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San Luis City Hall

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COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019



CITY OF SAN LUIS, AZ
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended
June 30, 2019

City of San Luis, Arizona

*Prepared by:
Department of Finance*

**CITY OF SAN LUIS, ARIZONA
Comprehensive Annual Financial
Report for the Fiscal Year Ended June 30, 2019**

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INTRODUCTORY SECTION





City of San Luis

Finance Department

December 23, 2019

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. 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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of San Luis for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal control framework is designed both to protect the government's assets from loss, theft or misuse and to allow the compilation of 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. We believe the data, as presented in this report, is accurate in all material respects and is presented in a manner which 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, 2019, 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 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 is required to make records available for review or audit by appropriate officials of the federal agencies and the U.S. Government Accountability Office.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's 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 both Mexico and California. It currently occupies 30 squares miles and serves a population of approximately 34,000. 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. The Mayor is elected at-large for a four-year term. Council members are elected, for four-year terms, with four members elected every two years. 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, and Magistrate. 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.

Between the 2000 census and the 2010 census the City's population increased by over 66.46 percent, from approximately 15,400 to approximately 25,500. The estimated current population is approximately 36,000 increasing 41% from 2010 to 2018. 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 5 parks encompassing 60 acres.

This report includes financial statements on both a government-wide and a fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. 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*". 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 fiscal year 2019 was \$46 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 all of the City's financial operations including funding for one corporation outside the City's organizational structure. The Council adopted a Strategic Plan for San Luis, and in order to implement the Strategic Plan, each department and intergovernmental agency receiving City funds was asked to address the strategies in its requested budget documents. 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, notices, and hold public hearings as defined by state statute. After all these requirements are met, the City may adopt the budget by August 15 or soon thereafter.

Economic Condition of City of San Luis, Arizona

Factors Affecting Financial Condition

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.

Local economy

The City of San Luis continues to experience economic growth. Retail trade, agriculture and manufacturing forms a large portion of the local economy.

The real estate sector continues to experience substantial interest in new developments. In this fiscal year, over 600 new residential lots were developed and approximately 300 residential building permits were issued this year. Several residential subdivisions are under construction which will provide 600 new residential lots this coming year.

Significant investments were made in commercial and industrial development including a new \$2 million gas station, \$1.2 million improvements to an existing commercial facility, a \$4 million textile manufacturing facility and \$9 million warehouse facility creating over 80 jobs. Furthermore, the federal government invested \$6 million in a pedestrian facility at the San Luis I Port of Entry.

Major developments in the pipeline includes a commercial mix use development to include a hotel, gas station, medical office space and retail store. In addition, a 75,000 SF medical mall project is under construction with an investment of \$22 million expected to be completed in June 2020.

A 3 Phase multi-million-dollar mix use project expected to be completed in the next 2 years. Phase I is a 20,000 SF charter school to serve 300 students and employ 20 people. Phase II is a 50,000 SF executive office and Phase III includes a building for medical and dental office. A \$1.8 million expansion of a charter school is under the review process as well as a 3 phase manufacturing plan with an investment of \$4 million.

The City also is a significant economic presence thanks to the state prison that provides employment to more than 900 professional and staff. In addition, since San Luis is a border/US 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. Currently, a \$248 million modernization of the San Luis I Port of Entry project is in the presidential budget. This project will double the amount of vehicle lanes entering the United States.

The City continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. San Luis growth is estimated to reach a population of 72,566 in 2040.

City of San Luis will continue to take advantage of its strategic location and create a sustainable economy that will increase the quality of life for its residents.

Long-Term Financial Planning

The City's financial planning process is guided by the budget 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. Needless to say that the budget process includes input from City Council, the City Manager and citizens and includes 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 bi-annually a review of existing rate study that extends over a ten-year financial forecast in order to determine the long-term funding availability. The City Council reviews the updated financial plans and the associated rates necessary to support the enterprise funds and their capital projects.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its CAFR for the fiscal year that ended June 30, 2018.

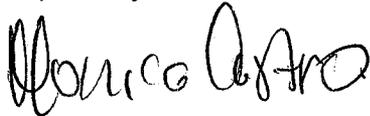
The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, with contents conforming to program standards. Such CAFR 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 last fiscal year. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The preparation of this Comprehensive Annual 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 financial affairs of the City.

Respectfully submitted,

A handwritten signature in black ink that reads "Monica Castro". The signature is written in a cursive, flowing style.

Monica Castro, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of San Luis
Arizona**

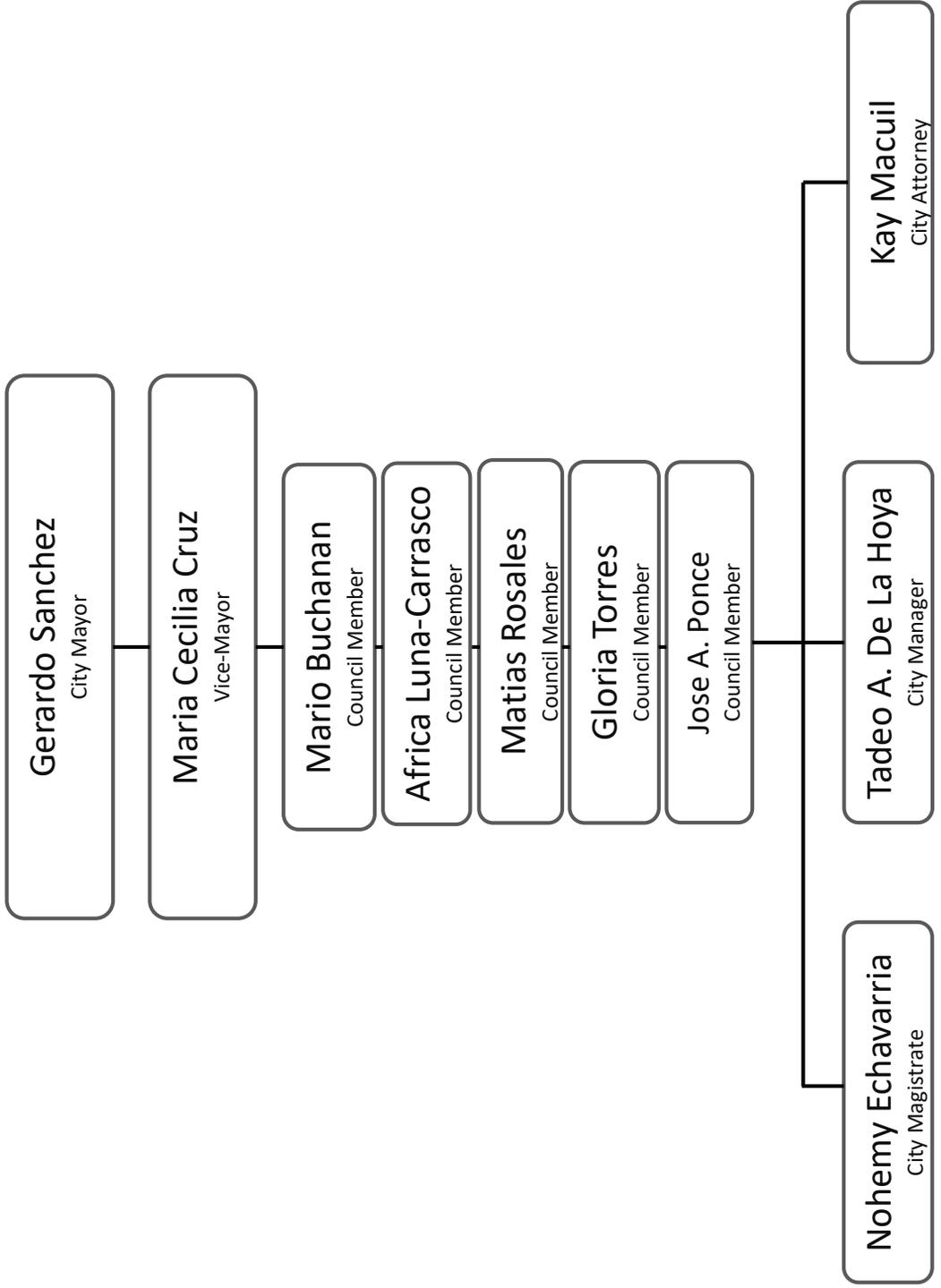
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL



Elected officials

As of June 30, 2019

Gerardo Sanchez
Mayor

Matias Rosales
Councilmember
Africa L. Carrasco
Councilmember
Gloria Torres
Councilmember

Maria C. Cruz
Vice Mayor
Mario Buchanan
Councilmember
Jose Ponce
Councilmember



Appointed officials

Tadeo De La Hoya
City Manager

Attorney
City Clerk
Economic Development Manager
Director of Parks and Recreation
Director of Finance
Fire Chief
Chief of Police
Information Technology Manager
Magistrate
Director of Planning & Zoning
Acting HR Manager
Risk & Property Manager
Senior Services Manager
Billing and Collection Manager

Kay Macuil
Sonia Cornelio
Jenny Torres
Lizandro Galaviz
Monica Castro
Angel Ramirez
Richard Jessup
Derek Duenas
Nohemy Echavarria
Jose Guzman
Edgar Carbajal
Maria Sabori
Aracely DeLaHoya
Jorge Perez

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information and the respective budgetary comparisons for the General Fund and the Highway Users Fund of City of San Luis, Arizona (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, and the aggregate remaining fund information of the City of San Luis, Arizona, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Highway Users Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City/Town implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for the year ended June 30, 2019, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate 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.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the 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' 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 the City of San Luis, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 23, 2019

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, 2019**

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, 2019. 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

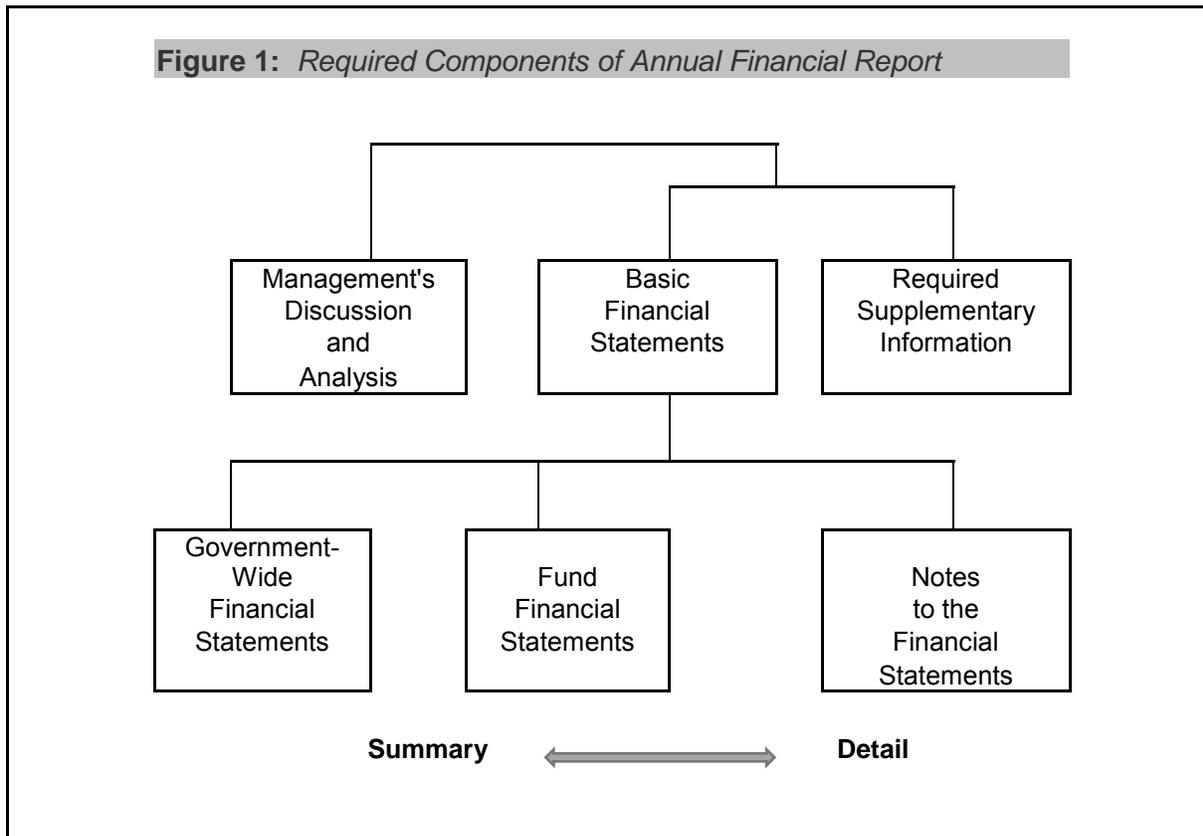
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$92.7 million.
- The City's net position of governmental activities increased approximately \$10.7 million to \$63.3 million and business-type activities increased \$4.4 million to \$29.4 million representing 68 percent and 32 percent respectively, of the total net position of \$92.7 million.
- As of the close of the fiscal year the City's governmental funds reported combined ending fund balances of \$18.5 million, an increase of \$4.2 million over the prior year. Approximately 18.5 percent of this amount, or \$3.4 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15.2 million, or 90.1 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$19.1 million in revenues or 58 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13.9 million or 42 percent of total governmental activities. The City had \$13.6 million of program revenues related to business-type activities.
- The City had \$21.9 million in expenses related to governmental activities; of which \$13.9 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$19.1 million were adequate to provide for the costs of these programs. The City had \$10.5 million in expenses related to business-type activities that were offset by program specific charges for services or capital grants and contributions.
- Among major governmental funds, the general fund had \$21.8 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 \$16.9 million. The general fund's fund balance increased from \$11.9 million to \$15.3 million. The highway users fund had revenues of \$3.2 million, which consisted primarily of intergovernmental revenues, and expenditures of \$2.7 million.
- The City's total long-term liabilities decreased from 69.2 million to 64.5 million during the current fiscal year. This decrease was due to the City making scheduled principal payments on its debt.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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 comprehensive annual 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, 2019**

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 are 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, 2019**

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 9 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 and municipal projects bond funds, all of which are considered to be major funds. Data from the other 6 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, business center, sanitation, ambulance and business incubator, all five 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 programs. 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 health insurance benefits to retirees and pension benefits to its Public Safety employees, EORP and other post-employment benefit information. 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, 2019**

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 \$92.7 million as of June 30, 2019. By far the largest portion of the City's net position (75 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, 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 7.8 percent of the City's net position, 7.3 million at June 30, 2019 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 15.4 percent at June 30, 2019 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, 2019 and 2018.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$24,354,335	\$21,576,182	\$14,562,100	\$14,196,880	\$38,916,435	\$35,773,062
Capital assets	68,762,018	63,259,250	52,902,683	50,936,814	121,664,701	114,196,064
Total Assets	93,116,353	84,835,432	67,464,783	65,133,693	160,581,136	149,969,126
Total Deferred Outflow of Resources	3,205,666	2,989,699	1,596,916	1,717,202	4,802,582	4,706,901
Long-term liabilities	26,393,735	30,124,091	35,434,299	39,080,072	61,828,034	69,204,163
Other liabilities	3,832,984	3,514,619	3,493,279	2,173,669	7,326,263	5,688,288
Total Liabilities	30,226,719	33,638,710	38,927,578	41,253,741	69,154,297	74,892,451
Total Deferred inflow of Resources	2,756,139	1,535,065	724,464	556,509	3,480,603	2,091,574
Net Position						
Net Investment in Capital assets	52,027,709	47,586,157	19,200,217	16,864,092	71,227,926	64,450,249
Restricted	6,287,051	2,981,920	978,691	284,192	7,265,742	3,266,111
Unrestricted	5,024,402	2,083,278	9,230,749	7,892,361	14,255,151	9,975,639
Total net position	\$63,339,161	\$52,651,356	\$29,409,657	\$25,040,645	\$92,748,818	\$77,692,000

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Governmental Activities: Net position in governmental activities saw an increase of \$10.7 million. The reasons for this change can be summarized as follows:

- Program revenues covered 63 percent of total governmental expenses, increasing from 38 percent from last year to 63 percent. This is a 25 percent increase in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$13.9 million, which was an increase of \$5.4 million from the previous year. Due primarily to a 132.3 percent increase in charges for services, a 18.5 percent increase in operating grants and a 52.4% percent increase in capital grants. These increases reflect the ongoing economic growth experienced locally and nationally over the past years.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$ 1.1 million totaling \$19.1 million. This amounts to an overall increase in total revenue of 6 percent.
- Expenses totaled \$21.9 million, a 2.5 percent decrease compared to the previous year.
- For governmental activities city sales taxes represents 29.5 percent of the total revenues, being the largest single source of funds, followed by state share revenues representing 26.1percent and 20.9 percent of capital grants and contributions.

Business-type Activities: Net position of the enterprise funds at the end of the year amounted to \$29.4 million. The Enterprise Funds had an increase in net position of \$4.4 million. Overall, total revenues exceeded expenses for all the proprietary funds, with the exception of business incubator.

Expenses totaled \$10.5 million, a 1.5 percent decrease compared to prior year.

Capital contributions and investment earnings increased in comparison with prior year a 16 percent and 285 percent respectively, offset by a decrease in charges for services. This decrease is caused by an increase to the allowance for doubtful account in the ambulance fund to appropriately reflect the accounts receivable the ambulance fund might not collect.

The last rate increase from city rate study to compensate for historical shortfalls took place on July 1st, 2017. The steady rate increases over the past years are also contributors to the increase in net position for the enterprise funds.

For Business-type activities, the largest part of the revenue is attributable to Charges for Services - Program Revenues, which is made up of 35.3 percent Water, 31.7 percent Wastewater, 16.2 percent Ambulance, and 11.6 percent Sanitation.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 3	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for services	\$4,611,810	\$1,985,216	\$12,411,706	\$12,756,708	\$17,023,516	\$14,741,925
Operating grants and contributions	2,372,433	2,002,228			2,372,433	2,002,228
Capital grants and contributions	6,874,510	4,511,855	1,214,350	1,046,430	8,088,860	5,558,285
General Revenues:						
City sales taxes	9,720,729	8,978,743			9,720,729	8,978,743
Franchise taxes	437,765	435,767			437,765	435,767
State shared revenues	8,609,052	8,407,534			8,609,052	8,407,534
Investment earnings	296,968	182,505	285,758	74,278	582,725	256,783
Development fees			552,832		552,832	
Total Revenues	32,923,267	26,503,849	14,464,646	13,877,417	47,387,912	40,381,266
Expenses						
General Government	5,691,431	6,163,171			5,691,431	6,163,171
Public Safety	8,248,004	8,144,859			8,248,004	8,144,859
Health and Welfare	183,081	213,634			183,081	213,634
Culture and Recreation	2,726,204	2,579,256			2,726,204	2,579,256
Community Development	1,035,590	987,340			1,035,590	987,340
Public Works & Streets	3,436,305	3,810,361			3,436,305	3,810,361
Interest on Long-Term Debt	550,817	541,343			550,817	541,343
Water			2,955,792	2,696,643	2,955,792	2,696,643
Wastewater			3,624,956	3,648,877	3,624,956	3,648,877
Business Center			669,248	1,016,409	669,248	1,016,409
Sanitation			1,305,797	1,141,085	1,305,797	1,141,085
Business Incubator			182,586	173,272	182,586	173,272
Ambulance Services			1,721,285	1,946,014	1,721,285	1,946,014
Total expenses	21,871,431	22,439,965	10,459,664	10,622,300	32,331,094	33,062,264
Increase/(decrease) in net position	11,051,836	4,063,884	4,004,982	3,255,117	15,056,818	7,319,001
Transfer	-364,030	-407,435	364,030	407,435		0
Net position – beginning, as restated	52,651,355	48,994,906	25,040,645	21,378,093	77,692,000	70,372,999
Net position - ending	\$63,339,161	\$52,651,355	\$29,409,657	\$25,040,645	\$92,748,818	\$77,692,000

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

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 and the Debt Service fund. The remaining governmental funds are considered non-major.

