82,121,624	\$ 78,202,411	\$ 63,274,696	\$ 63,339,161	\$ 52,651,355	\$ 48,782,631	\$ 47,071,865
Business-type Activities										
Net investment in capital assets	\$ 50,038,331	\$ 34,388,688	\$ 29,161,274	\$ 23,411,492	\$ 21,682,880	\$ 20,134,312	\$ 19,186,148	\$16,864,092	\$14,221,545	\$15,188,424
Restricted	4,161,387	3,218,447	2,308,381	1,985,219	1,662,459	1,585,473	978,691	284,192		7,214,146
Unrestricted	5,122,046	11,605,832	11,434,557	14,001,932	14,715,083	11,450,312	9,244,818	7,892,361	7,368,823	(3,637,294)
Total business-type activities net position	\$ 59,321,764	\$ 49,212,967	\$ 42,904,212	\$ 39,398,643	\$ 38,060,422	\$ 33,170,097	\$ 29,409,657	\$ 25,040,645	\$ 21,590,368	\$ 18,765,276
Primary Government										
Net investment in capital assets	\$132,210,858	\$110,574,181	\$98,235,433	\$77,542,594	\$73,494,166	\$65,125,779	\$71,213,857	\$64,450,249	\$59,408,845	\$58,412,745
Restricted	17,423,335	13,007,765	8,336,618	11,957,697	11,610,395	10,266,316	4,146,773	3,266,112	3,063,550	9,000,063
Unrestricted	40,204,528	42,049,025	33,870,574	32,019,976	31,158,272	21,052,698	17,388,188	9,975,639	7,900,604	(1,575,667)
Total primary government net position	\$189,838,721	\$165,630,971	\$140,442,625	\$121,520,267	\$116,262,833	\$96,444,793	\$92,748,818	\$77,692,000	\$70,372,999	\$65,837,141

Note: The fiscal year 2023-24 restricted and unrestricted figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

Source: Statement of Net Position
City financial records and reports

**CITY OF SAN LUIS, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

<u>Expenses:</u>	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities:										
General Government	\$ 9,219,435	\$ 7,903,721	\$ 7,222,026	\$ 6,471,663	\$ 6,607,195	\$ 5,907,870	\$ 5,691,433	\$ 6,163,171	\$ 5,994,778	\$ 8,228,000
Public Safety	16,448,000	14,521,368	11,971,071	10,777,088	10,024,938	9,259,939	8,248,004	8,144,859	9,126,508	7,905,663
Health and Welfare	6,641,214	5,796,978	523,849	455,673	394,653	334,338	183,081	213,634	222,820	235,413
Culture and Recreation	490,717	533,531	3,413,747	3,376,103	2,818,162	2,859,046	2,726,204	2,579,256	2,839,136	2,467,238
Community Development	4,045,878	3,582,525	1,910,943	1,782,982	1,490,104	1,313,645	1,035,590	987,340	945,698	906,408
Public Works & Streets	2,241,891	1,976,278	5,535,816	4,935,627	5,078,056	4,265,822	3,436,305	3,810,361	3,560,360	3,270,282
Interest on Long-Term Debt	456,296	649,214	634,356	667,842	558,408	532,115	550,817	541,343	649,618	658,670
Total Governmental activities	\$39,543,431	\$34,963,615	\$31,211,808	\$28,466,978	\$26,971,516	\$24,472,775	\$21,871,433	\$22,439,964	\$23,338,918	\$23,671,674
Business-type activities										
Water	\$ 4,355,294	\$ 4,520,913	\$ 3,785,695	\$ 3,478,927	\$ 3,445,313	\$ 3,341,438	\$ 2,955,792	\$ 2,696,643	\$ 2,826,192	\$ 2,741,022
Wastewater	5,599,937	5,589,569	4,830,760	4,536,975	4,012,743	3,626,910	3,624,956	3,648,877	3,141,132	2,944,122
Business Center	603,893	601,313	624,742	652,574	651,827	659,950	669,248	1,016,409	1,226,764	1,215,501
Sanitation	2,252,264	2,302,491	1,858,155	1,482,881	1,525,841	1,392,014	1,305,797	1,141,085	1,120,902	1,105,078
Business Incubator	195,640	183,462	168,653	206,348	189,976	185,536	182,586	173,272	163,062	144,578
Ambulance Services	3,751,857	3,426,163	2,882,436	2,448,287	2,464,088	1,991,579	1,721,285	1,946,014	1,049,335	-
Total business-type activities	\$16,758,885	\$16,623,911	\$14,150,441	\$12,805,992	\$12,289,788	\$11,197,427	\$10,459,664	\$10,622,300	\$9,527,387	\$8,150,301
Total expenses	\$56,302,316	\$51,587,526	\$45,362,249	\$41,272,970	\$39,261,304	\$35,670,202	\$32,331,097	\$33,062,264	\$32,866,305	\$31,821,975
Program revenues										
Governmental activities										
Charges for services										
General Government	\$ 1,568,021	\$ 2,825,224	\$ 1,855,707	\$ 1,793,937	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700
Public Safety	130,919	671,683	97,649	82,127	41,866	46,924	423,258	305,749	426,767	315,098
Health and Welfare	-	-	-	-	-	-	371,427	-	-	-
Culture and Recreation	63,022	46,095	57,855	42,555	19,047	39,786	272,468	142,037	211,126	74,395
Community Development	-	-	-	-	-	-	-	-	-	594,182
Public Works & Streets	-	10,251	6,748	37,442	-	-	-	187,408	342,089	62,642
Operating Grants and Contributions	4,680,885	3,024,293	4,124,126	3,837,548	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123
Capital Grants and Contributions	8,699,126	10,826,271	9,654,758	2,069,581	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499
Total Governmental activities	\$ 15,141,973	\$ 17,403,817	\$ 15,796,843	\$ 7,863,190	\$ 18,250,661	\$ 12,589,190	\$ 13,858,753	\$ 8,499,300	\$ 8,803,889	\$ 14,593,639
Business-type activities										
Charges for services										
Water	\$ 6,410,033	\$ 5,806,499	\$ 4,806,977	\$ 4,746,978	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031
Wastewater	6,255,802	5,508,273	4,416,848	4,259,727	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360
Business Center	615,781	619,866	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265
Sanitation	2,547,398	2,203,376	1,715,313	1,640,763	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279
Business incubator	121,721	112,688	107,253	90,080	43,843	41,706	38,869	29,999.00	3,471.00	-
Ambulance Services	3,803,715	3,403,404	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,603.79	1,953,337.00	-
Capital Grants and Contributions	6,071,827	4,239,082	2,740,181	337,189	3,158,839	1,365,769	1,214,350.00	1,046,430	-	1,941,586
Total business activities	\$ 25,826,277	\$ 21,893,188	\$ 16,939,745	\$ 14,137,958	\$ 16,774,167	\$ 14,367,251	\$ 13,626,056	\$ 13,803,138	\$ 11,902,557	\$ 11,258,521
Total program revenues	\$ 40,968,250	\$ 39,297,005	\$ 32,736,588	\$ 22,001,148	\$ 35,024,828	\$ 26,956,441	\$ 27,484,809	\$ 22,302,438	\$ 20,706,446	\$ 25,852,160

Source: City financial records and reports
- Statement of Activities

Note: The fiscal year 2023-24 interest on long-term debt, water, and wastewater expenses figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

CITY OF SAN LUIS, ARIZONA
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (Expense)/Revenue										
Governmental Activities:	\$ (24,401,458)	\$ (17,559,798)	\$ (15,414,965)	\$ (20,603,788)	\$ (8,270,835)	\$ (11,883,585)	\$ (8,012,678)	\$ (13,940,665)	\$ (14,535,029)	\$ (9,078,035)
Business-type activities	9,067,392	5,269,277	2,789,304	1,331,966	4,484,379	3,169,824	3,166,394	3,180,839	2,375,170	3,108,220
Total primary government net (expense) revenue	\$ (15,334,066)	\$ (12,290,521)	\$ (12,625,661)	\$ (19,271,822)	\$ (3,786,456)	\$ (8,713,761)	\$ (4,846,284)	\$ (10,759,826)	\$ (12,159,859)	\$ (5,969,815)
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 18,187,822	\$ 16,116,973	\$ 13,705,119	\$ 11,954,405	\$ 12,128,587	\$ 10,660,531	\$ 9,720,729	\$ 8,978,743	\$ 7,694,566	\$ 7,448,887
Franchise taxes	599,848	540,783	501,885	459,210	445,924	415,758	437,765	435,767	401,364	435,822
Other taxes	975,508	816,102	644,548	591,017	491,053	-	-	-	-	-
State shared Revenues	16,127,942	16,908,872	14,703,246	11,449,813	10,942,821	9,267,561	8,609,052	8,407,534	8,073,305	7,123,544
Investment Earnings	2,609,291	2,056,659	1,276,956	68,556	23,119	249,585	296,968	182,505	56,947	26,179
Miscellaneous	-	-	-	-	-	-	-	-	-	624,606
Transfer in (out)	-	-	-	-	(345,344)	(365,151)	(364,030)	(407,435)	(394,435)	(391,967)
Total general revenues and transfers	\$ 38,500,411	\$ 36,439,389	\$ 30,831,754	\$ 24,523,001	\$ 23,686,160	\$ 20,228,284	\$ 18,700,484	\$ 17,597,114	\$ 15,831,747	\$ 15,267,071
Business-type activities										
Investment Earnings	\$ 1,041,405	\$ 1,039,478	\$ 716,265	\$ 6,255	\$ 22,992	\$ 225,465	\$ 285,755	\$ 74,278	\$ 55,487	\$ 24,708
Miscellaneous	-	-	-	-	-	-	552,832	-	-	(\$48,015)
Transfer in (out)	-	-	-	-	345,344	365,151	364,030	407,435	394,435	391,967
Total Business-type activities	\$ 1,041,405	\$ 1,039,478	\$ 716,265	\$ 6,255	\$ 368,336	\$ 590,616	\$ 1,202,617	\$ 481,713	\$ 449,922	\$ 368,660
Total primary government	\$ 39,541,816	\$ 37,478,867	\$ 31,548,019	\$ 24,529,256	\$ 24,054,496	\$ 20,818,900	\$ 19,903,101	\$ 18,078,827	\$ 16,281,669	\$ 15,635,731
Change in net Position										
Governmental Activities	\$ 14,098,953	\$ 18,879,591	\$ 15,416,789	\$ 3,919,213	\$ 14,965,325	\$ 8,344,699	\$ 10,687,806	\$ 3,656,449	\$ 1,296,718	\$ 6,189,036
Business-type activities	10,108,797	6,308,755	3,505,569	1,338,221	4,852,715	3,760,440	4,369,012	3,662,552	2,825,092	3,476,880
Total Changes in Net Position	\$ 24,207,750	\$ 25,188,346	\$ 18,922,358	\$ 5,257,434	\$ 19,818,040	\$ 12,105,139	\$ 15,056,818	\$ 7,319,001	\$ 4,121,810	\$ 9,665,916

Note: The fiscal year 2023-24 net expense and governmental activities investment earnings figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

Source: - City financial records and reports
 - Statement of Activities

CITY OF SAN LUIS, ARIZONA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund										
Nonspendable	\$366,521	\$337,448	\$272,215	\$187,361	\$179,249	\$64,958	\$77,075	\$80,392	\$118,243	\$128,035
Committed	-	-	-	-	-	-	-	-	-	106,785
Unassigned	44,680,510	37,198,610	30,290,200	29,341,003	28,275,177	20,076,139	15,245,609	11,859,205	9,858,234	9,207,428
Total General Fund	\$45,047,031	\$37,536,058	\$30,562,415	\$29,528,364	\$28,454,426	\$20,141,097	\$15,322,684	\$11,939,597	\$9,976,477	\$9,442,248
All other governmental funds										
Nonspendable	\$ 230,218	\$ 212,299	\$ 235,863	\$ 196,934	\$ 186,821	\$ 197,764	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175
Restricted	9,170,273	7,641,451	5,591,292	5,954,435	5,469,260	4,551,958	3,129,596	2,822,456	2,885,421	754,165
Committed	315,059	315,059	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	2,591,330
Unassigned	-	-	(456,305)	(173,588)	(656,007)	(131,223)	(179,241)	(9,234)	-	(715,933)
Total all other governmental funds	\$ 9,715,550	\$ 8,168,809	\$ 5,370,850	\$ 5,977,781	\$ 5,000,074	\$ 4,618,499	\$ 3,168,085	\$ 2,931,765	\$ 2,978,996	\$ 2,797,737
TOTAL GOVERNMENTAL FUNDS	\$54,762,581	\$45,704,867	\$35,933,265	\$35,506,145	\$ 33,454,500	\$ 24,759,596	\$ 18,490,769	\$ 14,871,362	\$ 12,955,473	\$ 12,239,985