At June 30, 2019, the City's governmental funds reported combined fund balance of \$18.5 million, an increase of \$4.2 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 \$15.3 million and the total fund balance was \$18.5 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 90.1 percent of total general fund expenditures, while total fund balance represents approximately 90.5 percent of that same amount. A fund balance percentage of 15 to 20 percent of expenditures is typically considered a sign of financial health.

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 \$21.9 million. The cost of all business-type activities this year was \$10.5 million.
- Federal, State, and County governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$27.5 million.
- The net cost of governmental activities of \$8.0 million was financed by general revenues of \$19.1 million, which are made up of primarily taxes and state shared revenues.
- Business type activities showed an increase in changes to net position of \$4.4 million in the fiscal year ended June 30, 2019 as compared to the prior fiscal year. The steady increase in user rates over the past years have played a significant role to this result. In addition, grants, capital contributions received, and investment earnings increased in significantly in comparison with prior year.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 4 - Activities	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General Government	\$ 5,691,431	\$ (1,252,855)
Public Safety	8,248,004	(7,311,831)
Public Works and Streets	3,436,305	4,506,661
Health and Welfare	183,081	(183,081)
Culture and Recreation	2,726,204	(2,453,736)
Community Development	1,035,590	(767,020)
Interest on Long-Term Debt	550,817	(550,817)
Total Expenses	21,871,431	(8,012,678)
Business-Type Activities		
Water	2,955,792	2,034,950
Wastewater	3,624,956	912,554
Business Center	669,248	(69,248)
Sanitation	1,305,797	138,725
Ambulance Services	1,721,285	293,129
Business Incubator	182,586	(143,717)
Total Expenses	10,459,664	3,166,393
Total	\$ 32,331,094	\$ (4,846,285)

Discretely Component Unit

The Detention Facility, which is a legally separate component unit from the financial statements of the City of San Luis, presents at June 30, 2019, a deficit of 1.5 million. This is an increase of 11.7 million when compared to the \$13.2 million deficit from last year. The reason for this favorable result is due to a change in the accounting method. At inception, the building and subsequent building expansion were depreciated at 20 years. In order to reflect appropriately the life of the asset and to be consistent with City of San Luis depreciation policy we changed the depreciation method to 45 years, instead of 20 years. There was also a considerable increase in revenue and expenses due to an increase in bed count occupancy due to the current political environment. Revenues increased 56 percent in comparison to prior year and expenditures increased 52 percent.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the general fund and all major 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 2019 were \$ 3.0 million more than projected. Key differences between final estimated revenues and actual revenues were as follows:

- An increase in inmate population caused an increase in the rent revenue originated from the San Luis Detention Facility. The fees collected from this facility have a fixed fee component, in addition to a variable fee driven by the number of inmates.
- There was a significant increase in tax revenue. This is the result of an increase in housing developments, which have contributed to an increase in construction sales.

General Fund expenditures were 3.2 million less than the revised fiscal year 2019 budget due to the following:

- Per City of San Luis incentive policy, we can assist investors to bring new business to the City. In the budget FY 2019, City of San Luis allocated \$500,000 to assist investor in the development of a Hotel. This project experienced some delays in FY 2019, and it has been included again in budget for FY 2020.
- City of San Luis has struggled in filling its open positions in various departments, particularly in the Police and Fire Department. This has contributed to a significant variance in operating budget for these two departments.
- Construction of the first phase of a fleet shop was budgeted for \$450,000. There were delays in securing the design; hence, the project did not come to fruition in 2019.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS

As of June 30, 2019, the City had invested \$180.4 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets prior to depreciation. Total depreciation expense for the year was \$3.2 million for the governmental activities and \$2.0 million for the business-type-activities.

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2019.

CAPITAL ASSETS

Figure 5	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 2,073,972	\$ 1,531,972	\$ 685,239	\$ 685,239	\$ 2,759,211	\$ 2,217,211
Construction in progress	775,827	933,622	107,468	800,157	883,295	1,733,779
Buildings and Improvements	25,452,080	24,492,880	9,812,282	8,860,617	35,264,362	33,353,497
Machinery and equipment	11,880,275	11,571,732	10,090,660	9,119,143	21,970,935	20,690,875
Infrastructure	61,148,638	58,336,651	58,336,651	56,295,688	119,485,289	114,632,339
Total	<u>\$ 101,330,792</u>	<u>\$ 96,866,857</u>	<u>\$ 79,032,299</u>	<u>\$ 75,760,844</u>	<u>\$ 180,363,092</u>	<u>\$ 172,627,701</u>

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

- In 2001 the Public Health Community Facilities District (PHCFD) entered into a 30 year lease agreement with WAAHEC, such agreement stipulates that buildings and improvements constructed in PHCFD land are property of the PHCFD. Accordingly, the building and improvements for \$880,000 have been added to the Capital assets.
- Completion of reconstruction of Roadway International Plaza I Arden & Guiu at a cost of \$476,625.
- Developer contributed construction of infrastructure in subdivisions Santa Cecilia I, and Santa Cecilia II in the amount of \$1.9 Million and \$2.1 million respectively.
- Developer contributed construction of water and wastewater lines in subdivisions Santa Cecilia I, and Santa Cecilia II in the amount of \$653,020 and \$ 561,330 respectively.

Additional information on the City's capital assets can be found in Note 5 of this report.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

DEBT ADMINISTRATION

At year end, the City's debts represent Revenue Bonds in the amount of \$49.3 million for both governmental and business-type activities that are backed solely by specified revenue sources (i.e., taxes and fees collected). The remainder which is composed of loans and notes are paid from user fees and charges and others.

The following schedule presents a summary of the City's outstanding long-term obligations for the fiscal year ended June 30, 2019.

**OUTSTANDING DEBT
(Revenue Bonds, Capital Leases, Notes and Loan Payable)**

Figure 6	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ 14,546,314	\$ 15,231,768	\$ 34,744,986	\$ 36,427,536	\$ 49,291,301	\$ 51,659,304
Capital leases	265,209	297,873	262,367	339,795	527,576	637,668
Note payable	174,463	270,762	243,768	57,843	418,231	328,605
Total	\$ 14,985,986	\$ 15,800,402	\$ 35,251,121	\$ 36,825,174	\$ 50,237,108	\$ 52,625,576

Additional information on the City's long-term obligations can be found in Notes 7 through 10 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 total number of visitors crossing the border in the City increased considerably for private vehicles as well as pedestrians crossing which is a good indication that retail sales have increased. Conversely, when comparing the current year to the previous year data on a month-to-month basis there seemed to be no consistency in the pattern as to when the peak or the low month occurred for both the former and the latter (source: Greater Yuma Economic Development Corporation, GYEDC).

Figure 7	BORDER CROSSING					
	FY 2019			FY 2018		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Class						
Vehicles	279,305	218,228	8,263	294,516	256,731	9,079
Pedestrians	273,033	156,686	6,721	363,727	151,796	7,499
Commercial	4,511	1,799	88	3,230	1,857	77

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

ECONOMICS FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

- General fund revenues come from three main sources: local taxes, state taxes and intergovernmental. The City of San Luis, like all Arizona cities, places significant reliance on collected sales tax. Overall, sales tax revenues encompassed 51 percent of the 19.1 million general revenues in fiscal year 2019. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications all showed progress in a stabilized economy during 2019, with the exception of retail sales which slightly declined 3.9 percent in comparison to prior year.
- The City also receives significant revenue allocations from the State for income tax, sales tax, gas 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.

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

Plan for a major hotel complex from 2011, designed to enhance the overall concept of the downtown area has been revisited by the developer. The realization of the project will attract major new commercial and office developments enhancing the economic outlook for the City.

A 3 Phase multi-million-dollar mix use project expected to be completed in the next 2 years. Phase I is a 20,000 square feet charter school to serve 300 students and employ 20 people. Phase II is a 50,000 square feet executive office and Phase III includes a building for medical and dental office.

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Detention Facility
ASSETS				
Current assets:				
Equity in Pooled Cash	\$3,628,848	\$1,143,464	\$4,772,312	\$ -
Cash and Cash Equivalents	3,128,653	568,404	3,697,057	3,517,233
Investments	12,016,054	12,303,547	24,319,599	-
Receivables (net of allowance)	2,211,920	1,529,830	3,741,750	2,944,551
Prepaid items	142,634	143,031	285,665	-
Internal Balances	1,190,982	(1,190,982)	-	-
Inventories	152,172	-	152,172	-
Notes receivable	-	64,806	64,806	-
Due from other governments	1,883,072	-	1,883,072	-
Total current assets	<u>24,354,335</u>	<u>14,562,100</u>	<u>38,916,433</u>	<u>6,461,784</u>
Noncurrent assets:				
Restricted Investment	1,690,747	668,155	2,358,902	5,537,444
Land	2,073,972	685,239	2,759,211	661,359
Construction in progress	775,827	107,468	883,295	-
Buildings and improvements	25,452,080	9,812,282	35,264,362	34,129,886
Machinery and equipment	11,880,275	10,090,660	21,970,935	329,194
Infrastructure	61,148,638	58,336,651	119,485,289	-
Accumulated depreciation	(34,259,521)	(26,797,772)	(61,057,293)	(7,944,862)
Total noncurrent assets	<u>68,762,018</u>	<u>52,902,683</u>	<u>121,664,701</u>	<u>32,713,021</u>
Total assets	<u>93,116,353</u>	<u>67,464,783</u>	<u>160,581,135</u>	<u>39,174,804</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	3,090,333	511,821	3,602,154	-
Deferred Loss on Refunding	115,333	1,085,095	1,200,428	441,743
Total deferred outflows of resources	<u>3,205,666</u>	<u>1,596,916</u>	<u>4,802,582</u>	<u>441,743</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$1,002,247	\$463,573	\$1,465,820	\$ 4,188,587
Claims payable	284,423	-	284,423	-
Accrued payroll and taxes	994,199	53,415	1,047,614	-
Court bonds payable	72,981	-	72,981	-
Customer deposits	350	426,010	426,360	-
Retainage	-	101,317	101,317	-
Accrued interest	320,503	676,135	996,638	426,130
Accrued principal	567,325	-	567,325	-
Current portion of Long Term Debt	558,956	1,772,829	2,331,785	2,235,000
Unearned Revenue	32,000	-	32,000	-
Total Current Liabilities	<u>3,832,984</u>	<u>3,493,279</u>	<u>7,326,263</u>	<u>6,849,717</u>
Non current liabilities				
Pension	11,892,897	1,861,624	13,754,521	-
Non-current portion of long term debt	14,500,838	33,572,675	48,073,513	34,252,977
Total non current liabilities	<u>26,393,735</u>	<u>35,434,299</u>	<u>61,828,034</u>	<u>34,252,977</u>
Total liabilities	<u>30,226,719</u>	<u>38,927,578</u>	<u>69,154,296</u>	<u>41,102,694</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension	2,583,231	533,544	3,116,775	-
Deferred gain on refunding	172,908	190,920	363,828	-
Total deferred inflows of resources	<u>2,756,139</u>	<u>724,464</u>	<u>3,480,603</u>	<u>-</u>
NET POSITION				
Net Investment in capital assets	52,027,709	19,200,217	71,227,926	(8,870,657)
Restricted for:				
Debt service	-	-	-	5,111,314
Capital Project	2,313,172	978,691	3,291,863	-
Assessment Districts	417,210	-	417,210	-
Employee Benefit Trust	3,075,725	-	3,075,725	-
HURF	188,882	-	188,882	-
Restricted for other purposes	292,062	-	292,062	-
Unrestricted	<u>5,024,402</u>	<u>9,230,749</u>	<u>14,255,151</u>	<u>2,273,197</u>
Total net position	<u>\$63,339,161</u>	<u>\$29,409,657</u>	<u>\$92,748,817</u>	<u>(\$1,486,146)</u>

The notes to the financial statements are an integral part of this statement.



City of San Luis
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$5,691,431	\$3,544,657	\$4,919	\$889,000
Public safety	8,248,004	423,258	322,859	190,056
Public works and streets	3,436,305	371,427	1,776,085	5,795,454
Health and welfare	183,081	-	-	-
Culture and recreation	2,726,204	272,468	-	-
Community development	1,035,590	-	268,570	-
Interest on long-term debt	550,817	-	-	-
Total governmental activities	<u>21,871,431</u>	<u>4,611,810</u>	<u>2,372,433</u>	<u>6,874,510</u>
Business-type activities:				
Water	2,955,792	4,382,952	-	607,790
Wastewater	3,624,956	3,930,950	-	606,560
Business Center	669,248	600,000	-	-
Sanitation	1,305,797	1,444,522	-	-
Ambulance Services	1,721,285	2,014,413	-	-
Business Incubator	182,586	38,869	-	-
Total business-type activities	<u>10,459,664</u>	<u>12,411,706</u>	<u>-</u>	<u>1,214,350</u>
Total primary government	<u>\$ 32,331,094</u>	<u>\$ 17,023,516</u>	<u>\$ 2,372,433</u>	<u>\$ 8,088,860</u>
Component Unit				
Detention Facility	<u>\$26,996,933</u>	<u>\$26,703,542</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$26,996,933</u>	<u>\$26,703,542</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
City sales taxes for general purposes
Franchise taxes
State shared revenue (not restricted)
Investment earnings
Development Fees
Transfer
Total general revenues and transfers
Changes in net position
Net position - beginning, as restated
Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Detention Facility
(\$1,252,855)	\$ -	(\$1,252,855)	\$ -
(7,311,831)	-	(7,311,831)	-
4,506,661	-	4,506,661	-
(183,081)	-	(183,081)	-
(2,453,736)	-	(2,453,736)	-
(767,020)	-	(767,020)	-
(550,817)	-	(550,817)	-
<u>(8,012,678)</u>	<u>-</u>	<u>(8,012,678)</u>	<u>-</u>
	2,034,950	2,034,950	
-	912,554	912,554	
-	(69,248)	(69,248)	
-	138,725	138,725	
-	293,129	293,129	
-	(143,717)	(143,717)	
<u>-</u>	<u>3,166,393</u>	<u>3,166,393</u>	<u>-</u>
<u>\$ (8,012,678)</u>	<u>\$ 3,166,393</u>	<u>\$ (4,846,285)</u>	<u>\$</u>
			<u>(\$293,391)</u>
			<u>(\$293,391)</u>
9,720,729	-	9,720,729	-
437,765	-	437,765	-
8,609,052	-	8,609,052	-
296,968	285,758	582,725	154,717
	552,832	552,832	-
(364,030)	364,030	-	-
<u>18,700,483</u>	<u>1,202,620</u>	<u>19,903,103</u>	<u>154,717</u>
10,687,806	4,369,012	15,056,818	(138,673)
<u>52,651,355</u>	<u>25,040,645</u>	<u>77,691,999</u>	<u>(1,347,473)</u>
<u>\$ 63,339,161</u>	<u>\$ 29,409,657</u>	<u>\$ 92,748,817</u>	<u>\$ (1,486,146)</u>



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS

**CITY OF SAN LUIS, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	MAJOR FUNDS				Total Governmental Funds
	General	Highway Users	Debt Service	Non-Major Funds	
<u>ASSETS</u>					
Equity in Pooled Cash	\$ 2,951,764	\$ -	\$ -	\$ 677,085	\$ 3,628,848
Investments	9,271,711	446,751	-	2,297,594	12,016,056
Restricted Investments		-	1,690,747		1,690,747
Accounts receivable (net)	1,887,819	-	2,232	90,374	1,980,425
Due from governmental entities	1,535,164	250,312	-	97,596	1,883,072
Due from other funds	2,487,783		-		2,487,783
Prepaid items	63,098	278	857	78,400	142,634
Supplies Inventory	13,977	138,195	-	-	152,172
Total assets	\$ 18,211,316	\$ 835,536	\$ 1,693,837	\$ 3,241,049	\$ 23,981,737
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	\$ 689,219	\$ 185,624	\$ -	\$ 127,405	\$ 1,002,247
Accrued payroll and taxes	984,050	10,149	-	-	994,199
Due to other funds		312,409	984,392	-	1,296,802
Court bonds payable	72,981	-	-	-	72,981
Customer deposits	350	-	-	-	350
Accrued interest		-	320,503	-	320,503
Accrued principal	-	-	567,325		567,325
Unearned Revenue	19,200	-	-	12,800	32,000
Total liabilities	1,765,800	508,181	1,872,220	140,205	4,286,406
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	1,122,832	-	-	81,730	1,204,562
Total Deferred inflows of resources	1,122,832	-	-	81,730	1,204,562
<u>FUND BALANCES (DEFICITS)</u>					
Non-spendable					
Non spendable in form	77,075	138,473	857	78,400	294,805
Restricted for:					
HURF	-	188,882	-	-	188,882
Other Purposes	-	-	-	292,062	292,062
Assesment Districts		-		335,480	335,480
Impact Fees	-		-	2,313,172	2,313,172
Unassigned	15,245,609	-	(179,241)	-	15,066,368
Total fund balances	15,322,684	327,354	(178,384)	3,019,114	18,490,769
Total liabilities, deferred inflows of resources and fund balances	\$ 18,211,316	\$ 835,536	\$ 1,693,836	\$ 3,241,049	\$ 23,981,737

The notes to the financial statements are an integral part of this statement.

**CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Total governmental fund balances		\$ 18,490,768
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 101,330,791	
Less accumulated depreciation	<u>(34,259,521)</u>	67,071,270
Some Receivables are not available to pay current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Municipal Court	786,521	
LaSalle	336,311	
Assesments	81,730	
Intergovernmental	<u>-</u>	1,204,562
Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		
		(57,575)
Deferred outflows and inflows of resources related to pensions are applicable to future period and therefore are not reported in the funds		
Deferred outflows of resources related to pension	3,090,333	
Deferred inflows of resources related to pension	<u>(2,583,231)</u>	507,102
The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net position.		
		3,075,725
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Net pension liability	(11,892,897)	
Revenue bonds payable	(13,978,989)	
Capatl Lease Payable	(265,209)	
Compensated absences payable	(641,133)	
Note payable	<u>(174,462)</u>	<u>(26,952,691)</u>
Net position of governmental activities		\$ <u>63,339,161</u>

The notes to the financial statements are an integral part of this statement.



CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	MAJOR FUNDS				Total Governmental Funds
	General	Highway Users	Debt Service Fund	Non-Major Governmental Funds	
REVENUES					
Taxes	\$ 10,158,495	\$ -	\$ -	\$ -	\$ 10,158,495
Special assessments				335,006	335,006
Licenses and permits	843,768	-	-		843,768
Intergovernmental	8,609,052	2,804,155	-	1,223,490	12,636,697
Charges for services	101,775	-	-	763,955	865,730
Fines and forfeitures	270,007	-	-	224,821	494,828
Investment earnings	178,783	35,565	36,654	40,945	291,947
Rents	1,358,079	-	-		1,358,079
Other	304,536	371,427	-	2,500	678,463
Total revenues	21,824,495	3,211,147	36,654	2,590,717	27,663,013
EXPENDITURES					
Current:					
General government	5,248,380	-	-	171,578	5,419,958
Public safety	7,701,341	-	-	520,065	8,221,406
Public works and streets	-	1,628,617	-	66,436	1,695,053
Health and welfare	258,917	-	-	-	258,917
Culture and recreation	2,511,205	-	-	18,637	2,529,842
Community development	824,189	-	1,293	283,024	1,108,506
Capital outlay	237,386	1,042,629	-	1,238,145	2,518,160
Debt service	-	-	-	-	-
Interest	2,854	-	641,005	-	643,859
Principal	141,265	-	567,325	-	708,590
Total expenditures	16,925,538	2,671,246	1,209,624	2,297,885	23,104,293
Excess (deficiency) of revenues over expenditures	4,898,956	539,901	(1,172,970)	292,832	4,558,720
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,192,968	243,196	1,436,164
Transfers out	(1,528,170)	(243,196)	-	(28,828)	(1,800,194)
Issuance of capital lease	12,302	-	-	-	12,302
Total other financing sources (uses)	(1,515,868)	(243,196)	1,192,968	214,368	(351,728)
Net Change in fund balances	3,383,088	296,705	19,998	507,200	4,206,992
Fund balance - beginning, as restated	11,939,597	30,648	(198,383)	2,511,915	14,283,777
Fund balance (deficit) - ending	\$ 15,322,684	\$ 327,353	\$ (178,384)	\$ 3,019,115	\$ 18,490,768

The notes to the financial statements are an integral part of this statement.

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, 2019

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

Net change in fund balances - total governmental funds	\$4,206,992
--	-------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense in the current period.

Expenditures for capitalized assets	2,097,384	
Less current year depreciation	<u>(3,197,904)</u>	(1,100,520)

Some Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the Governmental funds.

Municipal Court	(28,342)	
Capital Contribution	4,915,692	
LaSalle	336,311	
Intergovernmental grant and special assessments	<u>31,574</u>	5,255,235

The issuance of long term debt provides current financial resources to governmental funds, while the repayments of Long Term Debt principal are expenditures in the governmental funds that consumes the current financial resources of governmental funds; however, neither transaction has any effect on net position.

Principal Accrued	327,325	
Principal Accrued	240,000	
Issuance of Capital Lease	(12,302)	
Capital Lease Payable	44,966	
Note Payable Principal Repayment	<u>96,300</u>	696,289

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 pension items, is reported as pension expense in the statement of activities

Current year pension contributions	1,454,054	
Pension Expense	<u>(583,319)</u>	870,735

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.

Loss on disposal of assets	(3,153)	
Amortization of Deferred bond items	93,043	
Compensated absences	<u>(81,358)</u>	8,532

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

750,544

Change in net position in governmental activities

\$10,687,806

The notes to the financial statements are an integral part of this statement.

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$8,935,600	\$8,935,600	\$10,158,495	\$1,222,895
Licenses and permits	587,600	587,600	843,768	256,168
Intergovernmental	8,575,000	8,575,000	8,609,052	34,052
Charges for services	99,600	99,600	101,775	2,175
Fines and forfeitures	253,500	253,500	270,007	16,507
Investment earnings	90,500	90,500	178,783	88,283
Rents	226,900	226,900	1,358,079	1,131,179
Other	91,100	91,100	304,536	213,436
Total revenues	18,859,800	18,859,800	21,824,494	2,964,694
Expenditures:				
General government:				
City Council	1,339,260	1,211,323	827,875	383,448
City Administration	1,278,420	584,470	441,264	143,206
City Clerk	257,230	328,597	296,276	32,321
City Attorney	431,770	431,770	378,318	53,452
City Prosecutor	303,050	304,130	258,826	45,304
Finance	842,420	853,520	827,359	26,161
Human Resources	473,810	479,730	378,337	101,393
Municipal Court	675,590	680,740	598,946	81,794
Information Technology	432,160	438,750	418,636	20,114
Facilities	341,900	348,600	336,179	12,421
Fleet Services	217,320	220,020	180,767	39,253
Risk & Property	137,530	137,530	62,825	74,705
Non Departmental	163,400	243,240	242,773	467
Public Safety				
Police Department	5,330,670	5,471,880	5,171,648	300,232
Fire Department	2,857,230	3,025,700	2,529,694	496,006
Health and Welfare				
Senior Services	256,480	277,130	258,917	18,213
Culture and Recreation				
Cultural Center	263,330	265,160	261,820	3,340
Parks Ground	1,371,200	1,404,580	1,350,583	53,997
Parks - Recreation	410,490	426,000	407,078	18,922
Youth Center	280,780	285,370	258,894	26,476
Aquatic Center	276,040	287,520	232,830	54,690
Community Development				
Development Services	378,400	378,400	278,947	99,453
Building Safety	343,510	350,800	287,846	62,954
Economic Development	338,430	338,430	257,396	81,034
Capital Outlay	1,213,990	1,208,790	237,386	971,404
Debt Service				
Interest and Fiscal Changes	2,250	2,950	2,854	96
Principal Retirement	138,850	141,350	141,265	85
Total expenditures	20,355,510	20,126,480	16,925,538	3,200,942
Excess (deficiency) of revenues over expenditures	(1,495,710)	(1,266,680)	4,898,956	6,165,636
Other financing sources (uses):				
Capital lease agreement			12,302	12,302
Transfers out	(2,357,025)	(2,357,025)	(1,528,170)	(828,855)
Total other financing sources (uses)	(2,357,025)	(2,357,025)	(1,515,868)	(816,553)
Change in fund balances	(3,852,735)	(3,623,705)	3,383,088	7,006,793
Fund balances - beginning	4,323,222	3,887,452	11,939,597	8,052,145
Fund Balances - ending	\$ 470,487	\$ 263,747	\$ 15,322,685	\$ 15,058,938

The notes to the financial statements are an integral part of this statement.

CITY OF SAN LUIS, ARIZONA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
HIGHWAY USERS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,533,900	\$ 2,533,900	\$2,804,155	\$270,255
Investment Earnings	21,400	21,400	35,565	14,165
Other	202,800	202,800	371,427	168,627
TOTAL REVENUES	<u>2,758,100</u>	<u>2,758,100</u>	<u>3,211,147</u>	<u>453,047</u>
EXPENDITURES				
Current				
Public Works and Streets	2,084,410	2,182,660	1,628,617	554,043
Capital Outlay	1,202,520	1,177,020	1,042,629	134,391
Total Expenditures	<u>3,286,930</u>	<u>3,359,680</u>	<u>2,671,246</u>	<u>688,434</u>
Excess (deficiency) of revenues over expenditures	<u>(528,830)</u>	<u>(601,580)</u>	<u>539,901</u>	<u>1,141,481</u>
Other financing sources (uses):				
Transfers out	<u>(260,000)</u>	<u>(260,000)</u>	<u>(243,196)</u>	<u>(16,804)</u>
Total other financing sources (uses)	<u>(260,000)</u>	<u>(260,000)</u>	<u>(243,196)</u>	<u>(16,804)</u>
Change in fund balances	<u>(788,830)</u>	<u>(861,580)</u>	<u>296,705</u>	<u>1,158,285</u>
Fund balances - beginning, as restated	<u>(1,087,520)</u>	<u>(1,408,955)</u>	<u>30,648</u>	<u>1,439,603</u>
Fund Balances - ending	<u>\$ (1,876,350)</u>	<u>\$ (2,270,535)</u>	<u>\$ 327,353</u>	<u>\$ 2,597,888</u>

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds			
	Water	Wastewater	Sanitation	Business Incubator
ASSETS				
Current assets:				
Equity in pooled cash	\$	\$ 128,518	\$	\$
Cash and cash equivalents	370,004	-	-	-
Investments	7,786,278	4,517,269	-	-
Accounts receivable (net)	500,145	137,962	43,726	3,474
Notes receivable	64,806	-	-	-
Prepaid items and other assets	93,784	16,609	13,030	150
Total current assets	8,815,017	4,800,358	56,756	3,624
Non-current assets:				
Restricted Investments	667,689	-	-	-
Land	190,271	150,757	-	-
Buildings and improvements	-	1,902,764	26,596	2,007,718
Infrastructure	24,628,850	33,707,801	-	-
Machinery and equipment	2,436,913	2,099,321	2,217,831	136,264
Construction in progress	3,350	96,646	-	-
Accumulated depreciation	(8,010,486)	(11,906,143)	(1,757,585)	(209,226)
Total non-current assets	19,916,587	26,051,146	486,842	1,934,756
Total assets	28,731,604	30,851,504	543,598	1,938,380
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	77,390	108,305	36,576	-
Deferred loss on refundings	-	-	-	-
Total deferred outflows of resources	77,390	108,305	36,576	-
LIABILITIES				
Current liabilities:				
Accounts payable	142,030	181,920	77,097	3,029
Estimated Claims and judgements	-	-	-	-
Accrued payroll and taxes	10,902	15,209	3,438	541
Due to other funds	158,892	-	39,494	496,783
Customer deposits	415,101	6,800	-	4,109
Retainage payable	101,317	-	-	-
Accrued interest	238,635	278,618	-	-
Current portion of long-term debt	374,480	468,874	67,562	1,180
Total current liabilities	1,441,357	951,421	187,591	505,642
Non-current liabilities:				
Pension	530,273	795,410	265,137	-
Non-current portion of long-term debt	10,640,571	12,557,187	189,325	346
Total non-current liabilities	11,170,844	13,352,597	454,462	346
Total liabilities	12,612,201	14,304,018	642,053	505,988
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	68,380	102,569	34,190	-
Deferred inflow on refundings	90,057	100,863	-	-
Total deferred inflow	158,437	203,432	34,190	-
NET POSITION				
Net investment in capital assets	8,163,746	14,273,059	243,074	1,934,755
Restricted for Capital Project	60,945	917,746	-	-
Restricted for Employee Benefit Trust	-	-	-	-
Unrestricted	7,813,665	1,261,554	(339,143)	(502,363)
Total net position	\$ 16,038,356	\$ 16,452,359	\$ (96,069)	\$ 1,432,392

The notes to the financial statements are an integral part of this statement.

Ambulance Services	Enterprise Funds		Internal Service Fund
	Business Center	Total	Insurance Fund
\$ 1,014,946	\$	\$ 1,143,464	\$
-	198,400	568,404	3,128,653
-	-	12,303,547	-
794,522	50,001	1,529,830	231,495
-	-	64,806	-
19,458	-	143,031	-
<u>1,828,926</u>	<u>248,401</u>	<u>15,753,082</u>	<u>3,360,148</u>
-	466	668,155	-
-	344,211	685,239	-
-	5,875,204	9,812,282	-
-	-	58,336,651	-
536,387	2,663,944	10,090,660	-
-	7,472	107,468	-
<u>(153,069)</u>	<u>(4,761,263)</u>	<u>(26,797,772)</u>	<u>-</u>
<u>383,318</u>	<u>4,130,034</u>	<u>52,902,683</u>	<u>-</u>
<u>2,212,244</u>	<u>4,378,435</u>	<u>68,655,765</u>	<u>3,360,148</u>
289,550	-	511,821	-
-	1,085,095	1,085,095	-
<u>289,550</u>	<u>1,085,095</u>	<u>1,596,916</u>	<u>-</u>
59,422	75	463,573	-
-	-	-	284,423
23,325	-	53,415	-
-	495,813	1,190,982	-
-	-	426,010	-
-	-	101,317	-
7,507	151,375	676,135	-
105,733	755,000	1,772,829	-
<u>195,987</u>	<u>1,402,263</u>	<u>4,684,261</u>	<u>284,423</u>
270,804	-	1,861,624	-
190,215	9,995,031	33,572,675	-
<u>461,019</u>	<u>9,995,031</u>	<u>35,434,299</u>	<u>-</u>
<u>657,006</u>	<u>11,397,294</u>	<u>40,118,560</u>	<u>284,423</u>
-	-	-	-
328,405	-	533,544	-
-	-	190,920	-
<u>328,405</u>	<u>-</u>	<u>724,464</u>	<u>-</u>
120,951	(5,535,368)	19,200,217	-
-	-	978,691	-
-	-	-	3,075,725
<u>1,395,432</u>	<u>(398,396)</u>	<u>9,230,749</u>	<u>-</u>
<u>\$ 1,516,383</u>	<u>\$ (5,933,764)</u>	<u>\$ 29,409,657</u>	<u>\$ 3,075,725</u>

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET FUND POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds		
	Water	Wastewater	Sanitation
Operating revenues:			
Charges for services	\$ 4,271,011	\$ 3,930,054	\$ 1,408,126
Rent	-	-	-
Other	111,942	896	36,396
Total operating revenues	<u>4,382,953</u>	<u>3,930,950</u>	<u>1,444,522</u>
Operating expenses:			
Cost of sales and services	1,910,980	2,148,748	1,201,434
Insurance Premiums/Claims	-	-	-
Depreciation	614,010	968,664	99,400
Total operating expenses	<u>2,524,990</u>	<u>3,117,412</u>	<u>1,300,834</u>
Operating income (loss)	<u>1,857,963</u>	<u>813,538</u>	<u>143,688</u>
Nonoperating revenues (expenses):			
Investment earnings	194,117	90,207	-
Development Fees	-	552,832	-
Interest and fiscal charges	(430,802)	(507,544)	(4,963)
Total nonoperating revenues (expenses)	<u>(236,685)</u>	<u>135,495</u>	<u>(4,963)</u>
Income before Contributions and Transfers	1,621,278	949,033	138,725
Capital contributions	607,790	606,560	-
Transfer in	-	28,828	-
Changes in net position	<u>2,229,068</u>	<u>1,584,421</u>	<u>138,725</u>
Total net position, beginning of year	<u>13,809,290</u>	<u>14,867,938</u>	<u>(234,794)</u>
Total net position, end of year	<u>\$ 16,038,358</u>	<u>\$ 16,452,359</u>	<u>\$ (96,069)</u>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds				Internal Service Fund
Business Incubator	Ambulance Services	Business Center	Total	Insurance Fund
\$ -	\$ 2,005,913	\$ -	\$ 11,615,104	\$ 2,711,758
36,367	-	600,000	636,367	-
2,502	8,500	-	160,236	-
<u>38,869</u>	<u>2,014,413</u>	<u>600,000</u>	<u>12,411,707</u>	<u>2,711,758</u>
135,999	1,640,594	76,287	7,114,042	-
-	-	-	-	1,966,234
<u>46,587</u>	<u>73,184</u>	<u>190,897</u>	<u>1,992,742</u>	<u>-</u>
<u>182,586</u>	<u>1,713,778</u>	<u>267,184</u>	<u>9,106,784</u>	<u>1,966,234</u>
<u>(143,717)</u>	<u>300,635</u>	<u>332,816</u>	<u>3,304,923</u>	<u>745,524</u>
-	-	1,432	285,756	5,020
-	-	-	552,832	-
<u>-</u>	<u>(7,507)</u>	<u>(402,064)</u>	<u>(1,352,880)</u>	<u>-</u>
-	(7,507)	(400,632)	(514,292)	5,020
<u>(143,717)</u>	<u>293,129</u>	<u>(67,816)</u>	<u>2,790,632</u>	<u>750,544</u>
-	-	-	1,214,350	-
-	-	335,202	364,030	-
<u>(143,717)</u>	<u>293,129</u>	<u>267,386</u>	<u>4,369,012</u>	<u>750,544</u>
<u>1,576,108</u>	<u>1,223,253</u>	<u>(6,201,150)</u>	<u>25,040,645</u>	<u>2,325,181</u>
<u>\$ 1,432,391</u>	<u>\$ 1,516,382</u>	<u>\$ (5,933,764)</u>	<u>\$ 29,409,657</u>	<u>\$ 3,075,725</u>

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 4,432,754	\$ 3,903,390	\$ 1,438,056
Cash payments to suppliers for goods and services	(1,552,571)	(1,156,572)	(845,790)
Cash payments to employees for services	(614,507)	(852,018)	(298,070)
Net cash provided by (used for) operating activities	2,265,676	1,894,799	294,196
Cash flows from noncapital and related financing activities:			
Transfers from other funds	-	-	-
Increase (decrease) due to other funds	(560,738)	-	(198,415)
Net cash provided by (used for) noncapital and related financing activities	(560,738)	-	(198,415)
Cash flows from capital and related financing activities:			
Proceeds from debt issuance	-	-	246,842
Development Fees	-	552,832	-
Payments for capital acquisitions	(659,013)	(692,460)	(276,743)
Principal paid on long-term debt	(346,035)	(431,381)	(60,917)
Interest paid on long-term debt	(483,138)	(564,682)	(4,963)
Net cash provided by (used for) capital and related financing activities	(1,488,187)	(1,135,691)	(95,781.00)
Cash flows from investing activities:			
Investment income (loss)	194,116	90,207	-
Net cash provided by investing activities	194,116	90,207	-
Net increase/decrease in cash and cash equivalents	410,866	849,316	-
Cash and cash equivalents, beginning of year, as restated	8,413,105	3,796,472	-
Cash and cash equivalents, end of year	\$ 8,823,971	\$ 4,645,788	-
<u>Reconciliation of Operating Income (loss) to</u>			
<u>Net Cash Provided by (Used for) Operating Activities</u>			
Operating income (loss)	\$ 1,857,963	\$ 813,538	143,688
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	614,010	968,664	99,400
Difference between pension expense and pension contributions	(138,259)	42,444	(17,179)
Change in assets and liabilities:			
(Increase)/ decrease in accounts receivable	968	(28,010)	(6,467)
(Increase)/ decrease in prepaid items and other assets	(15,061)	316	37,328
Increase/ (decrease) in accounts payable	(106,919)	96,047	41,521
Increase/ (decrease) in customer deposits	48,834	450	-
Increase/ (decrease) in retainage payable	-	-	-
Increase/ (decrease) in accrued payroll and taxes	1,291	1,460	(1,142)
Increase/ (decrease) in unearned revenue	-	-	-
Increase/ (decrease) in compensated absences payable	2,850	(110)	(2,952)
Total adjustments	407,713	1,081,262	150,509
Net cash provided by (used for) operating activities	\$ 2,265,676	\$ 1,894,799	\$ 294,196

The notes to the financial statements are an integral part of this statement.

Business Incubator	Enterprise Funds			Total	Internal Service
	Ambulance Services	Business Center			Insurance Fund
\$ 34,631	\$ 2,085,958	\$ 600,412	\$ 12,495,201	\$ 2,712,508	
(97,937)	(459,273)	(537,108)	(4,649,252)	(1,840,212)	
(38,269)	(1,147,739)	-	(2,950,603)	-	
<u>(101,576)</u>	<u>478,946</u>	<u>63,304</u>	<u>4,895,347</u>	<u>872,296</u>	
-	-	335,202	335,202	-	
119,106	-	495,813	(144,235)	-	
<u>119,106</u>	<u>-</u>	<u>831,015</u>	<u>190,968</u>	<u>-</u>	
-	-	-	246,842	-	
-	-	-	552,832	-	
(17,530)	-	(401,529)	(2,047,276)	-	
-	(77,428)	(830,000)	(1,745,761)	-	
-	(9,853)	(378,144)	(1,440,780)	-	
<u>(17,530)</u>	<u>(87,281)</u>	<u>(1,609,673)</u>	<u>(4,434,143)</u>	<u>-</u>	
-	-	1,432	285,755	5,020	
-	-	1,432	285,755	5,020	
-	391,665	(713,922)	937,925	877,316	
-	623,280	912,787	13,745,645	2,251,337	
-	\$ 1,014,946	\$ 198,866	\$ 14,683,569	\$ 3,128,653	
<u>\$ (143,717)</u>	<u>\$ 300,635</u>	<u>\$ 332,816</u>	<u>3,304,923</u>	<u>\$ 745,524</u>	
46,587	73,184	190,897	1,992,742	-	
-	5,458	-	(107,536)	-	
(2,827)	71,544	412	35,621	750	
-	(9,418)	-	13,165	-	
(415)	11,666	(415,497)	(373,598)	126,022	
580	-	-	49,863	-	
-	-	(45,324)	(45,324)	-	
56	7,274	-	8,939	-	
(1,991)	-	-	(1,991)	-	
151	18,603	-	18,542	-	
<u>42,141</u>	<u>178,311</u>	<u>(269,512)</u>	<u>1,590,423</u>	<u>126,772</u>	
<u>\$ (101,576)</u>	<u>\$ 478,946</u>	<u>\$ 63,304</u>	<u>\$ 4,895,345</u>	<u>\$ 872,296</u>	

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019, the City implemented the provisions of GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This Statement requires enhanced note disclosures and clarifies which liabilities governments should include when disclosing information related to debt.