Note: The fiscal year 2023-24 unassigned, restricted, and committed figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

Source: Balance Sheet - Governmental Funds

CITY OF SAN LUIS, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$ 19,777,975	\$ 17,454,195	\$ 14,847,228	\$ 13,198,047	\$ 13,078,793	\$ 11,558,323	\$ 10,493,501	\$ 9,760,020	\$ 8,398,476	\$ 8,187,574
Intergovernmental	1,135,422	1,239,704	23,887,414	16,535,815	18,051,816	14,810,304	12,636,697	8,828,680	11,705,819	10,159,135
Licenses and permits	27,146,267	23,902,867	778,429	739,854	1,026,519	\$1,053,843	\$843,768	3,236,021	734,502	528,034
Fines and forfeits	506,566	549,624	425,084	406,465	355,770	\$426,442	\$494,828	519,153	577,989	541,336
Charges for user services	70,082	67,601	74,622	70,020	1,576,343	1,057,353	865,730	526,714	778,835	432,193
Rents	20,272	41,341	669,045	190,244	25,732	\$1,476,480	\$1,358,079	424,340	268,690	339,119
Investment earnings	2,594,363	2,045,974	1,271,924	64,351	18,923	\$241,533	\$291,947	179,601	54,631	24,445
Development fees	1,138,384	2,001,428	962,685	1,075,381	-	-	-	-	-	-
Others	340,384	197,947	197,244	212,347	275,004	790,441	678,463	187,987	408,006	624,606
Total revenues	\$ 52,729,715	\$ 47,500,681	\$ 43,113,675	\$ 32,492,524	\$ 34,408,900	\$ 31,414,719	\$ 27,663,013	\$ 23,662,516	\$ 22,926,948	\$ 20,836,442
Expenditures:										
General government	\$ 7,678,367	\$ 7,143,820	\$ 6,487,758	\$ 5,793,566	\$ 5,002,607	\$ 5,518,192	\$ 5,419,958	\$ 5,463,647	\$ 5,236,772	\$ 5,037,910
Public safety	14,271,569	12,548,230	11,076,972	10,045,461	16,602,424	\$8,977,394	\$8,221,406	7,073,034	7,587,098	7,328,654
Public works & streets	3,811,207	3,228,176	3,182,713	2,702,287	2,069,914	\$1,921,422	\$1,695,053	1,831,640	1,832,799	1,673,193
Health and welfare	427,685	476,889	449,454	396,472	223,710	\$230,695	\$258,917	209,748	213,543	210,378
Culture and recreation	3,534,288	3,139,908	2,912,918	2,916,439	2,619,377	\$2,610,929	\$2,529,842	2,328,232	2,507,249	2,099,843
Community development	2,196,267	1,928,214	1,814,522	1,709,901	1,454,703	\$1,308,828	\$1,108,506	1,016,830	938,132	901,382
Capital outlay	9,838,463	7,253,218	14,859,342	5,032,911	4,350,197	\$2,954,479	\$2,518,160	2,691,771	2,402,247	2,771,769
Debt service/authorities:										
Interest	1,423,117	1,231,478	727,399	760,885	651,451	\$625,182	\$643,859	626,133	713,695	722,772
Principal	611,642	782,592	1,279,572	1,082,957	759,232	\$675,923	\$708,590	398,030	385,490	660,504
Bond issue costs	-	167,292	-	-	336,579	-	-	87,664	-	-
Total expenditures	\$ 43,792,605	\$ 37,899,817	\$ 42,790,650	\$ 30,440,879	\$ 34,070,194	\$ 24,823,044	\$ 23,104,292	\$ 21,726,729	\$ 21,817,025	\$ 21,406,405
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,937,110	\$ 9,600,864	\$ 323,025	\$ 2,051,645	\$ 338,706	\$ 6,591,675	\$ 4,558,721	\$ 1,935,787	\$ 1,109,923	\$ (569,963)
OTHER FINANCING SOURCES (USES)										
Premium on debt issued	\$ -	\$ 966,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,870	\$ -	\$ -
Issuance of bonds	-	7,690,191	-	-	8,230,172	-	-	2,825,000	-	-
Payment to Refunded Bond Escrow Agent	-	(8,485,839)	-	-	-	-	-	(3,164,208)	-	-
Issuance of notes payable	-	-	-	-	508,980	-	-	-	-	-
Issuance of financed purchases	-	-	-	-	-	42,303	12,302	297,873	-	-
Issuance of leases	24,000	-	-	-	-	-	-	-	-	-
Issuance of SBITAs	96,604	-	104,095	-	-	-	-	-	-	-
Transfer from Other Funds	3,796,016	2,885,544	6,589,663	1,933,065	1,314,715	1,979,037	1,436,164	1,014,000	1,060,544	1,462,992
Transfer to Other Funds	(3,796,016)	(2,885,544)	(6,589,663)	(1,933,065)	(1,660,059)	(2,344,188)	(1,800,194)	(1,421,435)	(1,454,979)	(1,854,959)
Total other financing sources (Uses)	\$ 120,604	\$ 170,738	\$ 104,095	\$ -	\$ 8,393,808	\$ (322,848)	\$ (351,728)	\$ (19,900)	\$ (394,435)	\$ (391,967)
NET CHANGE IN FUND BALANCES	\$ 9,057,714	\$ 9,771,602	\$ 427,120	\$ 2,051,645	\$ 8,732,514	\$ 6,268,827	\$ 4,206,993	\$ 1,915,887	\$ 715,488	\$ (961,930)
Debt Services as a percentage of noncapital expenditures	5.99%	6.56%	7.21%	6.06%	5.62%	5.75%	9.37%	9.01%	5.66%	7.16%

Source: City financial records and reports

Note: The fiscal year 2023-24 investment earnings and interest expenditures figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

**CITY OF SAN LUIS, ARIZONA
PROGRAM REVENUES
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities:										
Charges for service										
General Government	\$ 1,568,021	\$ 2,825,224	\$ 1,855,707	\$ 1,793,937	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700
Public Safety	130,919	671,683	97,649	82,127	41,886	46,924	423,258	305,749	426,767	315,098
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	63,022	46,095	57,855	42,555	19,047	39,786	272,468	142,037	211,126	74,395
Community Development	-	-	-	-	-	-	-	-	-	594,182
Public Works & Streets	-	10,251	6,748	37,442	-	-	371,427	187,408	342,089	62,642
Operating grants and contributions	4,680,885	3,024,293	4,124,126	3,837,548	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123
Capital grants and contributions	8,699,126	10,826,271	9,654,758	2,069,581	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499
<i>Total governmental activities</i>	<u>\$15,141,973</u>	<u>\$17,403,817</u>	<u>\$15,796,843</u>	<u>\$7,863,190</u>	<u>\$18,250,681</u>	<u>\$12,589,190</u>	<u>\$13,858,753</u>	<u>\$8,499,300</u>	<u>\$8,803,889</u>	<u>\$14,593,639</u>
Business-type activities										
Charges for service										
Water	\$ 6,410,033	\$ 5,806,499	\$ 4,806,977	\$ 4,746,978	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031
Wastewater	6,255,802	5,508,273	4,416,848	4,259,727	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360
Business Center	615,781	619,866	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265
Sanitation	2,547,398	2,203,376	1,715,313	1,640,763	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279
Business Incubator	121,721	112,688	107,253	90,080	43,843	41,706	38,869	29,999	3,471	-
Ambulance Services	3,803,715	3,403,404	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	6,071,827	4,239,082	2,740,181	337,189	3,158,839	1,365,769	1,214,350	1,046,430	-	1,941,586
<i>Total business-type activities</i>	<u>\$ 25,826,277</u>	<u>\$ 21,893,188</u>	<u>\$ 16,939,745</u>	<u>\$ 14,137,958</u>	<u>\$ 16,774,167</u>	<u>\$ 14,367,251</u>	<u>\$ 13,626,056</u>	<u>\$ 13,803,138</u>	<u>\$ 11,902,557</u>	<u>\$ 11,258,521</u>
Total primary government	<u><u>\$ 40,968,250</u></u>	<u><u>\$ 39,297,005</u></u>	<u><u>\$ 32,736,588</u></u>	<u><u>\$ 22,001,148</u></u>	<u><u>\$ 35,024,848</u></u>	<u><u>\$ 26,956,441</u></u>	<u><u>\$ 27,484,809</u></u>	<u><u>\$ 22,302,438</u></u>	<u><u>\$ 20,706,446</u></u>	<u><u>\$ 25,852,160</u></u>

Source: City financial records and reports
Statement of Activities

CITY OF SAN LUIS, ARIZONA
GOVERNMENT-WIDE REVENUES BY FUNCTION
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities										
General Government	\$ 1,666,848	\$ 2,990,467	\$ 1,936,618	\$ 2,087,635	\$ 2,011,652	\$ 3,263,002	4,438,576	1,355,037	1,807,078	3,107,233
Public Safety	3,847,273	2,841,975	1,496,888	1,311,374	3,926,785	2,618,495	936,173	631,996	964,958	932,208
Health and Welfare	248,613	104,567	84,567	95,252	-	-	-	-	-	-
Culture and Recreation	279,425	423,509	253,150	386,716	1,413,170	876,495	272,468	150,537	211,126	197,593
Community Development	-	-	496,286	66,199	1,219,380	355,948	268,570	275,175	202,706	594,182
Public Works & Streets	9,099,814	11,043,299	11,529,334	3,916,014	9,679,694	5,475,250	7,942,966	6,086,555	5,618,021	9,762,423
Unallocated General Revenues	38,500,411	36,439,659	30,831,754	24,523,001	23,686,160	20,228,284	18,700,485	17,597,115	15,831,747	15,267,071
Total Governmental Activities	\$ 53,642,384	\$ 53,843,476	\$ 46,628,597	\$ 32,386,191	\$ 41,936,841	\$ 32,817,474	\$ 32,559,238	\$ 26,096,415	\$ 24,635,636	\$ 29,860,710
Business-type activities										
Water	\$10,164,044	\$5,806,499	\$5,845,123	\$4,876,859	\$6,649,314	\$5,247,041	\$4,990,743	\$4,672,760	\$4,025,661	\$3,796,031
Wastewater	8,573,618	5,508,273	6,118,883	4,467,035	5,536,990	4,882,137	4,537,510	4,609,965	4,006,279	5,627,946
Business Center	615,781	619,866	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265
Sanitation	2,547,398	2,203,376	1,715,313	1,640,763	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279
Business Incubator	121,721	112,688	107,253	90,080	43,843	41,706	38,869	29,999	3,471	-
Ambulance Services	3,803,715	3,403,404	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-
Unallocated General Revenues	1,041,405	1,039,478	716,265	6,255	368,336	590,016	1,202,616	481,713	449,922	-
Total Business Activities	\$ 26,867,682	\$ 18,693,584	\$ 17,656,010	\$ 14,144,213	\$ 17,142,503	\$ 14,957,267	\$ 14,828,673	\$ 14,284,851	\$ 12,352,479	\$ 11,258,521

Note: The fiscal year 2023-24 unallocated general revenues figures were restated due to the correction of errors during fiscal year 2024-25. See Note 15 within the Notes to the Financial Statements for more information.