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 Public Health Community Facilities District (PHCFD) 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.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

100 percent by the plan and pay on the average \$250 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 Units

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 San Luis 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 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 units.

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.

The City participates under a membership provision with two other entities in a jointly governed organization, the Greater San Luis Port Authority, Inc. (GYPA) which is directed by a seven person board. The GYPA was established in September 8, 2000, as a nonprofit corporation for the purpose of promoting and developing the new port district through cooperative regional effort of government entities (members), within the Yuma County region and to ensure the economic wellness of the San Luis area. Members are required to pay a fee of \$50,000 per year for operational expenses of the corporation. The City carries in its budget an annual appropriation of \$50,000 to retain its membership. The City does not retain an on-going financial interest or an on-going financial responsibility in the GYPA. Complete financial statements of the GYPA may be obtained from the GYPA's office at P.O. Box 4601, San Luis, AZ 85349.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 are related organizations that are excluded from the reporting entity:

- San Luis Police Activities/Athletics League
- San Luis AZ Chamber of Commerce
- 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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

Debt Service Fund– This fund accounts for the construction of the City’s various construction projects.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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
- Assessment Districts
- San Luis Community Facilities District
- Community Development

Capital Projects Funds

- Capital Outlay Reserve

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 Fund 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.

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.

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

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 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.

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances.

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.

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.

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.

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 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 cost, with cost determined using an average cost method.

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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.

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15-50
Buildings	7-50
Improvements other than buildings	5-50
Vehicles, machinery, and equipment	4-15

K. Deferred Inflows and Outflows

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 component unit have items that qualify for reporting in this category.

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

- A deferred charge 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.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) 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 two types of items, which arise 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 and intergovernmental revenue. 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, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Inflows and Outflows (Continued)

Under the full accrual basis, the City has two 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 15.

L. 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.

M. 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.

N. 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, 2019.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. Pensions

For purposes of measuring the net pension liability, 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.

The following timeframes are used for pension reporting:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2016 to June 30, 2017

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.

Q. 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

R. Fund Balances

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.

Restricted – This classification includes revenue sources that are restricted to specific purposes externally imposed by 1) external parties such as: grantors creditors or 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.

Assigned for Capital Projects – Portion of fund balance that has been budgeted or designated by Council for capital projects.

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balances (Continued)

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>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Non spendable:				
Inventory	\$ 13,977	\$ 138,195	\$	\$
Prepaid items	63,098	278	857	78,400
Restricted:				
HURF		188,882		
Assessment Districts				335,480
Impact fees				2,313,172
Other purposes				292,062
Unassigned	15,245,609		(179,241)	
Total fund balances	<u>\$ 15,322,684</u>	<u>\$ 327,354</u>	<u>\$ (178,384)</u>	<u>\$ 3,019,114</u>

S. 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.

T. 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, Major Special Revenue, and the 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

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019**

T. Budget (Continued)

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- 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	\$ 3,628,848	\$ 1,143,464	\$	\$ 4,772,312
Cash and cash equivalents	3,128,653	568,404	3,517,233	7,214,290
Investments	12,016,056	12,303,548		24,319,604
Restricted assets:				
Cash and Investments	1,690,746	668,154	5,537,444	7,896,344
Total	<u>\$ 20,464,303</u>	<u>\$ 14,683,570</u>	<u>\$ 9,054,677</u>	<u>\$ 44,202,550</u>

Cash and investments consisted of the following:

Cash on hand	\$ 4,435
Demand deposits	8,464,934
Investments	35,733,181
Total	<u>\$ 44,202,550</u>

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

Demand Deposits - The carrying amounts of the City's demand deposits were \$8,464,934 at June 30, 2019. Bank balances were \$8,840,830 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name.

Risk Disclosures – Disclosures Related to 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.

	<u>Fair Value</u>	Investment Maturities (in years) <u>Less than 1</u>
Money Market	\$ 11,413,577	\$ 11,413,577
State Treasurer	24,319,604	24,319,064
Total	<u>\$ 35,733,181</u>	<u>\$ 35,733,181</u>

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

At June 30, 2019, all the City's investments were considered to be level two investments. The pricing methodology utilized by evaluators to value City's investment consisted in gathering information from market sources and integrate relative credit information, observed market movements, and sector news onto the evaluated pricing applications and models.

Disclosures Related to 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, 2019, the City's investment in the State Treasurer's Government Investment Pool (LGIP) were rated AAA by Standard and Poor's Corporation. The City's investments in Money market were rated Aaa by Moody's investors.

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 City's position in the LGIP at June 30, 2019 is stated at cost, which approximates fair value.

Disclosures Related to Custodial Credit Risk. 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. As of June 30, 2019, City deposits of \$7,836,830 were collateralized with securities held by the pledging financial institution.

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 an investment company 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.

Disclosures Related to Custodial Credit Risk. 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. At June 30, 2019, the City had \$11,413,577 of money market funds that were uninsured and held by the counterparty's trust department or agent not in the City's name. 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.

Disclosures Related to Concentration Credit Risk. The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2019, the City's investments include 32 percent invested in money market funds, and 68 percent invested in the State Treasurer's investment pool.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$1,027,200 for Proprietary Fund receivables and \$365,947 for Governmental funds receivable of which the majority relates to court fines. As of year-end, the City's net receivables for individual major governmental funds, non-major governmental funds in the aggregate, and major enterprise funds are as follows:

	Governmental Activities						
	General	Highway Users	Debt Service Fund	Non-Major Governmental and Other	Insurance Fund	Total	
Accounts receivable	\$ 1,101,299	\$ -	\$ 2,232	\$ 90,374	\$ 231,495	\$ 1,425,400	
Fines receivable	786,520					786,520	
Due from governmental entities	1,535,164	250,312		97,596		1,883,072	
Net total receivable	<u>\$ 3,422,983</u>	<u>\$ 250,312</u>	<u>\$ 2,232</u>	<u>\$ 187,970</u>	<u>\$ 231,495</u>	<u>\$ 4,094,992</u>	
	Business-Type Activities						
	Water	Wastewater	Business Center	Sanitation	Ambulance Services	Business Incubator	Total
Accounts receivable	\$ 500,145	\$ 137,962	\$ 50,001	\$ 43,726	\$ 794,522	\$ 3,474	\$ 1,529,830
Notes receivable	64,806						64,806
Net total receivables	<u>\$ 564,951</u>	<u>\$ 137,962</u>	<u>\$ 50,001</u>	<u>\$ 43,726</u>	<u>\$ 794,522</u>	<u>\$ 3,474</u>	<u>\$ 1,594,636</u>

Governmental funds report unearned 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 consisted mostly of fines receivable were reported in the General Fund of \$1,204,562.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4- INTERFUND TRANSACTIONS

A. Due From and To Other Funds

A. Due From and to Other Funds

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to other Funds</u>
General	\$ 2,487,783	
Highway Users		\$ 312,409
Water		158,892
Sanitation		39,494
Business Incubator		496,783
Business Center		495,813
Debt Service		984,392
Total	<u>\$ 2,487,783</u>	<u>\$ 2,487,783</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 primary government funds:

<u>Transfer In:</u>	<u>Transfer Out</u>		
	<u>General Fund</u>	<u>Highway User Fund</u>	<u>Non Major Gov Funds</u>
Debt Service Fund	\$ 1,192,968		
Non Mayor Fund		\$ 243,196	
Wastewater Fund			\$ 28,828
Business Center	335,202		
	<u>\$ 1,528,170</u>	<u>\$ 243,196</u>	<u>\$ 28,828</u>

Transfers are used (1) to move receipts restricted for debt service from the funds collecting them to the funds obligated to pay debt service payments as they become due (2) to move revenues collected in the Highway Users fund to match the street projects for which grants were received, (3) to move funds from the special revenue account that manages grants obtained to fund waste water projects. (4) General fund is moving funds to Business Center fund to finance portion of debt in accordance to budgetary authorizations.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2019 follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,531,972	\$ 542,000	\$	\$ 2,073,972
Construction in progress	933,622	1,183,208	1,341,003	775,827
Total capital assets, not being depreciated	<u>2,465,594</u>	<u>1,725,208</u>	<u>1,341,003</u>	<u>2,849,799</u>
Capital assets, being depreciated:				
Buildings and improvements	24,492,880	985,500	26,300	25,452,080
Machinery and equipment	11,571,732	465,629	157,086	11,880,275
Infrastructure	55,970,894	5,177,744		61,148,638
Total capital assets being depreciated	<u>92,035,506</u>	<u>6,628,873</u>	<u>183,386</u>	<u>98,480,993</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,558,705)	(1,128,892)	(26,300)	(9,661,297)
Machinery and equipment	(7,317,315)	(879,021)	(153,933)	(8,042,403)
Infrastructure	(15,365,830)	(1,189,991)		(16,555,821)
Total accumulated depreciation	<u>(31,241,850)</u>	<u>(3,197,904)</u>	<u>(180,233)</u>	<u>(34,259,521)</u>
Total capital assets, being depreciated, net	<u>60,793,656</u>	<u>3,430,969</u>	<u>3,153</u>	<u>64,221,472</u>
Governmental activities capital assets, net	<u>\$ 63,259,250</u>	<u>\$ 5,156,177</u>	<u>\$1,344,156</u>	<u>\$ 67,071,271</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5- CAPITAL ASSETS (CONTINUED)

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 685,239	\$	\$	\$ 685,239
Construction in progress	800,157	1,030,379	1,723,068	107,468
Total capital assets, not being depreciated	<u>1,485,396</u>	<u>1,030,379</u>	<u>1,723,068</u>	<u>792,707</u>
Capital assets, being depreciated:				
Buildings and improvements	8,860,617	951,665		9,812,282
Machinery and equipment	9,119,143	990,517	19,000	10,090,660
Infrastructure	56,295,688	2,040,963		58,336,651
Total capital assets being depreciated	<u>74,275,448</u>	<u>3,983,145</u>	<u>19,000</u>	<u>78,239,593</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,310,197)	(289,757)		(2,599,954)
Machinery and equipment	(7,240,301)	(425,328)	(19,000)	(7,646,629)
Infrastructure	(15,273,532)	(1,277,657)		(16,551,187)
Total accumulated depreciation	<u>(24,824,030)</u>	<u>(1,992,742)</u>	<u>(19,000)</u>	<u>(26,797,772)</u>
Total capital assets, being depreciated, net	<u>49,451,419</u>	<u>1,990,402</u>		<u>51,441,821</u>
Business-type activities capital assets, net	<u>\$ 50,936,815</u>	<u>\$ 3,020,781</u>	<u>\$ 1,723,068</u>	<u>\$ 52,234,528</u>
Discretely Presented Component Unit	Beginning Balance as restated	Increase	Decrease	Ending Balance
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	329,194			329,194
Total capital assets being depreciated	<u>34,459,080</u>			<u>34,459,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,852,859)	(762,809)		(7,615,668)
Machinery and equipment	(327,760)	(1,434)		(329,194)
Total accumulated depreciation	<u>(7,180,619)</u>	<u>(764,243)</u>		<u>(7,944,862)</u>
Total capital assets, being depreciated, net	<u>27,278,461</u>	<u>(764,243)</u>		<u>26,514,218</u>
Discretely presented component unit capital assets, net	<u>\$ 27,939,820</u>	<u>\$(764,243)</u>	<u>\$</u>	<u>\$ 27,175,577</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	Amount
General government	\$ 940,545
Public safety	552,587
Health and welfare	11,651
Culture and recreation	307,596
Community development	9,260
Public works and streets	1,376,265
Total depreciation expense	\$ 3,197,904
Business-type activities:	
Water	\$ 614,010
Wastewater	968,664
Business Center	190,897
Sanitation	99,400
Business Incubator	46,587
Ambulance Services	73,184
Total depreciation expense	\$ 1,992,742
Discretely presented Component Unit:	
Detention Facility	\$ 764,243
Total depreciation expense	\$ 764,243

NOTE 6- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for street projects (special revenue fund projects) and wastewater treatment projects totaling almost \$2.4 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2019. The remaining balance for work not yet complete at the end of the year is estimated at \$434,741 for governmental activities projects and \$592,141 million for business-type activities projects.

NOTE 7- OBLIGATIONS UNDER LEASES

Operating Leases – The City leases copiers/printers under certain non-cancelable operating leases. The City also leases copiers/printers on month to month basis, which are not subject to an agreement. Operating leases do not give rise to property rights or lease obligations (long-term debt); therefore, the results of the lease agreements are not reflected in the City's Statement of Net Position. Lease payments made during the fiscal year 2019 amounted to \$54,725.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7- OBLIGATIONS UNDER LEASES (CONTINUED)

The following is a schedule of the future minimum lease payments on the operating leases.

Year Ending June 30:	
2020	\$ 17,097
2021	10,059
2022	6,924
2023	298
Total	<u>\$ 34,378</u>

Operating Lease Receivables- The city receives lease payments for leasing a commercial building to Advance Call Center Technologies, LLC (ACT). The term of this agreement has an ending date of April, 2027. Tenant have the option to extend term for two additional periods of (5) years each. Lease payments received during the FY 2019 amounted to \$ 600,000.

The future minimum lease receivable and the net present value of these minimum rentals at year end were as follows:

Year Ending June 30th:	
2020	\$ 600,000
2021	600,000
2022	600,000
2023	600,000
2024	600,000
2025-27	1,800,000
Total	<u>\$ 4,800,000</u>

Capital Leases Obligation – The City has acquired two wheeled coach ambulances under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payment as of the inception date. The Ambulance Services Fund is used to pay the capital lease obligation. Amortization of assets recorded under capital leases is included with depreciation expense.

The City has acquired one copier machine under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payment as of the inception date. The General Fund is used to pay the capital lease obligation. Amortization of assets recorded under capital leases is included with depreciation expense.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7- OBLIGATIONS UNDER LEASES (CONTINUED)

The City has acquired 63 portable radios for the City of San Luis Fire and Police Departments under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payment as of the inception date. The General Fund and the Ambulance Fund are used to pay the capital lease obligation. Amortization of assets recorded under capital leases is included with depreciation expense.

The assets acquired through capital leases that meet the City capitalization threshold are as follows:

Asset:	Governmental Activities	Business-Type Activities	Total
Equipment	\$ 310,175	\$ 442,890	\$ 753,065
Less: Accumulated Depreciation	47,719	121,825	169,544
Total	\$ 262,456	\$ 321,065	\$ 583,521

The future minimum lease obligations and the net present value of these minimum leases payments at year end were as follows:

Year ending June 30,	Governmental Activities	Business-Type Activities	Total
2020	\$ 45,392	\$ 87,281	\$ 132,673
2021	45,392	87,281	132,673
2022	45,392	87,281	132,673
2023	45,395	5,231	50,626
2024	42,766	5,233	47,999
2025	42,766	5,233	47,999
Total minimum lease payments	\$ 267,103	\$ 277,540	\$ 544,643
Less: amount representing interest	1,894	15,173	17,067
Present Value of minimum lease payments	265,209	262,367	527,576
Due within one year	\$ 44,863	\$ 79,774	\$ 124,637

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2019 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

In November 2014 the City issued \$28,795,000 in Excise Tax Revenue Refunding Obligations Series 2014A and \$2,220,000 Series 2014B taxable Obligations collectively with an average true-interest rate of 4.02 percent to refund the 2005 San Luis Civic Improvement Corporation (SLCIC) in the amount of \$40,000,000.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2019
Governmental activities	4.00-5.00%	7/1/19-38	\$ 10,591,304
Business-type activities	4.00-5.00%	7/1/19-38	<u>16,588,696</u>
Total			<u>\$ 27,180,000</u>

Future debt service requirements for SLCIC revenue bonds are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2020	\$ 327,325	\$ 514,689	\$ 512,675	\$ 806,136
2021	339,015	500,398	530,985	783,752
2022	356,551	483,009	558,449	756,516
2023	374,086	464,743	585,914	727,907
2024	391,621	445,600	613,379	697,925
2025-29	2,260,102	1,922,002	3,539,898	3,010,348
2030-34	2,875,784	1,290,206	4,504,216	2,020,794
2035-39	3,666,820	475,985	5,743,180	745,515
Total	<u>\$ 10,591,304</u>	<u>\$ 6,096,634</u>	<u>\$ 16,588,696</u>	<u>\$ 9,548,891</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8- REVENUE BONDS PAYABLE (CONTINUED)

In October 2017, the City issued \$14,540,000 in Excise Tax Revenue Refunding obligations tax exempt Series 2017 A \$2,825,000, and \$11,715,000 Series 2017 B 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.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds is not included in the City's financial statements. At year end, \$9,555,000 of the defeased bonds are still outstanding.

Purpose	Original Amount	Interest Rate	Maturity	Outstanding Principal June 30, 2019
Governmental activities	\$ 2,825,000	2.00-5%	7/1/20-27	\$ 2,555,000
Business-Type Activities	11,715,000	1.50-3.50%	7/1/20-31	10,885,000
Total				<u>\$ 13,440,000</u>

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2020	\$ 240,000	\$ 116,900	\$ 755,000	\$ 297,088
2021	245,000	108,400	765,000	283,775
2022	255,000	97,125	780,000	268,325
2023	265,000	84,125	795,000	251,581
2024	280,000	70,500	815,000	232,450
2025-29	1,270,000	130,750	4,410,000	794,684
2030-32			2,565,000	121,284
Total	<u>\$ 2,555,000</u>	<u>\$ 607,800</u>	<u>\$ 10,885,000</u>	<u>\$ 2,249,188</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8- REVENUE BONDS PAYABLE (CONTINUED)

In November 2013, the City issued 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.

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2019
Business-type activities	\$6,580,000	3.80-4.00%	7/1/19-2034	<u>\$ 5,770,000</u>
Total				<u><u>\$ 5,770,000</u></u>

Future debt service requirements for the Utility Revenue Bond payable are as follow:

	Business-Type Activities		
	Principal	Interest	Total
Year Ending June 30:			
2020	\$ 295,000	\$ 213,655	\$ 508,655
2021	305,000	202,255	507,255
2022	315,000	190,475	505,475
2023	325,000	178,315	503,315
2024	340,000	165,680	505,680
2025-29	1,900,000	621,300	2,521,300
2030-34	2,290,000	224,200	2,514,200
Total	<u><u>\$ 5,770,000</u></u>	<u><u>\$ 1,795,880</u></u>	<u><u>\$ 7,565,880</u></u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8- REVENUE BONDS PAYABLE (CONTINUED)

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 there from 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.