Source: Statement of Activities.
 City financial Records and reports

CITY OF SAN LUIS, ARIZONA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City Sales Tax	\$18,187,822	\$16,116,973	\$13,705,119	\$11,954,405	\$12,128,587	\$10,660,531	\$9,720,729	\$8,989,483	\$7,694,566	\$7,508,359
State Sales taxes	5,850,021	5,404,857	5,518,598	4,992,164	4,125,823	3,470,421	3,272,469	3,090,501	2,889,943	2,659,098
Franchise Tax	599,848	540,783	501,885	459,210	445,925	415,758	437,765	435,767	401,364	435,822
Special Districts	990,305	796,439	640,224	584,632	488,533	482,034	335,006	345,509	302,546	302,865
Others	96,579	85,935	83,330	76,930	84,579	117,824	131,423	129,514	-	-
Total tax revenues	<u>\$25,724,575</u>	<u>\$22,944,987</u>	<u>\$20,449,156</u>	<u>\$18,067,341</u>	<u>\$17,273,447</u>	<u>\$15,146,568</u>	<u>\$13,897,392</u>	<u>\$12,990,774</u>	<u>\$11,288,419</u>	<u>\$10,906,144</u>

Source: Statement of Activities
Statement of Revenues, Expenditures and Change in Fund Balance Governmental Fund

Note: Includes Governmental Fund Types
Special Districts include Street Light Improvement Districts (SLIDs), Maintenance Improvement Districts (MIDs); both are levy as secondary property taxes.

CITY OF SAN LUIS, ARIZONA
INTERGOVERNMENTAL REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State Shared Sales Tax	\$5,850,021	\$5,404,857	\$5,518,598	\$4,992,164	\$4,125,822	\$3,470,721	\$3,272,469	\$3,090,501	\$2,889,943	\$2,659,098
Urban Revenue Sharing	8,076,429	9,478,747	7,082,128	4,631,128	4,970,262	4,330,742	3,929,206	3,981,836	3,856,245	3,360,240
Highway Users	3,780,259	3,667,609	3,619,573	3,376,414	3,144,848	3,006,613	2,804,155	2,651,344	2,526,082	2,239,260
Auto-in-lieu	2,201,492	2,025,268	2,079,728	1,808,742	1,838,257	1,466,398	1,407,377	1,335,198	1,259,413	1,104,206
Federal	6,771,080	2,871,569	5,484,034	1,880,353	3,970,104	2,536,130	1,140,890	40,939	1,139,781	673,284
Others	466,986	454,817	74,328	46,752	32,639	64,175	82,600	14,010	64,356	123,047
Total tax revenues	<u>\$27,146,267</u>	<u>\$23,902,867</u>	<u>\$23,858,389</u>	<u>\$16,735,553</u>	<u>\$18,081,932</u>	<u>\$14,874,779</u>	<u>\$12,636,697</u>	<u>\$11,113,828</u>	<u>\$11,735,820</u>	<u>\$10,159,135</u>

Source: Statement of Activities
Finance Records

Note: Includes governmental fund types
Includes all governmental revenues, including revenues from federal government

**CITY OF SAN LUIS, ARIZONA
CITY TRANSACTION PRIVILEGE TAXES BY CATEGORY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Retail Sales	\$9,724,979	\$9,322,899	\$8,259,698	\$7,420,108	\$7,211,203	\$6,023,773	\$5,100,707	\$5,307,579	\$4,693,648	\$3,731,819
Contracting	4,694,451	3,312,929	2,266,111	1,714,833	2,140,305	2,056,745	2,039,455	1,188,901	888,499	1,573,668
Rentals	546,610	523,967	514,318	416,507	395,765	398,642	456,557	360,153	333,635	407,570
Communications/Utilities	1,470,041	1,346,253	1,217,783	1,111,684	1,045,592	992,652	1,021,204	1,140,903	947,825	1,174,550
Restaurant/Bar	1,290,394	1,217,874	1,067,278	838,501	734,546	652,531	604,790	611,999	456,027	422,284
Use	428,959	362,226	346,317	429,550	574,531	491,719	395,085	221,860	356,078	129,156
Other	32,387	30,824	33,614	23,222	26,645	44,469	102,956	107,963	18,855	69,312
	<u>\$18,187,821</u>	<u>\$16,116,972</u>	<u>\$13,705,119</u>	<u>\$11,954,405</u>	<u>\$12,128,587</u>	<u>\$10,660,531</u>	<u>\$9,720,754</u>	<u>\$8,989,483</u>	<u>\$7,694,566</u>	<u>\$7,508,359</u>
% Growth by year										
Retail Sales	4.3%	12.9%	11.3%	2.9%	19.7%	18.1%	-3.9%	13.1%	25.8%	0.3%
Contracting	41.7%	46.2%	32.1%	-19.9%	4.1%	0.8%	71.5%	33.8%	-43.5%	-4.9%
Rentals	4.3%	1.9%	23.5%	5.2%	-0.7%	-12.7%	26.8%	7.9%	-18.1%	14.4%
Utilities	9.2%	10.5%	9.5%	6.3%	5.3%	-2.8%	-10.5%	20.4%	-19.3%	12.5%
Restaurant/Bar	6.0%	14.1%	27.3%	14.2%	12.6%	7.9%	-1.2%	34.2%	8.0%	1.2%
Use	18.4%	4.6%	-19.4%	-25.2%	16.8%	24.5%	78.1%	-37.7%	175.7%	6.7%
Other	5.1%	-8.3%	44.8%	-12.8%	-40.1%	-56.8%	-4.6%	472.6%	-72.8%	52.9%
	<u>89.0%</u>	<u>81.9%</u>	<u>129.1%</u>	<u>-29.3%</u>	<u>17.7%</u>	<u>-21.0%</u>	<u>156.2%</u>	<u>544.3%</u>	<u>55.7%</u>	<u>83.1%</u>

Note: Includes governmental fund types

Source: AZ Department of Revenues
City of San Luis Finance Department

**CITY OF SAN LUIS, ARIZONA
SALES TAX PAYERS - BY CATEGORY
CURRENT YEAR AND TEN YEARS AGO**

	2025				2016			
	Number of Payers	Percentage of Total Payers	Sales Tax Paid	Percentage of Total City Sales Tax Revenue	Number of Payers	Percentage of Total Payers	Sales Tax Paid	Percentage of Total City Sales Tax Revenue
Retail Sales	4,870	69.32%	\$9,724,979	53.47%	662	30.40%	\$3,731,819	57.13%
Construction, MFG & Wholesale	126	1.79%	4,694,451	25.81%	772	35.45%	1,573,668	24.09%
Rentals	370	5.27%	546,610	3.01%	144	6.61%	407,570	6.24%
Communications/Utilities	83	1.18%	1,470,041	8.08%	73	3.35%	1,174,550	17.98%
Restaurant/Bar	51	0.73%	1,290,394	7.09%	35	1.61%	422,284	6.47%
Use/Services	843	12.00%	428,959	2.36%	285	13.09%	129,156	1.98%
Other	682	9.71%	32,387	0.18%	207	9.50%	69,312	1.06%
	<u>7,025</u>	<u>100%</u>	<u>\$18,187,822</u>	<u>100%</u>	<u>2,178</u>	<u>100%</u>	<u>\$7,508,359</u>	<u>114.95%</u>