Purpose	Original Amount	Interest Rate	Maturity	Outstanding Principal June 30, 2019
Discretely presented component units	\$ 26,090,000	6.00-7.25%	5/1/19-30	\$ 22,080,000
Discretely presented component units	20,835,000	6.00-7.25%	5/1/19-27	15,145,000
Total				<u>\$ 37,225,000</u>

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

	2014 Series Principal	2014 Series A Principal	2014 Series Interest	2014 Series A Interest
Year Ending June 30:				
2020	\$ 925,000	\$ 1,310,000	\$ 1,550,166	\$ 1,006,612
2021	980,000	1,380,000	1,497,440	933,252
2022	1,035,000	1,460,000	1,439,620	853,212
2023	1,095,000	1,550,000	1,375,450	764,152
2024	1,175,000	1,660,000	1,298,800	656,428
2025-29	10,620,000	7,785,000	5,007,826	1,244,746
2030	6,250,000		453,126	
Total	<u>\$ 22,080,000</u>	<u>\$ 15,145,000</u>	<u>\$ 12,622,428</u>	<u>\$ 5,458,402</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9- NOTE OBLIGATIONS

Outstanding long-term debt and current portions are summarized as follows:

<u>Governmental activities</u>	CURRENT PORTION	LONG TERM PORTION	TOTAL
Notes payable to Walmart Store for \$376,000 dated October 4, 2006 for road extension. Note is due in quarterly installments of the first 1% of City Sales Tax collected on retail sales from the Walmart Store until fully paid.		\$155,967	\$155,967
Converted a line of credit received from 1st Bank Yuma on June 11, 2015 for equipment purchase to a note payable in the amount of \$554,453 with an interest rate of 3.75% payable in five years.	18,495		18,495
Total Notes Payable	\$18,495	\$155,967	\$174,462

<u>Business-type activities</u>	CURRENT PORTION	LONG TERM PORTION	TOTAL
Converted a line of credit received from 1st Bank Yuma, on June 11, 2015 for equipment purchase to a note payable in the amount of \$554,453 with an interest rate of 3.75% payable in five years.	\$11,785		\$11,785
Note payable to 1st Bank Yuma issued on February 26, 2019 for equipment purchase for the amount of \$ 246,842 with an interest rate 4.5% payable in 6 years	45,636	186,347	231,983
Total Notes Payable	\$57,421	\$186,347	\$243,768

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9- NOTE OBLIGATIONS (CONTINUED)

Future debt service required for the notes payable are as follow:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2020	\$ 18,495	\$ 117	\$ 57,421	\$ 9,742
2021			47,788	7,515
2022			50,014	5,288
2023			52,344	2,958
2024			36,193	626
Total	\$ 18,495	\$ 117	\$ 243,760	\$ 26,129

PLEGGED REVENUES

CIC REVENUE BONDS- GADA REVENUE BONDS

The City has pledged to repay \$42,825,525 in (CIC) revenue bonds issued from 2005 through 2015, and payable through 2039. This amount represents remaining principal and interest payments on the debt.

The purpose for the (CIC) issuance was to expand its facilities to better serve its citizens. The proceeds were used to finance its public buildings such as: City Hall, Police and Fire stations as well as infrastructure for Water and Sewer storage capacities. Those bonds were refunded during fiscal year 2015 to take advantage of substantial savings during the same remaining period (see note 8 for further review).

The city has pledged to repay \$16,296,988 (GADA) revenue bonds issued in 2009 through 2017, and payable through 2032. This amount represents remaining principal and interest. The proceeds from this issue were to refinance the call center development debt, and fund other municipal projects. During 2018 the city issued refunding bonds to advance refund of the GADA obligations issued in 2009 to reduce total debt service payments over the next 21 years by \$7,384,378.

Both bonds issuances (CIC) and (GADA) called for the City to pledge certain revenues until the debt is fully paid. Pledge revenues on the (CIC) and (GADA) bonds include “excise taxes”, state shared revenues, permit fees, franchise taxes. Excise Taxes are defined to include the transaction privilege tax and business taxes, which the city imposes. In 2019 the revenue pledged amounted to \$19.7 million. Principal and interest for the current year were \$1,915,000 and \$1,759,000 respectively.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9- NOTE OBLIGATIONS (CONTINUED)

A portion of the (CIC) is funded by the revenues directly or indirectly derived from the operation and use of the water system. However, that does not relieve the revenues listed in the preceding paragraph to be pledged.

The coverage ratio (pledged revenues to debt service) for 2019 for (CIC) and (GADA) is 5.37.

More in depth disclosures can be referenced from the statistical section, Table XII.

UTILITY REVENUE BOND

The city has pledged to repay \$7,565,880 Utility revenue b issued in 2013, and payable through 2033. The proceeds from this issue financed the construction of new water and sewer lines. The utility bonds are collateralized by the total operating revenues and investment income of the Water and Wastewater Enterprise Funds. In 2019 the revenue pledged amounted to \$8.6 million. Principal and interest for the current year were \$ 777,417 and \$1,034,616 respectively.

The coverage ratio (pledged revenues to debt service) for 2019 for the Utility bonds is 2.5.

More in depth disclosures can be referenced from the statistical section, Table XIII b.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10- CHANGE IN LONG-TERM LIABILITIES

Compensated Absences

The City's policy relating to compensated absences is described in Note 1-L. As shown in the table below, the long-term portion of this debt, amounting to \$ 641,133 for governmental activities and \$94,383 for business-type activities at June 30, 2019 is expected to be paid in future years from future resources. Compensated absences have been liquidated primarily by the General Fund and proprietary fund revenues. Pension liabilities have typically been liquidated with General Fund and Proprietary Fund revenues.

Long-term liability activity for all categories for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Compensated Absences	\$ 559,775	\$ 523,664	\$ 442,306	\$ 641,133	\$ 495,598
Revenue Bonds Payable	13,733,886		587,583	13,146,303	567,325
Revenue Bonds Premium	1,497,882		97,871	1,400,011	
Notes Payable	270,763		96,300	174,463	18,495
Capital Leases	297,873	12,302	44,966	265,209	44,863
Pension	13,763,912		1,871,015	11,892,897	
Governmental Activities Long Term Liabilities	\$ 30,124,091	\$ 535,966	\$ 3,140,041	\$ 27,520,016	\$ 1,126,281
Business-type activities:					
Compensated Absences	\$ 75,785	\$ 116,851	\$ 98,254	\$ 94,382	\$ 72,959
Revenue Bonds Payable	34,851,113		1,607,417	33,243,696	1,562,675
Revenue Bond Premium	1,722,378		86,119	1,636,259	
Revenue Bond Discount	(145,955)		(10,987)	(134,969)	
Notes Payable	57,843	246,842	60,917	243,768	57,421
Capital Leases	339,795		77,428	262,368	79,774
Pension	2,179,113		317,489	1,861,624	
Business -type Activities Long Term Liabilities	\$ 39,080,072	\$ 363,693	\$ 2,236,637	\$ 37,207,128	\$ 1,772,829
Discretely Presented Component units					
Revenue Bonds Payable	\$ 39,345,000		\$ 2,120,000	\$ 37,225,000	\$ 2,235,000
Revenue Bonds Discount	(811,907)		(74,884)	(737,023)	
Discretely Presented Component units Long Term Liabilities	\$ 38,533,093	\$ -	\$ 2,045,116	\$ 36,487,977	\$ 2,235,000

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11- COMMITMENTS AND CONTINGENCIES

Lawsuits – The City is a defendant in various lawsuits, and other claims that are incidental to its normal operations. 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.

NOTE 12- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balance/Net Position – At June 30, 2019, the following individual funds reported deficits in Fund Balance/Net Position.

	Deficit
Governmental Funds:	
Debt Service	\$ (178,385)
Enterprise Funds:	
Business Center	\$ (5,933,764)
Sanitation	(96,069)
Discretely Presented Component Unit:	
Detention Facility	\$ (1,486,146)

The fund balance deficit of the Debt Service Fund is expected to be subsidized through processing inter-funds transfers with the General Fund.

The net position deficit of the Business Center Fund is expected to be subsidized through future rent revenues of unoccupied building space.

The net position deficit of the Sanitation Fund is expected to be subsidized through future rate increases.

At inception, the building and subsequent building expansion was depreciated at 20 years. In order to reflect appropriately the life of the asset and to be consistent with City of San Luis depreciation policy, the useful life of the asset was increased from 20 years to 45 years. This change in accounting method will improve the net position for of the SLDF. In addition, a new operator agreement will take in effect on January 2020 which it is expected to improve the net position of this fund.

NOTE 13- 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 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 13- RISK MANAGEMENT (CONTINUED)

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 \$50,000 for each claim. In addition, the City has an annual aggregate stop loss amount 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:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Unpaid claims, beginning of fiscal year	\$ 158,401	\$ 175,531
Incurred claims (including IBNRs)	1,561,171	2,020,267
Claim payments	(1,435,149)	(2,037,397)
Unpaid claims, end of fiscal year	\$ 284,423	\$ 158,401

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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, 2019, 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 liability	\$ 11,892,897	\$ 1,861,623	\$ 13,754,520
Deferred outflows of resources	3,090,333	511,820	3,602,153
Deferred inflows of resources	2,583,231	533,543	3,116,774
Pension expense	556,892	153,650	710,542

The City reported \$ 1,715,242 of pension contributions as expenditures in the governmental and 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. 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 its Web site at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

AS RS

	ASRS Retirement	
	<u>Initial membership date:</u>	
	<u>Before July 1, 2011</u>	<u>On or after July 1, 2011</u>
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	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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 11.80 percent (11.64 percent for retirement and 0.16 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 11.80 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 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, 2019 were \$752,249.

Employers are also required to pay an Alternative Contribution rate (ACR) for retired members who return to work in positions that would be typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 10.53 percent (10.41 for retirement, 0.06 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. ACR contributions are included in employer contributions presented above.

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, 2019, the City reported a liability of \$ 8,837,885 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The total liability as of June 30, 2018 reflects changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016, including decreasing the discount rate from 8.0 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates. The City's proportion of the net assets/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, 2018.

The City's reported liability at June 30, 2019, decreased by \$1,035,484 from the City's prior year liability of \$9,873,369 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.

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, 2018, was .0634 percent, which was no difference from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2019, the City recognized pension expense for ASRS of \$128,856. At June 30, 2019, 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	\$ 243,477	\$ 48,722
Changes of assumptions or other inputs	233,867	783,600
Net difference between projected and actual earnings on pension investments	-	212,530
Changes in proportion and differences between contributions and proportionate share of contributions	11,642	94,807
Contributions subsequent to the measurement date	752,249	
Total	\$ 1,241,235	\$ 1,139,659

The \$752,249 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, 2020. 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:	Pension
2020	\$ 3,215
2021	(236,183)
2022	(322,393)
2023	(95,312)

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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

Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Investment Rate of Return	7.5%
Projected salary increases	2.7-7.2%
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, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 the target asset allocation percentage and by adding expected inflation.

At June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Discount Rate. At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Proportionate share of the net (assets) liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 12,598,608	\$ 8,837,885	\$ 5,695,861

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, 2019**

NOTE 14- 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). 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

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.

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 based on initial membership dates. See the publicly available PSPRS financial report for additional benefits information.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

	Initial Membership Date:	
	Tier 1-Before January 1, 2012	Tier 2- On or after January 1, 2012
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% 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, 2019, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS</u>	
	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries	8	3
Inactive, non-retired members	2	10
Active members	32	30
Total	<u>42</u>	<u>43</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS	
	Police	Fire
Active members -Pension	7.65% to 11.65%	7.65% to 11.65%
City - Pension	23.44% to 25.67%	14.36% to 18.51%

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to PSPRS. The City of San Luis was required by statute to contribute at the actuarially determined rate of 13.76 percent for the PSPRS. ACR contributions are included in employer contributions presented above.

For the agent plans, the City's contributions to the pension plan for the year ended June 30, 2019, were:

	PSPRS	
	Police	Fire
Pension Contributions	\$ 525,830	\$ 382,197

During fiscal year 2019, the City paid for PSPRS pension contributions as follows: 67 percent from the General Fund, and 33 percent from the Ambulance Services Fund.

Pension Liability – At June 30, 2019, the City reported the following net pension

	PSPRS	
	Police	Fire
Net (Assets) Liability	\$3,558,794	\$ 815,387

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2017. The total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liability as of June 30, 2018, does not reflect changes of actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016, which includes an investment rate of return of 7.4 percent for Tier 1 & 2, and 7% for Tier 3. Wage inflation assumption of 3.5 percent, mortality, withdrawal, disability, and retirement assumptions remain the same as well.

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

PSPRS - Pension	Pension
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4% for Tier 1 & 2, 7% for Tier 3
Projected salary increases	3.5%
Inflation	2.5%
Permanent benefit increase	Included
Mortality rates	RP 2014 - tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.40 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:

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	16%	7.60%
Non-U.S. equity	14%	8.70%
Private Equity	12%	5.83%
Fixed Income	5%	1.25%
Private Credit	16%	6.75%
GTS	12%	3.96%
Real Assets	9%	4.52%
Real Estate	10%	3.75%
Risk Party	4%	5.00%
Short Term Investments	2%	0.25%
	<u>100%</u>	

Pension Discount Rates – At June 30, 2018, the discount rate used to measure the total pension liability was 7.4 percent, which is the same as the discount rate used as of June 30, 2016.

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total (Assets) Liability	Plan Fiduciary Net Position	Net (Assets) Liability
PSPRS - Police			
Balances at June 30, 2018	\$ 10,038,629	\$ 6,260,542	\$ 3,778,087
Changes for the year:			
Service Cost	365,220		365,220
Interest on the Total Pension Liability	721,974		721,974
Difference between expected and actual experience on the Total Pension Liability	(461,278)		(461,278)
Contributions - employer		258,678	(258,678)
Contributions - employee		178,569	(178,569)
Net investment income		414,905	(414,905)
Benefit payments, including refunds of employee contributions	(929,669)	(929,669)	-
Administrative Expense		(7,015)	7,015
Other changes		72	(72)
Net Changes	(303,753)	(84,460)	(219,293)
Balance at June 30, 2019	\$ 9,734,876	\$ 6,176,082	\$ 3,558,794

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total (Assets) Liability	Plan Fiduciary Net Position	Net (Assets) Liability
PSPRS - Fire			
Balances at June 30, 2018	\$ 6,127,969	\$ 4,993,739	\$ 1,134,230
Changes for the year:			
Service Cost	344,233		344,233
Interest on the Total Pension Liability	463,118		463,118
Difference between expected and actual experience on the Total Pension Liability	(487,056)		(487,056)
Contributions - employer		143,184	(143,184)
Contributions - employee		149,282	(149,282)
Net investment income		352,682	(352,682)
Benefit payments, including refunds of employee contributions	(83,463)	(83,463)	-
Administrative Expense		(6,068)	6,068
Other changes		58	(58)
Net Changes	236,832	555,675	(318,843)
Balance at June 30, 2019	<u>\$ 6,364,801</u>	<u>\$ 5,549,414</u>	<u>\$ 815,387</u>

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate-The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City's 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
PSPRS - Police			
Rate	6.40%	7.40%	8.40%
Net pension (assets) liability	\$ 5,210,466	\$ 3,558,794	\$ 2,252,410
PSPRS - Fire			
Rate	6.40%	7.40%	8.40%
Net pension (assets) liability	\$ 1,971,367	\$ 815,387	\$ (100,691)

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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, 2019, the City recognized the following pension expense:

	PSPRS	
	Police	Fire
Pension Expense	\$541,790	\$ 264,211

Pension Deferred Outflows/Inflows of Resources - At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
PSPRS - Police		
Difference between expected and actual experience	\$ 289,849	\$ 642,299
Changes in assumptions	533,288	-
Net difference between projected and actual earnings on pension plan investments	77,067	-
Contributions subsequent to the measurement date	525,830	-
Total	\$ 1,426,034	\$ 642,299
PSPRS - Fire		
Difference between expected and actual experience	\$ 32,612	\$ 988,823
Changes in assumptions	398,239	-
Net difference between projected and actual earnings on pension plan investments	58,783	-
Contributions subsequent to the measurement date	382,197	-
Total	\$ 871,831	\$ 988,823

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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 a reduction of the net pension liability in the year ended June 30, 2020. 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
2020	\$ 136,058	\$ (952)
2021	94,515	(32,885)
2022	8,404	(93,564)
2023	1,513	(55,564)
2024	26,283	(60,437)
Thereafter	<u>\$ (8,868)</u>	<u>\$ (255,787)</u>

Elected Officials Retirement Plan

Plan Description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS. 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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	
	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 Active members and other inactive members	75% of retired member's benefit 75% of disability retirement benefit	50% of retired member's 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- 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, 2019, statute required active EORP to contribute 7 or 13 percent of the members' annual covered payroll for the City to contribute at the actuarially determined rate of 61.5% of all active EORP members annual covered payroll. Also, statute required the City to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members. In addition, statute required the City to contribute 30.16 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, 2019, were \$54,965.

During fiscal year 2019, the City paid for EORP pension contributions from the General Fund.

Pension Liability - At June 30, 2019, 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	\$	542,454
State's proportionate share of the EORP net pension liability associated with the City		92,946
Total	\$	635,400

The net asset and net liability were measured as of June 30, 2018, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2018, reflect statutory changes in benefits terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustment was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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, 2018. The City's proportion measured as of June 30, 2018 was 0.08 percent, which was a decrease of .01 percent from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2019, the City recognized pension expense for EORP of \$ (224,315).

Pension Deferred Outflows/Inflows of Resources - At June 30, 2019, 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
Differences between expected and actual experience	\$	\$ 8,460
Changes of assumptions or other inputs	3,380	225,828
Net difference between projected and actual earnings on pension investments	4,707	
Changes in proportion and differences between contributions and proportionate share of contributions	-	111,705
Contributions subsequent to the measurement date	54,965	
Total	<u>\$ 63,052</u>	<u>\$ 345,993</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The \$54,965 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, 2020. 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
2020	\$ (313,112)
2021	(22,875)
2022	(1,997)
2023	78

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

EORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.40%
Projected salary increases	3.50%
Inflation	2.50%
Cost of Living Adjustments	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Health cost trend rate	Not applicable

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.40 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 geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4	5.00
Fixed income	5	1.25
Real assets	9	4.52
GTS	12	3.96
Private credit	16	6.75
Real estate	10	3.75
Private Equity	12	5.83
Non-U.S. equity	14	8.70
U.S. equity	16	7.60
Total	100%	

Discount Rate - At June 30, 2018, the discount rate used to measure the EORP total pension liability was 7.4 percent, which was an increase of 3.49 from the discount rate used as of June 30, 2017. 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 actuarially determined rates, and state contributions will be made as currently required by statute. Based on those assumptions, the 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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 7.4 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 (6.4 percent) or one percentage point higher (8.4 percent) than the current rate:

Proportionate share of the net (assets) liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 622,863	\$ 542,454	\$ 474,104

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

NOTE 15- PRIOR PERIOD ADJUSTMENT

The July 1, 2018, governmental activities net position and component unit (SLDF) net position do not agree to the prior year financial statements due to a correction of an error. Restatement in governmental activities is to reflect accrual of principal in the appropriate year. Restatement to the Component unit is to appropriately reflect the useful life of the building. The useful life was changed from 20 years to 45 years.

	Debt Service Fund	Component Unit
Net Position, June 30, 2018	\$ 14,871,362	\$ (13,197,656)
Correction to GAAP Presentation	(587,587)	3,356,375
Depreciation Correction		8,493,808
Net Position, July 1st, 2018	\$ 14,283,775	\$ (1,347,473)

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 16- TAX ABATEMENTS

In June 2017, the City entered into a tax abatement agreement with San Luis Commercial Holdings, LLC for multi-use sites, which creates significant benefits to the City by providing for the acquisition of infrastructure as part of the development, increasing tax and other revenue to the City as a result of the improvements constructed on the property, and additional employment through development of the property. The agreement is effective until the sum of all abated taxes is equal to \$1,823,000. The City anticipates that it will take approximately 15 years from the start of construction to reach the cap. The agreement was entered into under a Resolution adopted by the Mayor and City Council in June 2017. The Resolution allows for 50% of all transaction privilege taxes of the City as generated from businesses established on the Project Site to be rebated to the Developer or its nominee or assignee until the sum of \$1,823,000 is paid. The ordinance established the following condition that must be met by the developer to qualify for the tax abatement; this retail tax incentive agreement will be conditioned upon the development of and the opening of the businesses (hotels and restaurants) by January 1, 2020.