Note: Includes governmental fund types

Source: AZ Department of Revenues
City financial Records and reports

**CITY OF SAN LUIS, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-Type Activities	
	Revenue Bonds	Notes Payable	Leases Payable	Financed Purchases Payable	SBITAs	Revenue Bonds	Direct Placement Revenue Bonds
2025	\$ 16,708,532	\$ 55,070	\$ 16,000	\$ -	\$ 63,155	\$ 20,313,266	\$ 3,840,000
2024	18,043,347	162,751	-	55,386	34,685	22,002,494	4,190,000
2023	19,697,222	296,020	-	104,796	68,210	24,342,067	4,530,000
2022	20,697,655	436,325	-	156,973	-	25,829,638	4,855,000
2021	21,429,405	564,707	-	208,986	-	27,245,890	5,170,000
2020	13,881,119	129,217	-	260,849	-	27,632,180	5,475,000
2019	14,546,314	174,463	-	265,209	-	28,974,986	5,770,000
2018	19,231,768	270,763	-	297,873	-	30,377,536	6,050,000
2017	12,369,441	3,387,922	-	-	-	19,373,717	6,320,000
2016	12,722,526	3,475,224	-	-	-	19,926,736	6,580,000

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Leases Payable	Financed Purchases Payable			
2025	\$ -	\$ 699,055	\$ -	\$ 41,695,078	2.10%	1,041
2024	-	699,092	5,233	45,192,988	2.33%	1,166
2023	36,100	699,128	10,466	49,784,009	2.98%	1,407
2022	88,478	699,163	15,698	52,778,930	3.15%	1,494
2021	138,525	-	100,396	54,857,909	3.77%	1,550
2020	186,338	-	182,593	47,747,296	3.67%	1,388
2019	243,768	-	262,368	50,237,108	4.00%	1,511
2018	57,843	-	339,795	56,625,578	4.68%	1,590
2017	10,172,171	-	379,290	52,002,541	4.66%	1,543
2016	10,444,843	-	-	53,149,329	4.86%	1,621

Note: See Table XIV for Personal Income and Population

Source: (1) Based on data provided by the Greater Yuma Economic Development Corporation and the US Census Bureau City financial Records and reports

**CITY OF SAN LUIS, ARIZONA
PLEDGED REVENUE COVERAGE - EXCISE TAX REVENUE BONDS
LAST TEN FISCAL YEARS**

		<u>Excise Tax Revenue Bonds</u>									
		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pledged revenues	(1)	\$35,913,475	\$34,659,407	\$29,782,958	\$24,657,240	\$24,759,401	\$21,475,220	\$19,715,582	\$18,672,560	\$15,562,640	\$15,766,957
Debt service requirements											
Principal		\$2,715,000	\$2,815,000	\$2,525,000	\$2,315,000	\$1,975,000	\$1,880,000	\$1,915,000	\$1,035,000	\$995,000	\$1,690,001
Interest		1,421,214	1,840,614	1,686,111	1,766,249	1,687,496	1,710,626	1,759,000	1,679,297	2,337,226	2,369,747
Total Annual Requirements		4,136,214	4,655,614	4,211,111	4,081,249	3,662,496	3,590,626	3,674,000	2,714,297	3,332,226	4,059,748
Estimated Coverage		8.68	7.44	7.07	6.04	6.76	5.98	5.37	6.88	4.67	3.88

(1)

Pledged revenues on the Excise Tax Revenue Bonds are the "Excise Taxes", "State Shared Revenues", Licenses and Permit Fees, and Franchise fees. Excise Taxes are defined to include the transaction privilege and business taxes, which the City imposes. State Shared Revenues are defined as any excise tax, transaction privilege and use taxes and income taxes imposed by the State of Arizona and allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes.

Source: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and debt service schedules - City financial records

**CITY OF SAN LUIS, ARIZONA
PLEGGED REVENUE COVERAGE - UTILITY REVENUE BONDS
LAST TEN FISCAL YEARS**

Water and Wastewater Utility Revenue Bonds										
(3)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Gross Revenues	(1) \$13,679,126	\$12,353,102	\$9,939,699	\$9,012,642	\$9,050,328	\$8,976,213	\$8,598,226	\$8,232,732	\$8,086,255	\$7,506,930
Operating Expenses	(2) 7,497,510	7,432,216	5,970,809	5,494,237	5,130,618	4,405,164	4,059,728	3,363,861	5,027,804	4,388,160
Net Revenues Available	\$6,181,616	\$4,920,886	\$3,968,890	\$3,518,405	\$3,919,710	\$4,571,049	\$4,538,498	\$4,868,871	\$3,058,451	\$3,118,770
Debt Service Requirements										
Principal	\$365,000	\$350,000	\$340,000	\$325,000	\$315,000	\$305,000	\$295,000	\$280,000	\$270,000	\$260,000
Interest	145,920	159,220	172,140	184,490	196,460	208,050	219,260	229,900	240,160	250,040
	\$510,920	\$509,220	\$512,140	\$509,490	\$511,460	\$513,050	\$514,260	\$509,900	\$510,160	\$510,040
Estimated Coverage	12.10	9.66	7.75	6.91	7.66	8.91	8.83	9.55	6.00	6.11

Notes:

(1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.

(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds less depreciation and amortization.

Source: Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds and repayment schedules for the Water and Wastewater Utility Revenue Bonds.

**CITY OF SAN LUIS
COMPUTATION OF DIRECT AND OVERAPPING DEBT
JUNE 30, 2025**

<u>Jurisdiction</u>	<u>Net Assessed Value (2)</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of San Luis: Note Payable	\$ 119,778,259	\$ 55,070	100.00%	\$ 55,070
City of San Luis: Revenue Bonds	119,778,259	15,713,179	100.00%	15,713,179
City of San Luis: Premiums	119,778,259	995,353	100.00%	995,353
City of San Luis: Leases Payable/SBITAs	119,778,259	79,155	100.00%	79,155
		<u>\$ 16,842,757</u>		<u>\$ 16,842,757</u>
As presented fiscal year ended June 30, 2024				
Arizona Western College	\$ 1,590,477,585	\$ 65,435,000	0.61%	\$ 399,154
Somerton Elementary School District No. 11	116,449,407	782,535	18.00%	140,856
Gadsden School District No. 32	89,616,617	7,818,358	26.70%	2,087,502
Yuma County	1,590,477,585	82,873,836	0.61%	505,530
Yuma Union High School District No 70 (1)	<u>1,491,952,807</u>	<u>55,462,733</u>	0.94%	<u>521,350</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 212,372,462</u>		<u>3,654,392</u>
Total Direct and Overlapping General Obligation Debt				<u><u>\$ 20,497,149</u></u>

Sources: City of San Luis GIS Department

(1) Total Net Debt Outstanding from FY24 Report of Bonded Indebtedness, AZ Financial Transparency Portal

(2) County records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**CITY OF SAN LUIS, ARIZONA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Labor force	Employment	Unemployment	Unemployment rate percentage
2025	40,064	49,564	12,848	10,664	2,184	17.0%
2024	38,758	50,089	15,593	11,900	3,693	23.7%
2023	35,372	47,257	15,169	10,907	4,262	28.1%
2022	35,391	47,414	15,096	8,062	7,034	46.6%
2021	35,394	41,122	13,946	10,850	3,096	22.2%
2020	34,394	37,800	14,626	7,386	7,240	49.5%
2019	33,243	37,800	14,534	11,220	3,314	22.8%
2018	33,107	33,967	14,139	10,787	3,352	23.7%
2017	32,540	33,124	13,382	9,897	3,485	26.0%
2016	34,001	33,376	18,632	9,998	8,633	46.3%

Data Source:

Greater Yuma Economic Development Corporation

**CITY OF SAN LUIS, ARIZONA
MAJOR EMPLOYERS WITHIN THE CITY
CURRENT YEAR AND NINE YEARS AGO**

Employer	2025			2016		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	1,256	1	30.83%	854	2	23.44%
ACT Call Center	915	2	22.46%	820	3	22.50%
Gadsen Elementary School District	593	3	14.56%	869	1	23.85%
Walmart	368	4	9.03%	333	5	9.14%
City of San Luis	365	5	8.96%	237	6	6.50%
Factor Sales	162	6	3.98%	409	4	11.22%
Sunset Community Health Center	100	7	2.45%	-	0	0.00%
San Luis Detention Center	190	8	4.66%	122	7	3.35%
Comite De Bienestar	68	9	1.67%	-	-	-
Basha's/Food City	57	10	1.39%	-	-	-
Total Employees	4,074			3,644		

Source: Greater Yuma Economic Development Corporation

Notes:

(1) Data for 7 employers was the only available information for 2016.

**CITY OF SAN LUIS, ARIZONA
 AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Permanent Position by Function	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund										
General Government	104	95	87	76	76	91	89	79	56	58
Public Safety	116	109	105	98	98	80	83	96	89	94
Health and Welfare	7	7	7	5	5	4	4	4	3	4
Culture and Recreation	33	32	32	27	25	23	47	23	35	47
Community Development	16	16	17	16	14	12	12	10	9	9
Sub total General Fund	<u>276</u>	<u>259</u>	<u>248</u>	<u>222</u>	<u>218</u>	<u>210</u>	<u>235</u>	<u>212</u>	<u>192</u>	<u>189</u>
General Fund	276	259	247	222	218	210	235	212	192	189
Public Works & Streets	23	23	23	21	21	20	15	17	18	15
Enterprise Funds	67	62	62	58	53	40	30	53	50	32
Total Permanent Positions	<u>366</u>	<u>344</u>	<u>332</u>	<u>301</u>	<u>292</u>	<u>270</u>	<u>280</u>	<u>282</u>	<u>260</u>	<u>237</u>

Source: City Payroll

**CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - BILLINGS
LAST TEN FISCAL YEARS**

	Utility Rate Increases & Average Bill									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water										
Average bill	\$54.08	\$50.18	\$45.12	\$46.11	\$48.10	\$48.84	\$48.28	\$48.16	\$48.45	\$48.03
% Increase	7.77%	11.21%	-2.15%	-4.14%	-1.52%	1.16%	0.25%	-0.60%	0.88%	3.09%
Wastewater										
Average bill	\$57.44	\$51.79	\$43.96	\$43.96	\$43.26	\$43.65	\$44.56	\$44.60	\$51.57	\$48.40
% Increase	10.91%	17.81%	0.00%	1.62%	-0.89%	-2.04%	-0.09%	-13.52%	6.56%	4.52%
Residential Solid Waste										
Average bill	\$23.21	\$20.87	\$18.01	\$17.90	\$17.48	\$17.51	\$17.64	\$17.82	\$17.03	\$16.95
% Increase	11.21%	15.88%	0.61%	2.40%	-0.17%	-0.74%	-1.01%	4.64%	0.47%	0.52%

Source: City Customer Service and Billing records (Billing Register Summary)

**CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - ACCOUNTS
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water										
Number of Accounts	9,178	8,870	8,393	8,103	7,949	7,614	7,194	6,828	6,669	6,384
% Increase	3.47%	5.68%	3.58%	1.94%	4.40%	5.84%	5.36%	2.38%	4.46%	3.13%
Wastewater										
Number of Accounts	8,919	8,504	8,164	7,972	7,721	7,383	7,027	6,618	6,495	6,216
% Increase	4.88%	4.16%	2.41%	3.25%	4.58%	5.07%	6.18%	1.89%	4.49%	3.77%
Residential Solid Waste										
Number of Accounts	8,474	8,066	7,693	7,559	7,319	6,983	6,620	6,222	6,113	5,825
% Increase	5.06%	4.85%	1.77%	3.28%	4.81%	5.48%	6.40%	1.78%	4.94%	3.23%