During the fiscal year no transaction privilege taxes were abated under the San Luis Commercial Holdings, LLC agreement. The City anticipates construction will begin in in the 4th quarter of calendar year 2019.

NOTE 17- SUBSEQUENT EVENTS

We evaluated subsequent events through the date of issuance of the financial statements. There have been no subsequent events that occurred during such period that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
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	\$ 8,837,885	\$ 9,873,369	\$ 10,475,512	\$ 9,932,851	\$ 9,246,398
City's covered payroll	\$ 6,356,202	\$ 6,155,121	\$ 9,781,656	\$ 10,080,810	\$ 9,456,971
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	139.04%	160.41%	107.09%	98.53%	97.77%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016
City's proportion of the net pension (assets) liability	0.08%	0.09%	0.11%
City's proportionate share of the net pension (assets) liability	\$ 542,454	\$ 1,157,339	\$ 1,008,290
State's proportionate share of the net pension liability	\$ 92,946	\$ 374,681	\$ 208,186
Total	<u>\$ 635,400</u>	<u>\$ 1,532,020</u>	<u>\$ 1,216,476</u>
City's covered payroll	\$ 94,323	\$ 68,562	\$ 132,685
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	575.10%	1688.02%	759.91%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	2019	2018	2017	2016	2015
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability					
Service cost	\$ 365,220	\$ 449,219	\$ 350,332	\$ 306,944	\$ 282,241
Interest	721,974	647,619	562,087	555,140	466,641
Changes of benefit terms	-	162,160	512,893	-	91,936
Differences between expected and actual experience	(461,278)	385,365	(58,955)	(423,441)	(9,596)
Changes of assumptions or other inputs	-	121,338	362,672		606,442
Benefit payments, including refunds of employee contributions	(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
Net change in total pension liability	(303,753)	1,490,931	1,396,023	27,963	1,203,056
Total pension liability -beginning	10,038,629	8,547,698	7,151,675	7,123,712	5,920,656
Total pension liability -ending	<u>\$ 9,734,876</u>	<u>\$ 10,038,629</u>	<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>	<u>\$ 7,123,712</u>
Plan fiduciary net position					
Contribution -employer	\$ 258,678	\$ 393,486	\$ 351,711	\$ 248,515	\$ 264,741
Contribution -employee	178,569	231,348	207,745	182,813	165,787
Net investment income	414,905	640,556	30,048	179,881	580,609
Benefit payments, including refunds of employee contributions	(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
Administrative expense	(7,015)	(6,068)	(4,724)	(4,770)	(4,714)
Other	72	68	(99,246)	(3,823)	2,155
Net change in plan fiduciary net position	(84,460)	984,620	152,528	191,936	773,970
Plan fiduciary net position -beginning	6,260,542	5,275,922	5,123,394	4,931,458	4,157,488
Plan fiduciary net position -ending	<u>\$ 6,176,082</u>	<u>\$ 6,260,542</u>	<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>	<u>\$ 4,931,458</u>
Net pension (assets) liability -ending	<u>\$ 3,558,794</u>	<u>\$ 3,778,087</u>	<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>	<u>\$ 2,192,254</u>
Plan fiduciary net position as a percentage of the total pension liability	63.44%	62.36%	61.72%	71.64%	69.23%
Covered payroll	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
Net pension (assets) liability as a percentage of covered payroll	205.90%	181.54%	182.32%	112.73%	131.80%

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

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

	2019	2018	2017	2016	2015
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability					
Service cost	\$ 344,233	\$ 429,788	\$ 335,758	\$ 296,352	\$ 294,507
Interest	463,118	433,198	347,995	308,046	275,282
Changes of benefit terms	-	88,014	588,157	-	(8,383)
Differences between expected and actual experience	(487,056)	(519,052)	(33,940)	51,216	(184,049)
Changes of assumptions or other inputs	-	200,618	264,127	-	77,627
Benefit payments, including refunds of employee contributions	(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
Net change in total pension liability	<u>236,832</u>	<u>501,219</u>	<u>1,221,034</u>	<u>603,876</u>	<u>429,655</u>
Total pension liability -beginning	<u>6,127,969</u>	<u>5,626,750</u>	<u>4,405,716</u>	<u>3,801,840</u>	<u>3,372,185</u>
Total pension liability -ending	<u>\$ 6,364,801</u>	<u>\$ 6,127,969</u>	<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>	<u>\$ 3,801,840</u>
Plan fiduciary net position					
Contribution -employer	\$ 143,184	\$ 241,876	\$ 253,312	\$ 208,243	\$ 199,532
Contribution -employee	149,282	195,123	207,731	173,223	157,403
Net investment income	352,682	517,876	23,851	138,174	416,103
Benefit payments, including refunds of employee contributions	(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
Administrative expense	(6,068)	(4,982)	(3,832)	(3,755)	(3,378)
Other	58	(92,419)	(26,171)	(2,750)	8,528
Net change in plan fiduciary net position	<u>555,675</u>	<u>726,127</u>	<u>173,828</u>	<u>461,397</u>	<u>752,859</u>
Plan fiduciary net position -beginning	<u>4,993,739</u>	<u>4,267,612</u>	<u>4,093,784</u>	<u>3,632,387</u>	<u>2,879,528</u>
Plan fiduciary net position -ending	<u>\$ 5,549,414</u>	<u>\$ 4,993,739</u>	<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>	<u>\$ 3,632,387</u>
Net pension (assets) liability -ending	<u>\$ 815,387</u>	<u>\$ 1,134,230</u>	<u>\$ 1,359,138</u>	<u>\$ 311,932</u>	<u>\$ 169,453</u>
Plan fiduciary net position as a percentage of the total pension liability	87.19%	81.49%	75.85%	92.92%	95.54%
Covered payroll	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
Net pension (assets) liability as a percentage of covered payroll	46.09%	63.76%	85.26%	20.19%	11.52%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Arizona State Retirement System:							
Actuarially determined contribution	\$ 752,249	\$ 692,826	\$ 663,522	\$ 650,874	\$ 644,042	\$ 584,114	\$ 543,219
Contribution in relation to the actuarially determined contribution	752,249	692,826	663,522	650,874	644,042	584,114	543,219
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,524,967	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839	\$ 5,914,065	\$ 5,299,698	\$ 5,209,366
Contributions as a percentage of covered payroll	11.18%	10.90%	10.78%	10.85%	10.89%	11.02%	10.43%
Public Safety Personnel Retirement System - Police:							
Actuarially determined contribution	\$ 525,830	\$ 435,558	\$ 400,210	\$ 352,801	\$ 281,218	\$ 272,789	\$ 242,295
Contribution in relation to the actuarially determined contribution	525,830	435,558	400,210	352,801	281,218	272,789	242,295
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,353,202	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348	\$ 1,571,304
Contributions as a percentage of covered payroll	25.67%	25.20%	19.23%	19.66%	15.63%	16.40%	15.42%
Public Safety Personnel Retirement System - Fire:							
Actuarially determined contribution	\$ 382,197	\$ 347,491	\$ 233,214	\$ 203,572	\$ 188,635	\$ 180,241	\$ 169,598
Contribution in relation to the actuarially determined contribution	382,197	347,491	233,214	203,572	188,635	180,241	169,598
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,998,964	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355	\$ 1,481,205
Contributions as a percentage of covered payroll	18.51%	19.64%	13.11%	12.77%	12.21%	12.25%	11.45%
Elected Official Retirement Plan:							
Actuarially determined contribution	\$ 54,965	\$ 20,495	\$ 16,112				
Contribution in relation to the actuarially determined contribution	54,965	20,495	16,112				
Contribution deficiency (excess)	\$ -	\$ -	\$ -				
City's covered payroll	\$ 110,239	\$ 87,213	\$ 68,562				
Contributions as a percentage of covered payroll	49.86%	23.50%	23.50%				

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.

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, 2017 valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The actuarial assumptions used in the June 30, 2018, valuation for PSPRS and EORP were based on the results of an actuarial experience study for the five-year period ending June 30, 2016. Several actuarial assumptions were adjusted as a result of the study, including decreasing wage inflation from 4.0% to 3.5%.

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. As a result, the PSPRS 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. 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**

**CITY OF SAN LUIS, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

SPECIAL REVENUES

	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts	Community Development
ASSETS					
Equity in pooled cash	\$ 8,874	\$ 166,714	\$ 32,500	\$ 338,756	\$ 114,662
Investments	-	-	-	-	-
Accounts receivable (net)	-	2,621	-	87,752	-
Due from governmental entities	97,596	-	-	-	-
Prepaid items	-	-	-	-	78,400
Total assets	\$ 106,470	\$ 169,336	\$ 32,500	\$ 426,509	\$ 193,062
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,068	\$ 14,840	\$ -	\$ 9,299	\$ 101,199
Unearned revenue	-	-	-	-	12,800
Total liabilities	2,068	14,840	-	9,299	113,999
Deferred inflows of resources:					
Unavailable revenue	-	-	-	81,730	-
Fund balances:					
Non-spendable	-	-	-	-	78,400
Restricted	104,402	154,496	32,500	335,480	663
Total fund balances	104,402	154,496	32,500	335,480	79,063
Total liabilities and fund balances	\$ 106,470	\$ 169,336	\$ 32,500	\$ 426,509	\$ 193,062

CAPITAL PROJECTS

<u>Capital Outlay Reserve</u>	<u>Totals</u>
\$ 15,578	\$ 677,085
2,297,594	2,297,594
-	90,374
-	97,596
-	78,400
<u>\$ 2,313,172</u>	<u>\$ 3,241,049</u>
\$ -	\$ 127,406
-	12,800
<u>-</u>	<u>140,206</u>
-	81,730
-	78,400
2,313,172	2,940,713
<u>2,313,172</u>	<u>3,019,113</u>
<u>\$ 2,313,172</u>	<u>\$ 3,241,049</u>

CITY OF SAN LUIS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

SPECIAL REVENUES

	Public Grants & Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts	Community Development
Revenues:					
Intergovernmental	\$ 544,314	\$ 4,919	\$ -	\$ -	\$ 674,257
Fines and forfeitures	98,317	126,504	-	-	-
Special assessments	-	-	-	335,006	-
Charges for services	-	-	-	-	19,300
Investment earnings	-	-	-	-	-
Other	-	-	2,500	-	-
Total revenues	<u>642,631</u>	<u>131,423</u>	<u>2,500</u>	<u>335,006</u>	<u>693,557</u>
Expenditures:					
Current					
General government	-	144,981	-	-	-
Public safety	520,065	-	-	-	-
Public works and streets	-	-	-	66,436	-
Culture and recreation	-	-	-	-	18,637
Community development	-	-	-	283,024	-
Capital outlay	279,012	1,000	-	-	888,625
Total expenditures	<u>799,077</u>	<u>145,981</u>	<u>-</u>	<u>349,460</u>	<u>907,262</u>
Excess (deficiency) of revenues over expenditures	<u>(156,446)</u>	<u>(14,558)</u>	<u>2,500</u>	<u>(14,454)</u>	<u>(213,705)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	243,196
Transfers out	-	-	-	-	(28,828)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,368</u>
Change in fund balances	<u>(156,446)</u>	<u>(14,558)</u>	<u>2,500</u>	<u>(14,454)</u>	<u>663</u>
Fund balances - beginning	260,849	169,054	30,000	349,935	78,400
Fund balances - ending	<u>\$ 104,403</u>	<u>\$ 154,496</u>	<u>\$ 32,500</u>	<u>\$ 335,481</u>	<u>\$ 79,063</u>

CAPITAL PROJECTS

<u>Capital Outlay Reserve</u>	<u>Totals</u>
\$ -	\$ 1,223,490
-	224,821
-	335,006
744,655	763,955
40,945	40,945
-	2,500
<u>785,600</u>	<u>2,590,717</u>
26,597	171,578
-	520,065
-	66,436
-	18,637
-	283,024
<u>69,508</u>	<u>1,238,145</u>
<u>96,105</u>	<u>2,297,885</u>
689,495	292,832
-	243,196
-	(28,828)
-	214,368
<u>689,495</u>	<u>507,200</u>
1,623,677	2,511,915
<u>\$ 2,313,172</u>	<u>\$ 3,019,115</u>

CITY OF SAN LUIS, ARIZONA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -SPECIAL REVENUE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2019

Police Grants and Special Revenues			
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 913,330	\$ 544,314	\$ (369,016)
Fines and forfeitures	374,300	98,317	(275,983)
Special assessments	-	-	-
Charges for services	-	-	-
Other	-	-	-
Total revenues	1,287,630	642,631	(644,999)
Expenditures:			
Current			
General government	-	-	-
Public safety	994,430	520,066	474,364
Public works and streets	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	293,200	279,011	14,189
Total expenditures	1,287,630	799,077	488,553
Excess (deficiency) of revenues over expenditures	-	(156,446)	(156,446)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	-	(156,446)	(156,446)
Fund balances - beginning	92,837	260,848	168,011
Fund Balances - ending	\$ 92,837	\$ 104,402	\$ 11,565

Judicial Collection Enhancement

SL Community Facilities District

Judicial Collection Enhancement			SL Community Facilities District		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 23,800	\$ 4,919	\$ (18,881)	\$ -	\$ -	\$ -
116,500	126,504	10,004	-	-	-
-	-	-	-	-	-
-	-	-	2,500	2,500	-
140,300	131,423	(8,877)	2,500	2,500	-
154,110	144,981	9,129	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,000	(1,000)	-	-	-
154,110	145,981	8,129	-	-	-
(13,810)	(14,558)	(748)	2,500	2,500	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(13,810)	(14,558)	(748)	2,500	2,500	-
(11,426)	169,054	180,480	2,500	30,000	27,500
\$ (25,236)	\$ 154,496	\$ 179,732	\$ 5,000	\$ 32,500	\$ 27,500

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SPECIAL REVENUE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

	Assessment Districts			Community Development		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 682,000	\$ 674,257	\$ (7,743)
Fines and forfeitures	-	-	-	-	-	-
Special assessments	381,820	335,006	(46,814)	-	-	-
Charges for services	-	-	-	30,000	19,300	(10,700)
Other	-	-	-	-	-	-
Total revenues	<u>381,820</u>	<u>335,006</u>	<u>(46,814)</u>	<u>712,000</u>	<u>693,557</u>	<u>(18,443)</u>
Expenditures:						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works and streets	75,720	66,436	9,284	-	-	-
Culture and recreation	-	-	-	30,000	18,637	11,363
Community development	306,100	283,024	23,076	-	-	-
Capital outlay	-	-	-	942,000	888,625	53,375
Total expenditures	<u>381,820</u>	<u>349,460</u>	<u>32,360</u>	<u>972,000</u>	<u>907,262</u>	<u>64,738</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(14,454)</u>	<u>(14,454)</u>	<u>(260,000)</u>	<u>(213,705)</u>	<u>46,295</u>
Other financing sources (uses):						
Transfers in	-	-	-	260,000	243,196	(16,804)
Transfers out	-	-	-	-	(28,828)	(28,828)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>214,368</u>	<u>(45,632)</u>
Change in fund balances	<u>-</u>	<u>(14,454)</u>	<u>(14,454)</u>	<u>-</u>	<u>663</u>	<u>663</u>
Fund balances - beginning	<u>319,991</u>	<u>349,934</u>	<u>29,943</u>	<u>143,742</u>	<u>78,400</u>	<u>(65,342)</u>
Fund Balances - ending	<u>\$ 319,991</u>	<u>\$ 335,480</u>	<u>\$ 15,489</u>	<u>\$ 143,742</u>	<u>\$ 79,063</u>	<u>\$ (64,679)</u>

Totals

Budget	Actual	Variance - Positive (Negative)
\$ 1,619,130	\$ 1,223,490	\$ (395,640)
490,800	224,821	(265,979)
381,820	335,006	(46,814)
30,000	19,300	(10,700)
2,500	2,500	-
<u>2,524,250</u>	<u>1,805,117</u>	<u>(719,133)</u>
154,110	144,981	9,129
994,430	520,066	474,364
75,720	66,436	9,284
30,000	18,637	11,363
306,100	283,024	23,076
<u>1,235,200</u>	<u>1,168,636</u>	<u>66,564</u>
<u>2,795,560</u>	<u>2,201,780</u>	<u>593,780</u>
(271,310)	(396,663)	(125,353)
260,000	243,196	16,804
-	(28,828)	(28,828)
<u>260,000</u>	<u>214,368</u>	<u>(12,024)</u>
<u>(11,310)</u>	<u>(182,295)</u>	<u>(170,985)</u>
<u>547,644</u>	<u>888,235</u>	<u>340,591</u>
<u>\$ 536,334</u>	<u>\$ 705,940</u>	<u>\$ 169,606</u>

CITY OF SAN LUIS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - DEBT SERVICE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Investment earnings	-	36,654	36,654
Total Revenue	<u>-</u>	<u>36,654</u>	<u>36,654</u>
Expenditures:			
Current -			
General government	-	-	-
Community development	-	-	-
Capital outlay	6,000	1,293	4,707
Debt service			
Interest	676,500	641,005	35,495
Principal	587,600	567,325	20,275
Total Expenditures	<u>1,270,100</u>	<u>1,209,624</u>	<u>60,476</u>
Excess (deficiency) of revenues over expenditures	<u>(1,270,100)</u>	<u>(1,172,970)</u>	<u>97,130</u>
Other financing sources (uses):			
Transfer In	1,270,100	1,192,968	(77,132)
Total other financing sources (uses)	<u>1,270,100</u>	<u>1,192,968</u>	<u>(77,132)</u>
Change in fund balances	<u>-</u>	<u>19,998</u>	<u>19,998</u>
Fund balances - beginning, as restated	<u>(2,269,595)</u>	<u>(198,382)</u>	<u>2,071,213</u>
Fund Balances - ending	<u>\$ (2,269,595)</u>	<u>\$ (178,384)</u>	<u>\$ 2,091,211</u>

CITY OF SAN LUIS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

Capital Outlay Reserve			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
464,000	744,656	280,656	464,000	744,656	280,656
13,800	40,945	27,145	13,800	77,599	63,799
<u>477,800</u>	<u>785,600</u>	<u>307,800</u>	<u>477,800</u>	<u>822,255</u>	<u>344,455</u>
-	-	-	-	-	-
-	26,597	(26,597)	-	26,597	(26,597)
121,000	69,508	51,492	127,000	70,801	56,199
-	-	-	676,500	641,005	35,495
-	-	-	587,600	567,325	20,275
<u>121,000</u>	<u>96,105</u>	<u>24,895</u>	<u>1,391,100</u>	<u>1,305,728</u>	<u>85,372</u>
<u>356,800</u>	<u>689,495</u>	<u>332,695</u>	<u>(913,300)</u>	<u>(483,474)</u>	<u>429,826</u>
-	-	-	1,270,100.00	1,192,968	(77,132)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,100</u>	<u>1,192,968</u>	<u>(77,132)</u>
<u>356,800</u>	<u>689,495</u>	<u>332,695</u>	<u>356,800</u>	<u>709,494</u>	<u>352,694</u>
<u>760,929</u>	<u>1,623,677</u>	<u>862,748</u>	<u>(1,508,666)</u>	<u>1,425,295</u>	<u>2,933,961</u>
<u>\$ 1,117,729</u>	<u>\$ 2,313,172</u>	<u>\$ 1,195,443</u>	<u>\$ (1,151,866)</u>	<u>\$ 2,134,789</u>	<u>\$ 3,286,655</u>

CITY OF SAN LUIS, AZ
 COMPONENT UNIT
 STATEMENT OF NET POSITION
 JUNE 30, 2019

<u>ASSETS</u>	<u>Detention Facility</u>
Current assets:	
Cash held with trustee	\$ 3,517,233
Accounts receivable (net)	2,944,551
	<hr/> 6,461,784 <hr/>
Non-current assets:	
Restricted investments	5,537,444
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	(7,944,862)
	<hr/> 32,713,021 <hr/>
Total noncurrent assets	32,713,021
Total assets	<hr/> 39,174,804 <hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflow on Refundings	<hr/> 441,743 <hr/>
<u>LIABILITIES</u>	
Current Liabilities	
Account Payable	4,188,587
Accrued interest	426,130
Current portion of Long Term Debt	2,235,000
Total current liabilities	<hr/> 6,849,717 <hr/>
Non current liabilities	
Non current portion of long term debt	<hr/> 34,252,977 <hr/>
Total non current liabilities	34,252,977
Total Liabilities	<hr/> 41,102,694 <hr/>
<u>NET POSITION</u>	
Net Investment in Capital assets	(8,870,657)
Restricted	5,111,314
Unrestricted	2,273,197
Total Net Position	<hr/> \$ (1,486,146) <hr/>

CITY OF SAN LUIS, AZ
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2019

	Detention Facility
Operating Revenues	
Charges for Services	\$26,703,542
Total operating revenues	26,703,542
Operating Expenses	
General Operations	23,449,779
Depreciation	764,241
Total operating expenses	24,214,019
Operating Income (loss)	2,489,523
Non-operating Revenues (expenses)	
Investment Earnings	154,717
Interest Expense	(2,782,914)
Total Non Operating Revenue (Expenses)	(2,628,196)
Change in Net Position	(138,673)
Net Position- Beginning (As Restated)	(1,347,473)
Net Position - Ending	\$ (1,486,146)

**CITY OF SAN LUIS, ARIZONA
COMPONENT UNIT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

<u>(Decrease) In Cash and Cash Equivalents</u>	<u>Detention Facility</u>
Cash flows from operating activities:	
Cash received from customers	\$ 23,765,972
Cash payments to suppliers for goods and services	(19,261,192)
Net cash provided by operating activities	<u>4,504,780</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(2,120,000)
Interest paid on long-term debt	(2,670,636)
Net cash (used for) capital and related financing	<u>(4,790,636)</u>
Cash flows from investing activities:	
Investment income	154,717
Net cash provided by investing activities	<u>154,717</u>
Net decrease/increase in cash and cash equivalents	(131,139)
Cash and cash equivalents, beginning of year as restated	9,185,816
Cash and cash equivalents, end of year	<u>\$ 9,054,677</u>
<u>Reconciliation of Operating Income to Operating Activities</u>	
Operating income	\$ 2,489,523
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	764,241
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	(2,937,570)
Increase/ (decrease) in accounts payable	4,188,587
Total adjustments	<u>2,015,257</u>
Net cash provided by operating activities	<u>\$ 4,504,780</u>

STATISTICAL SECTION

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 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.

Due to cost considerations for the accumulation of data, the City has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	\$ 52,027,709	\$ 47,586,157	\$ 45,187,300	\$ 43,224,321	\$ 35,443,285	\$ 33,724,834	\$ 34,204,009	\$ 33,670,959	\$ 33,676,211	\$ 33,561,001
Restricted	6,287,051	2,981,920	3,063,550	1,785,917	2,383,498	2,479,675	2,517,103	1,775,967	1,671,594	1,427,157
Unrestricted	5,024,402	2,083,278	531,781	2,061,627	3,056,046	11,368,513	10,918,683	9,812,934	10,053,672	9,610,455
Total governmental activities net position	\$ 63,339,161	\$ 52,651,355	\$ 48,782,631	\$ 47,071,865	\$ 40,882,829	\$ 47,573,022	\$ 47,639,795	\$ 45,259,860	\$ 45,401,477	\$ 44,598,613
Business-type Activities										
Net investment in capital assets	\$ 19,200,217	16,864,092	14,221,545	\$ 15,188,424	\$ 13,550,172	\$ 11,403,309	\$ 9,916,229	\$ 10,549,845	\$ 11,335,286	\$ 12,641,773
Restricted	978,691	284,192		7,214,146	8,444,571	9,905,406	4,052,098	3,872,154	3,741,669	3,785,623
Unrestricted	9,230,749	7,892,361	7,368,823	(3,637,294)	(6,706,347)	(5,047,319)	2,101,534	1,908,868	2,045,658	2,509,079
Total business-type activities net position	\$ 29,409,657	\$ 25,040,645	\$ 21,590,368	\$ 18,765,276	\$ 15,288,396	\$ 16,261,396	\$ 16,069,861	\$ 16,330,867	\$ 17,122,613	\$ 18,936,475
Primary Government										
Net investment in capital assets	\$ 71,227,926	\$ 64,450,249	\$ 59,408,845	\$ 58,412,745	\$ 48,993,457	\$ 45,128,143	\$ 44,120,238	\$ 44,220,804	\$ 45,011,497	\$ 46,202,774
Restricted	7,265,740	3,266,112	3,063,550	9,000,063	10,828,069	12,385,081	6,569,201	5,648,121	5,413,263	5,212,780
Unrestricted	14,255,151	9,975,639	7,900,604	(1,575,667)	(3,650,301)	6,321,194	13,020,217	11,721,802	12,099,330	12,119,534
Total primary government net position	\$ 92,748,817	\$ 77,692,000	\$ 70,372,999	\$ 65,837,141	\$ 56,171,225	\$ 63,834,418	\$ 63,709,656	\$ 61,590,727	\$ 62,524,090	\$ 63,535,088

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)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental Activities:										
General Government	\$ 5,691,433	\$ 6,163,171	\$ 5,994,778	\$ 8,228,000	\$ 7,694,562	\$ 7,322,938	\$ 6,458,869	\$ 4,703,849	\$ 4,096,333	\$ 4,250,328
Public Safety	8,248,004	8,144,859	9,126,508	7,905,663	7,483,604	6,949,558	6,519,936	6,399,600	6,086,718	6,054,459
Health and Welfare	3,436,305	213,634	222,820	235,413	226,788	188,499	168,025	197,462	213,814	235,594
Culture and Recreation	183,081	2,579,256	2,839,136	2,467,238	2,509,450	2,285,536	2,043,985	1,949,400	1,855,966	2,192,471
Community Development	2,726,204	987,340	945,698	906,408	703,901	691,362	550,348	585,843	698,776	751,305
Public Works & Streets	1,035,590	3,810,361	3,560,360	3,270,282	2,591,698	2,427,548	2,174,454	2,121,419	2,270,980	2,552,573
Interest on Long-Term Debt	550,817	541,343	649,618	658,670	1,367,055	830,808	891,737	912,848	970,092	989,460
Total Governmental activities	\$21,871,432	\$22,439,964	\$23,338,918	\$23,671,674	\$22,577,058	\$20,676,249	\$18,807,354	\$16,870,421	\$16,192,679	\$17,026,190
Business-type activities										
Water	\$ 2,955,792	\$ 2,696,643	\$ 2,826,192	\$ 2,741,022	\$ 3,218,848	\$ 2,672,415	\$ 2,699,661	\$ 2,578,057	\$ 2,642,458	\$ 2,799,088
Wastewater	3,624,956	3,648,877	3,141,132	2,944,122	3,395,825	2,849,798	2,781,638	2,715,388	2,544,486	2,721,154
Business Center	669,248	1,016,409	1,226,764	1,215,501	1,197,456	1,263,313	1,282,395	1,357,589	1,390,561	1,450,087
Sanitation	1,305,797	1,141,085	1,120,902	1,105,078	1,117,567	1,010,243	939,596	1,060,828	1,008,757	1,206,998
Business Incubator	182,586	173,272	163,062	144,578	56,534	-	-	-	-	-
Ambulance Services	1,721,285	1,946,014	1,049,335	-	-	-	-	-	-	-
Total business-type activities	\$10,459,664	\$10,622,300	\$9,527,387	\$8,150,301	\$8,986,230	\$7,795,769	\$7,703,290	\$7,711,862	\$7,586,262	\$8,177,327
Total expenses	\$32,331,096	\$33,062,264	\$32,866,305	\$31,821,975	\$31,563,288	\$28,472,018	\$26,510,644	\$24,582,283	\$23,778,941	\$25,203,517
Program revenues										
Governmental activities										
Charges for services										
General Government	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528	\$ 1,002,249	\$ 531,031	\$ 587,365
Public Safety	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226	686,632	374,162
Health and Welfare	371,427	-	-	-	-	-	-	-	-	-
Culture and Recreation	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797	264,622	176,077
Community Development	-	-	-	594,182	385,797	432,936	497,921	334,557	318,051	407,927
Public Works & Streets	-	187,408	342,089	62,642	62,640	51,595	50,530	49,978	49,368	33,432
Operating Grants and Contributions	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398	2,601,626	2,715,700	2,251,704
Capital Grants and Contributions	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614	1,314,549	547,555
Total Governmental activities	\$13,858,753	\$ 8,499,300	\$ 8,803,889	\$14,593,639	\$ 8,211,839	\$ 6,968,577	\$ 8,152,808	\$ 5,073,047	\$ 5,879,953	\$ 4,378,222
Business-type activities										
Charges for services										
Water	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742	\$ 2,884,311	\$ 2,547,790	\$ 2,409,843
Wastewater	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201	1,975,447	1,537,835	1,456,616
Business Center	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265	629,268
Business Incubator	38,869	29,999	3,471	-	-	-	-	-	-	-
Sanitation	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185	1,056,628	1,047,317	1,146,276
Ambulance Services	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-	-
Capital Grants and Contributions	1,214,350	1,046,430	1,941,586	1,941,586	1,177,792	1,322,452	481,955	361,918	-	-
Total business activities	\$13,626,056	\$13,803,138	\$11,902,557	\$11,258,521	\$9,956,167	\$ 9,127,192	\$ 7,441,348	\$ 6,907,569	\$ 5,762,207	\$ 5,642,003
Total program revenues	\$27,484,809	\$22,302,438	\$20,706,446	\$25,852,160	\$18,168,006	\$16,095,769	\$15,594,156	\$11,980,616	\$11,642,160	\$10,020,225

Source: City financial records and reports
 - Statement of Activities

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense)/Revenue										
Governmental Activities:	\$ (8,012,678)	\$ (13,940,665)	\$ (14,535,029)	\$ (9,078,035)	\$ (14,365,219)	\$ (13,707,672)	\$ (10,654,546)	\$ (11,797,374)	\$ (10,312,726)	\$ (12,647,968)
Business-type activities	3,166,394	3,180,839	2,375,170	3,108,220	969,937	1,331,423	(261,942)	(804,293)	(1,824,055)	(2,535,324)
Total primary government net (expense) revenue	<u>(\$4,846,284)</u>	<u>(\$10,759,826)</u>	<u>(\$12,159,859)</u>	<u>(\$5,969,815)</u>	<u>(\$13,395,282)</u>	<u>(\$12,376,249)</u>	<u>(\$10,916,488)</u>	<u>(\$12,601,667)</u>	<u>(\$12,136,781)</u>	<u>(\$15,183,292)</u>
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 9,720,729	\$ 8,978,743	\$ 7,694,566	\$ 7,448,887	\$ 7,324,294	\$ 6,750,517	\$ 6,531,779	\$ 6,073,811	\$ 5,659,566	\$ 7,498,691
Franchise taxes	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532	381,836	351,505
Other taxes	0	-	-	-	122,163	(69,355)	1,296	95,172	32,715	76,342
State shared Revenues	8,609,052	8,407,534	8,073,305	7,123,544	6,936,337	7,331,517	5,725,447	4,997,430	4,840,064	5,491,122
Investment Earnings	296,968	182,505	56,947	26,179	19,300	16,064	28,197	12,341	12,032	10,072
Miscellaneous	(364,030)	(407,435)	(394,435)	(391,967)	(100,841)	-	-	-	-	(169,525)
Transfer in (out)	\$ 18,700,484	\$ 17,597,114	\$ 15,831,747	\$ 15,267,071	\$ 14,986,913	\$ 14,670,183	\$ 13,040,703	\$ 11,655,757	\$ 11,115,590	\$ 13,299,800
Total general revenues and transfers										
Business-type activities										
Investment Earnings	285,755	74,278	55,487	\$24,708	\$21,667	\$13,909	\$20,935	\$10,130	\$10,194	\$17,994
Miscellaneous	552,832	-	-	(48,015)	-	-	(\$19,999)	\$2,417	-	-
Transfer in (out)	364,030	407,435	394,435	391,967	100,841	-	-	-	-	169,525
Total Business-type activities	\$ 1,202,617	\$ 481,713	\$ 449,922	\$ 368,660	\$ 122,508	\$ 13,909	\$ 936	\$ 12,547	\$ 10,194	\$ 187,519
Total primary government	\$ 19,903,101	\$ 18,078,827	\$ 16,281,669	\$ 15,635,731	\$ 15,109,421	\$ 14,684,092	\$ 13,041,639	\$ 11,668,304	\$ 11,125,784	\$ 13,487,319
Change in net Position										
Governmental Activities	\$ 10,687,806	\$ 3,656,449	\$ 1,296,718	\$ 6,189,036	\$ 621,694	\$ 962,511	\$ 2,386,157	\$ (141,617)	\$ 802,864	\$ 651,832
Business-type activities	4,369,012	3,662,552	2,825,092	3,476,880	1,092,445	1,345,332	(261,006)	(791,746)	(1,813,861)	(2,347,805)
Total Changes in Net Position	<u>\$ 15,056,818</u>	<u>\$ 7,319,001</u>	<u>\$ 4,121,810</u>	<u>\$ 9,665,916</u>	<u>\$ 1,714,139</u>	<u>\$ 2,307,843</u>	<u>\$ 2,125,151</u>	<u>\$ (933,363)</u>	<u>\$ (1,010,997)</u>	<u>\$ (1,695,973)</u>

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
Nonspendable	\$ 77,075	\$ 80,392	\$ 118,243	\$ 128,035	\$ 42,831	\$ 56,719	\$ 99,774	\$ 211,131	\$ 1,218,352	\$ -
Committed				106,785	106,624	106,465	106,250	106,250		
Unassigned	15,245,609	11,859,205	9,858,234	9,207,428	10,005,982	9,061,328	7,139,348	5,599,699	5,314,536	
Total General Fund	<u>\$ 15,322,684</u>	<u>\$ 11,939,597</u>	<u>\$ 9,976,477</u>	<u>\$ 9,442,248</u>	<u>\$ 10,155,437</u>	<u>\$ 9,224,512</u>	<u>\$ 7,345,372</u>	<u>\$ 5,917,080</u>	<u>\$ 6,532,888</u>	<u>\$ 0</u>
All other governmental funds										
Nonspendable	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175	\$ 167,914	\$ 190,319	\$ 147,511	\$ 65,677	\$ 31,625	\$ -
Restricted	3,129,596	2,822,456	2,885,421	754,165	1,181,060	1,461,661	1,223,913	488,962	383,351	-
Assigned				2,591,330	2,648,759	2,776,109	3,158,888	3,227,193	3,532,974	-
Unassigned	(179,241)	(9,234)	-	(715,933)	(951,255)	272,948	-	-	-	-
Total all other governmental funds	<u>\$ 3,168,085</u>	<u>\$ 2,931,765</u>	<u>\$ 2,978,996</u>	<u>\$ 2,797,737</u>	<u>\$ 3,046,478</u>	<u>\$ 4,701,037</u>	<u>\$ 4,530,312</u>	<u>\$ 3,781,832</u>	<u>\$ 3,947,950</u>	<u>\$ -</u>
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,244,397
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,244,397</u>						
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,320,251
Unreserved, reported in:										
Undesignated										
Special revenue funds										43,273
Capital projects funds										1,163,015
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,543</u>						
TOTAL GOVERNMENTAL FUNDS	<u>\$ 18,490,769</u>	<u>\$ 14,871,362</u>	<u>\$ 12,955,473</u>	<u>\$ 12,239,985</u>	<u>\$ 13,201,915</u>	<u>\$ 13,925,549</u>	<u>\$ 11,875,684</u>	<u>\$ 9,698,912</u>	<u>\$ 10,480,838</u>	<u>\$ 9,717,479</u>

NOTE: GASB Statement 54 (Fund Balance Reporting) established new fund balance classifications. The first section shows the fund balance information after the implementation of GASB Statement 54 and the second section shows the fund balance information prior to the implementation of GASB Statement 54.