Source: City Customer Service and Billing records

**CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - RATES**

**Charges for Water Services
Base Minimum Monthly Bill**

Water Service Fees						
Residential			Commercial / Government / School			
Meter Size	1st 2,000 G	Excess / 000's	Commercial / Gov't			School
			1st 2,000 G	Excess / 000's		
5/8" - 3/4"	\$ 16.72	\$ 2.56	\$ 42.54	\$ 3.22	\$	3.57
1"	N/A	N/A	\$ 71.04	\$ 3.22	\$	3.57
1 1/2"	N/A	N/A	\$ 141.65	\$ 3.22	\$	3.57
2"	N/A	N/A	\$ 226.73	\$ 3.22	\$	3.57
3"	N/A	N/A	\$ 496.43	\$ 3.22	\$	3.57
4"	N/A	N/A	\$ 1,701.54	\$ 3.22	\$	3.57
6"	N/A	N/A	\$ 3,544.88	\$ 3.22	\$	3.57
8"	N/A	N/A	\$ 5,104.63	\$ 3.22	\$	3.57

**Charges for Wastewater Services
Based Minimum Monthly Bill**

Wastewater Service Fees				
Residential			Commercial / Government / School	
Meter Size	Base	Excess / 000's	Base	Volume/000's
Senior 60+ yrs	\$ 28.68	N/A	N/A	N/A
5/8" - 3/4"	\$ 56.70	N/A	\$ 34.73	\$ 3.50
1" - 8"	N/A	N/A	\$ 34.73	\$ 3.13
Gadsden Residential	\$ 78.34	N/A	N/A	N/A
Gadsden School	N/A	N/A	\$ 291.73	N/A
Gasden Commercial	N/A	N/A	\$ 108.22	N/A

Source: City Customer Service and Billing records

**CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,316,039	1,215,140	1,196,668	1,220,347	1,240,165	1,180,168	1,144,797	1,085,982	1,067,585	1,041,105
Avg gallons/account/month	11,416	11,416	11,882	12,654	13,001	13,671	13,261	13,254	13,340	13,590
Avg gallons/account/year	136,994	136,994	142,579	151,845	156,015	164,049	159,132	159,048.33	160,082	163,080
Avg. daily demand (MGD)	4.26	4	3.8	3.75	3.74	3.53	3.23	3.23	445	453
Peak demand (MGD)	5.25	4.9	4.63	4.48	4.84	4.74	3.81	3.81	3.81	3.43
Number of wells in system	10	10	10	10	10	12	12	12	12	12
Available storage capacity (million Gallons)	4,900	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025
Miscellaneous data on wastewater utility										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual wastewater treated (000's)	687,351	682,547	651,801	580,295	526,272	613,095	586,810	514,839	458,763	465,867
Average daily flow (000's)	1,881	1,870	1,786	1,590	1,442	1,679	1,608	10,740	1,286	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	13,503	13,562	13,351	14,313	14,100	12,300	12,046	11,719	10,740	10,306

Source: City Customer Service and Billing records
Public Works records

**CITY OF SAN LUIS, ARIZONA
BUILDING PERMITS AND HOME SALES
LAST TEN FISCAL YEARS
(\$'s in 000's)**

		Building Permits									
		Fiscal Year									
		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial											
	Number of Permits	4	11	5	9	2	6	1	1	6	16
	Value	\$ 5,190	\$ 7,107	\$ 6,512	\$ 25,898	\$ 5,721	\$ 17,447	10	\$568	\$7,091	\$51
Residential											
	Number of Dwelling Units	279	472	251	193	374	355	340	193	267	169
	Value	\$ 56,933	\$ 67,659	\$ 38,089	\$ 30,795	\$ 57,804	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850
Other											
	Number of Permits	568	383	390	414	484	390	352	404	480	523
	Value	\$ 65,681	\$ 16,843	\$ 12,509	\$ 9,342	\$ 11,432	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652

		Single Family Housing Sales									
		Calendar Year									
		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
New units sold		257	351	235	244	349	317	314	258	228	175

Source: City Development Services

**CITY OF SAN LUIS, ARIZONA
OPERATING INDICATOR BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	4,567	4,311	3,613	2,684	2,186	2,630	2,749	2,200	3,317	3,734
Charges dismissed	714	1,170	-	862	399	761	1,014	754	1,037	841
<i>Human Resources</i>										
# of employment Applications Processed	4,336	3,833	2,000	2,044	2,001	2,683	1,816	2,829	3,047	1,643
<i>Finance</i>										
# of Accounts Payable checks issued	5,150	5,096	5,549	5,398	4,247	4,456	4,780	4,721	4,785	4,264
# of Claims filed, injured or ill workers	103	112	107	68	104	221	33	27	16	13
# of electrical inspections performed	-	-	-	-	2	3	4	**	**	3
Notice of claims	12	8	6	4	3	14	7	14	3	2
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	13,157	6,488	9,677	5,171	5,518	5,556	7,276	5,467	4,889	5,920
# of Traffic Stops	5,678	6,557	6,406	4,134	3,553	4,147	5,463	4,786	5,220	4,681
# of Arrests on Warrants	217	188	204	254	362	360	396	374	468	439
<i>Fire</i>										
# of Ambulance Transport Services	3,861	3,618	3,576	3,523	3,430	3,341	2,972	2,699	2,767	2,665
# of Fire & Hazmat Incidents	66	70	117	68	71	50	61	63	41	57
HEALTH AND WELFARE										
# of Meals served - Food Assistance	17,824	15,842	15,399	11,470	2,168	5,590	4,787	5,783	7,791	8,869
# of citywide transit ridership	3,955	4,096	3,655	2,682	390	4,797	6,157	6,166	9,538	10,661

Note: (**) Information is not available

Source: Various Departments

**CITY OF SAN LUIS, ARIZONA
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government										
City Hall										
Building	6	5	3	3	3	3	3	3	3	3
Vehicle	49	46	43	40	41	37	34	33	31	26
Public Safety										
Building	3	3	2	2	2	2	2	2	2	2
Vehicle	103	99	93	73	77	71	72	70	69	70
Culture & Recreation										
Building	5	3	3	3	3	3	3	3	3	3
Equipment	58	65	54	52	45	41	38	37	39	33
Health and Welfare										
Building	1	1	2	2	2	2	2	2	2	2
Vehicle	3	4	4	4	2	2	2	2	3	3
Public Works and streets										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	36	39	36	35	29	28	28	28	27	26
Enterprise										
Building	4	4	4	4	4	4	4	4	4	4
Equipment	71	90	80	76	71	68	67	61	61	51

Source: City records Finance Department