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 10,158,495	\$ 9,414,511	\$ 8,095,930	\$ 7,884,709	\$ 7,885,491	\$ 7,108,962	\$ 6,965,446	\$ 6,566,515	\$ 6,074,117	\$ 7,926,538
Special Assessments	335,006	\$345,509	\$302,546	302,865	374,470	282,484	218,171	290,987	267,579	156,102
Licenses and permits	843,768	\$3,236,021	\$734,502	528,034	483,218	431,909	389,295	349,777	355,759	393,365
Interest earnings	291,947	\$179,601	\$54,631	24,445	17,057	13,322	24,266	11,437	12,032	10,072
Fines and forfeits	494,828	\$519,153	\$577,989	541,336	611,178	687,319	792,994	523,053	491,230	553,262
Intergovernmental	12,636,697	8,828,680	11,705,819	10,159,135	10,098,225	9,895,694	9,030,736	7,605,264	8,763,843	7,846,596
Charges for user services	865,730	526,714	778,835	432,193	376,938	218,807	214,180	160,919	151,474	304,930
Rents	1,358,079	\$424,340	\$268,690	339,119	761,335	811,666	674,019	659,222	712,121	384,118
Others	678,463	\$187,987	\$408,006	624,606	529,759	418,940	577,687	140,909	167,388	103,039
Total revenues	\$27,663,013	\$ 23,662,516	\$ 22,926,948	\$ 20,836,442	\$ 21,137,671	\$ 19,869,103	\$ 18,886,794	\$ 16,308,083	\$ 16,995,543	\$ 17,678,022
Expenditures:										
General government	\$ 5,419,958	\$ 5,463,647	\$ 5,236,772	\$ 5,037,910	\$ 4,652,111	\$ 4,546,198	\$ 4,251,259	\$ 4,032,759	\$ 3,636,045	\$ 3,775,913
Public safety	8,221,406	\$7,073,034	\$7,587,098	7,328,654	6,688,960	6,519,780	6,194,930	6,089,036	5,695,080	5,701,487
Public works & streets	1,695,053	\$1,831,640	\$1,832,799	1,673,193	1,636,602	1,506,770	1,276,486	1,238,738	1,403,846	1,679,798
Community, recreational, and cultural	3,638,348	\$3,345,062	\$3,445,381	3,001,225	2,768,148	2,615,816	2,254,791	2,198,001	2,239,756	2,648,083
Health and welfare	258,917	\$209,748	\$213,543	210,378	205,049	149,367	141,225	165,387	187,211	201,555
Capital outlay	2,518,160	\$2,691,771	\$2,402,247	2,771,769	3,843,180	1,348,004	1,280,367	921,671	1,649,441	1,289,406
Debt service/authorities:										
Interest	643,859	\$626,133	\$713,695	722,772	1,168,906	839,755	859,513	880,623	928,920	948,289
Principal	708,590	\$398,030	\$385,490	660,504	391,834	331,242	445,229	477,261	492,044	542,425
Bond issue costs		\$87,664		-	238,101					
Total expenditures	\$23,104,293	\$ 21,726,729	\$ 21,817,025	\$ 21,406,405	\$ 21,592,891	\$ 17,856,932	\$ 16,703,800	\$ 16,003,476	\$ 16,232,343	\$ 16,786,956
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,558,720	\$ 1,935,787	\$ 1,109,923	\$ (569,963)	\$ (455,220)	\$ 2,012,171	\$ 2,182,994	\$ 304,607	\$ 763,200	\$ 891,066
OTHER FINANCING SOURCES (USES)										
Premium on debt issued	\$ -	\$ 428,870	\$ -	\$ -	\$ 1,296,704	\$ -	\$ -	\$ -	\$ -	\$ -
Debt issued		2,825,000			12,085,699					
Payment to Refunded Bond Escrow Agent		(3,164,208)			(13,850,916)					
Notes Issued					300,939					
capital leases	12,302	297,873			-					
Transfer from Other Funds	1,436,164	1,014,000	1,060,544	1,462,992	1,426,905	1,739,361	1,359,172	1,198,137	1,153,242	18,537
Transfer to Other Funds	(1,800,194)	(1,421,435)	(1,454,979)	(1,854,959)	(1,527,746)	(1,739,361)	(1,359,172)	(2,284,670)	(1,153,242)	(188,062)
Total other financing sources (Uses)	\$ (351,728)	\$ (19,900)	\$ (394,435)	\$ (391,967)	\$ (268,415)	\$ 37,693	\$ -	\$ (1,086,533)	\$ -	\$ (169,525)
NET CHANGE IN FUND BALANCES	\$ 4,206,992	\$ 1,915,887	\$ 715,488	\$ (961,930)	\$ (723,635)	\$ 2,049,864	\$ 2,182,994	\$ (781,926)	\$ 763,200	\$ 721,541
Debt Services as a percentage of noncapital expenditures	9.37%	9.01%	5.66%	7.16%	8.55%	6.56%	8.42%	8.95%	9.68%	9.62%

Source: City financial records and reports

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Charges for service										
General Government	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528	\$ 1,002,249	\$ 531,031	\$ 587,365
Public Safety	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226	686,632	356,262
Health and Welfare										
Culture and Recreation	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797	264,622	176,077
Community Development				594,182	385,797	432,936	497,921	334,557	318,051	407,927
Public Works & Streets	371,427	187,408	342,089	62,642	62,640	51,595	50,530	49,978	49,368	33,432
Operating grants and contributions	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398	2,601,626	2,715,700	2,269,604
Capital grants and contributions	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614	1,314,549	547,555
Total governmental activities	\$13,858,753	\$8,499,300	\$8,803,889	\$14,593,639	\$8,211,839	\$6,968,577	\$8,152,808	\$5,073,047	\$5,879,953	\$4,378,222
Business-type activities										
Charges for service										
Water	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742	\$ 2,884,311	\$ 2,547,790	\$ 2,409,843
Wastewater	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201	1,975,447	1,537,835	1,456,616
Business Center	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265	629,268
Business Incubator	38,869	29,999	3,471	-	-	-	-	-	-	-
Sanitation	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185	1,056,628	1,047,317	1,146,276
Ambulance Services	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-	-
Operating grants and contributions										
Capital grants and contributions	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452	481,955	361,918	-	-
Total business-type activities	\$13,626,056	\$13,803,138	\$11,902,557	\$11,258,521	\$9,956,167	\$9,127,192	\$7,441,348	\$6,907,569	\$5,762,207	\$5,642,003
Total primary government	\$27,484,809	\$22,302,438	\$20,706,446	\$25,852,160	\$18,168,006	\$16,095,769	\$15,594,156	\$11,980,616	\$11,642,160	\$10,020,225

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
General Government	\$ 4,438,576	1,355,037	1,807,078	3,107,233	2,856,516	2,531,262	2,288,465	\$1,029,723	\$554,389	\$640,571
Public Safety	936,173	631,996	964,958	932,208	1,990,965	1,653,703	2,184,656	1,746,600	1,746,918	910,540
Health and Welfare										
Culture and Recreation	272,488	150,537	211,126	197,593	489,099	368,966	302,596	343,483	320,814	198,810
Community Development	268,570	275,175	202,706	594,182	385,797	432,936	497,921	334,557	1,529,630	527,822
Public Works & Streets	7,942,966	6,086,555	5,618,021	9,762,423	2,489,462	1,981,710	2,879,170	1,618,684	1,728,202	2,100,479
Unallocated General Revenues	18,700,485	17,597,115	15,831,747	15,267,071	14,986,913	14,670,183	13,040,703	11,655,757	11,115,590	13,299,800
Total Governmental Activities	\$ 32,559,238	\$ 26,096,415	\$ 24,635,636	\$ 29,860,710	\$ 23,198,752	\$ 21,638,760	\$ 21,193,511	\$ 16,728,804	\$ 16,995,543	\$ 17,678,022
Business-type activities										
Water	\$4,990,743	\$4,672,760	\$4,025,661	\$3,796,031	\$3,592,820	\$3,869,477	\$3,106,217	\$2,894,971	\$2,547,790	\$2,409,843
Wastewater	4,537,510	4,609,965	4,006,279	5,627,946	3,418,093	2,663,176	2,588,681	2,326,705	1,537,835	1,456,616
Business Center	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265	-
Business Incubator	38,869	29,999	3,471	-	1,156,793	-	-	-	-	-
Sanitation	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	822,452	1,117,185	1,056,628	1,047,317	1,146,276
Ambulance Services	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-	-
Industrial Park										
Unallocated General Revenues	1,202,616	481,713	449,922	368,660	122,508	13,909	936	12,547	10,194	187,519
Total Business Activities	\$ 14,828,673	\$ 14,284,851	\$ 12,352,479	\$ 11,627,181	\$ 10,078,675	\$ 7,998,279	\$ 7,442,284	\$ 6,920,116	\$ 5,772,401	\$ 5,369,779

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City Sales Tax	\$9,720,729	\$8,989,483	\$7,694,566	\$7,508,359	\$7,324,294	\$6,750,517	\$6,531,779	\$6,073,811	\$5,659,566	\$7,498,691
State Sales taxes	3,272,469	3,090,501	2,889,943	2,659,098	2,550,568	2,812,693	2,104,763	1,992,968	1,771,253	1,682,728
Franchise Tax	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532	381,836	351,505
Special Districts	335,006	345,509	302,546	302,865	374,470	282,484	218,171	290,987	267,579	156,102
Others	131,423	129,514	-	-	122,163	(69,355)	1,296	95,172	32,715	76,342
Total tax revenues	\$13,897,392	\$12,990,774	\$11,288,419	\$10,906,144	\$10,810,529	\$10,204,139	\$9,288,380	\$8,850,470	\$8,112,949	\$9,765,367

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
State Shared Sales Tax	\$3,272,469	\$3,090,501	\$2,889,943	\$2,659,098	\$2,550,568	\$2,812,693	\$2,104,763	\$1,992,968	\$1,771,253	\$1,682,728
Urban Revenue Sharing	3,929,206	3,981,836	3,856,245	3,360,240	3,378,557	3,559,275	2,605,281	2,152,641	2,231,840	2,960,504
Highway Users	2,804,155	2,651,344	2,526,082	2,239,260	2,126,238	1,929,961	2,041,357	1,562,498	1,678,834	1,700,626
Auto-in-lieu	1,407,377	1,335,198	1,259,413	1,104,206	1,007,212	959,549	1,015,403	851,821	836,971	847,890
Local Transportation Aid										35,312
Federal	1,140,890	40,939	1,139,781	673,284	615,896	634,216	1,130,716	1,004,693	2,177,538	565,787
Others	82,600	14,010	64,356	123,047	419,754	-	133,216	40,643	67,407	53,749
Total tax revenues	\$12,636,697	\$11,113,828	\$11,735,820	\$10,159,135	\$10,098,225	\$9,895,694	\$9,030,736	\$7,605,264	\$8,763,843	\$7,846,596

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Retail Sales	\$5,100,707	\$5,307,579	\$4,693,648	\$3,731,819	\$3,719,366	\$3,498,869	\$3,288,946	\$3,046,645	\$2,901,155	\$2,813,146
Contracting	2,039,455	1,188,901	888,499	1,573,668	1,654,681	1,336,456	1,468,887	1,574,491	1,413,388	3,354,443
Rentals	456,557	360,153	333,635	407,570	356,150	324,795	297,456	280,163	244,048	274,975
Communications/Utilities	92,458	123,547	947,825	1,174,550	1,044,285	1,053,760	959,929	624,166	570,915	584,850
Restaurant/Bar	604,790	611,999	456,027	422,284	417,278	363,027	371,107	342,810	309,338	294,048
Use	314,662	221,860	356,078	129,156	121,091	109,195	84,108	131,100	83,071	110,978
Other	1,112,100	1,175,444	18,855	69,312	45,339	64,415	61,346	74,436	137,650	66,250
	\$9,720,729	\$8,989,483	\$7,694,566	\$7,508,359	\$7,358,190	\$6,750,517	\$6,531,779	\$6,073,811	\$5,659,566	\$7,498,691

	% Growth by year									
Retail Sales	-3.9%	13.1%	25.8%	0.3%	6.3%	6.4%	8.0%	5.0%	3.1%	-8.3%
Contracting	71.5%	33.8%	-43.5%	-4.9%	23.8%	-9.0%	-6.7%	11.4%	-57.9%	20.8%
Rentals	26.8%	7.9%	-18.1%	14.4%	9.7%	9.2%	6.2%	14.8%	-11.2%	-8.7%
Utilities	-25.2%	-87.0%	-19.3%	12.5%	-0.9%	9.8%	53.8%	9.3%	-2.4%	4.3%
Restaurant/Bar	-1.2%	34.2%	8.0%	1.2%	14.9%	-2.2%	8.3%	10.8%	5.2%	17.9%
Use	41.8%	-37.7%	175.7%	6.7%	10.9%	29.8%	-35.8%	57.8%	-25.1%	88.6%
Other	-5.4%	6134.3%	-72.8%	52.9%	-29.6%	5.0%	-17.6%	-45.9%	107.8%	-39.6%
	104.5%	6098.7%	55.7%	83.1%	96.6%	60.2%	16.0%	63.3%	19.5%	75.0%

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**

	2019				2010			
	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	730	31.28%	\$5,100,707	52.47%	396	31.55%	2,909,492	38.80%
Construction, MFG & Wholesale	893	38.25%	2,039,455	20.98%	461	36.74%	2,776,765	37.03%
Rentals	154	6.60%	456,557	4.70%	133	10.63%	299,948	4.00%
Communications/Utilities	68	2.93%	92,458	0.95%	50	4.02%	554,903	7.40%
Restaurant/Bar	43	1.84%	604,790	6.22%	42	3.35%	247,457	3.30%
Use/Services	307	13.15%	314,662	3.24%	108	8.62%	599,895	8.00%
Other	139	5.96%	1,112,100	11.44%	64	5.10%	110,231	1.47%
	2,336	100%	\$9,720,729	100%	1,255	100%	7,498,691	100.00%

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			Total Primary Government	Percentage of Personal Income	Per Capita
	Municipal Bonds	Notes Payable	Capital Leases	Municipal Bonds/Loans	Notes Payable	Capital Leases			
2019	\$ 14,546,315	\$ 174,462	\$ 265,209	\$ 34,744,986	\$ 243,768	\$ 262,367	\$ 50,237,107	4.28%	\$1,511
2018	15,231,748	270,762	297,873	36,427,536	57,843	339,794	52,625,556	4.43%	1,590
2017	12,369,441	3,387,834	-	33,955,220	102,171	379,540	50,194,206	4.55%	1,543
2016	13,350,329	3,562,910	-	38,010,036	185,909	-	55,109,184	4.86%	1,621
2015	13,350,329	3,562,910	-	38,010,036	185,909	-	55,109,184	6.64%	1,660
2014	14,383,209	3,336,222	-	39,733,576	127,693	-	57,580,700	8.26%	1,847
2013	14,698,048	3,323,879	-	33,642,562	834,330	-	52,498,819	5.61%	1,602
2012	15,001,198	3,347,536	133,235	34,113,235	844,703	54,246	53,494,153	7.65%	2,057
2011	15,292,656	3,970,481	305,037	34,565,602	866,495	173,673	54,653,849	6.40%	2,102
2010	15,574,373	3,992,005	582,176	24,277,708	864,211	350,649	55,839,041	6.06%	2,148

Note; See Table XIV for Personal Income and Population

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

**CITY OF SAN LUIS, ARIZONA
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	Civic Improvement Corporation (CIC) - Greater Arizona Development Authority (GADA) Bonds									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Pledged revenues	(1) \$19,715,582	\$18,672,560	\$15,562,640	\$15,766,957	\$15,379,657	\$15,052,446	\$13,283,180	\$11,781,918	\$11,341,493	\$12,882,852
Debt service requirements	(2)									
Principal	\$1,915,000	\$1,035,000	\$995,000	\$1,690,001	\$1,020,000	\$785,000	\$755,000	\$725,000	\$700,000	\$675,000
Interest	1,759,000	1,679,297	2,337,226	2,369,747	3,528,124	2,723,387	2,756,749	2,787,893	2,814,803	2,853,206
Total Annual Requirements	3,674,000	2,714,297	3,332,226	4,059,748	4,548,124	3,508,387	3,511,749	3,512,893	3,514,803	3,528,206
Estimated Coverage	5.37	6.88	4.67	3.88	3.38	4.29	3.78	3.35	3.23	3.65

(1) Pledged revenues on the Civic Improvement Corporation (CIC) bonds and Greater Arizona Development (GADA) 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.

(2) Debt service requirements reflect the governmental and business portion of outstanding CIC issues, and GADA issues.

Water and Wastewater allocations of Utility Revenue bonds series 2013 are excluded. Those portions are serviced by the Water Utility, Wastewater Utility funds.

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

**CITY OF SAN LUIS, ARIZONA
PLEGGED REVENUE COVERAGE
GOVERNMENT PORTION
LAST TEN FISCAL YEARS**

Civic Improvement Corporation (CIC) - Greater Arizona Development Authority (GADA) Bonds

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Pledged revenues	(3) \$19,715,582	\$18,672,560	\$15,562,640	\$15,766,957	\$15,379,657	\$15,052,446	\$13,283,180	\$11,781,918	\$11,341,493	\$12,882,852
Debt service requirements	(2)									
Principal	\$587,583	\$305,893	\$298,100	\$572,820	\$317,583	\$305,893	\$294,203	\$282,513	\$272,771	\$263,029
Interest	641,005	621,293	706,211	712,751	1,158,267	839,213	852,213	864,349	875,649	886,254
Total Annual Requirements	1,228,588	927,186	1,004,311	1,285,571	1,475,850	1,145,106	1,146,416	1,146,862	1,148,420	1,149,283
Estimated Coverage	16.05	20.14	15.50	12.26	10.42	13.15	11.59	10.27	9.88	11.21

(1) Pledged revenues on the Civic Improvement Corporation (CIC) bonds and Greater Arizona Development (GADA) 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.

(2) Debt service requirements reflect the governmental portion of outstanding CIC issues, and GADA issues.

(3) In fiscal year 2019, the principal and interest amounts were revised to reflect the (GADA) government portion for all years, and to correct misstatements in prior years. Water and Wastewater allocations of CIC issues are excluded. Those portions are serviced by the Water Utility, Wastewater Utility funds.

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

**CITY OF SAN LUIS, ARIZONA
PLEDGED REVENUE COVERAGE - CIVIC IMPROVEMENT CORPORATION
ENTERPRISE PORTION
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
UTILITY REVENUE BONDS - CIC UTILITY BONDS										
(5)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross Revenues	8,598,226	8,232,732	\$8,086,255	\$7,506,930	\$7,011,185	\$6,045,693	\$5,232,580	\$4,869,271	\$4,095,810	\$3,866,459
Operating Expenses	4,059,728	3,363,861	5,027,804	4,388,160	5,387,500	4,315,552	4,259,081	4,042,114	3,954,072	3,061,620
Net Revenues available	\$4,538,498	\$4,868,871	\$3,058,451	\$3,118,770	\$1,623,685	\$1,730,141	\$973,499	\$827,157	\$141,738	\$804,839
Principal	777,417	749,107	726,900	897,181	497,417	479,107	460,797	442,487	427,229	411,971
Interest	1,034,616	1,061,135	1,085,677	1,105,804	1,803,596	1,212,889	1,074,198	1,093,206	1,110,906	1,135,881
Total debt Expense	1,812,033	1,810,242	1,812,577	2,002,985	2,301,013	1,691,996	1,534,995	1,535,693	1,538,135	1,547,852
Ratio of Total Revenue/debt Expense	2.505	2.690	1.687	1.557	0.706	1.023	0.634	0.539	0.092	0.520

Note:

- (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.
- (3) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net assets.
- (4) Includes debt service requirement for Utility Bond, and business portion of (CIC) Bonds, which are serviced by the Water Utility, Wastewater Utility funds.
- (5) In fiscal year 2019, the principal and interest amounts were revised to reflect the Utility Bond Revenue principal and interest starting on FY 2014, and to correct misstatements in prior years.

Source: Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds Repayment schedules for debt serviced by the Water and Sewer Utility Enterprise Funds

CITY OF SAN LUIS
Computation of Direct and Overlapping Debt*
June 30, 2019

<u>Jurisdiction</u>	<u>Net Assessed Value</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of San Luis: General Obligation	\$ 78,623,580	\$ 174,462	100.00%	\$ 174,462
City of San Luis: Revenue Bond	78,623,580	13,146,304	100.00%	13,146,304
City of San Luis: Premiums	78,623,580	1,400,011	100.00%	1,400,011
City of San Luis: Capital Leases	78,623,580	<u>265,209</u>	100.00%	<u>265,209</u>
		<u>\$ 14,985,986</u>		<u>\$ 14,985,986</u>
As presented fiscal year ended June 30, 2019				
Arizona Western College	\$ 1,183,062,653	\$ 48,845,000	100.00% (1)	\$ 48,845,000
Somerton Elementary School District No. 11	66,504,791	1,600,440	5.62%	89,945
Crane Elementary School District No. 13	222,818,040	10,840,000	18.83%	2,041,172
Antelope Union High School District No. 50	110,374,468	595,000	9.33%	55,514
Yuma Union High School District No 70	<u>1,072,688,185</u>	<u>39,606,483</u>	90.67% (2)	<u>35,911,198</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 101,486,923</u>		<u>\$ 86,942,828</u>
Total Direct and Overlapping General Obligation Bonded Debt				<u>\$ 101,928,814</u>

Sources: YUMA County Finance Department

(1) Total debt is shared with La Paz County. Estimated 50% allocation to each County Source: Michelle.Landis@azwestern.edu

(2) Total Net Debt Outstanding from FY18 Report of Bonded Indebtedness, AZ Financial Transparency Portal

(3) City Records

* 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
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%
2015	33,190	25,000	18,662	9,822	8,840	47.4%
2014	31,180	22,368	19,824	9,689	10,134	65.8%
2013	32,763	28,548	17,965	6,000	11,965	66.6%
2012	26,000	26,889	17,249	5,614	11,635	67.5%
2011	26,000	32,828	15,896	5,489	10,407	65.5%
2010	25,505	36,103	8,466	4,109	4,357	51.5%

Data Source:

Greater Yuma Economic Development Corporation

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

Employer	2019			2012 (1)		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	996	1	28.64%	653	2	26.32%
Gadsden Unified School District	870	2	25.01%	448	3	18.06%
ACT Call Center	533	3	15.32%	700	1	28.21%
Factor Sales	423	4	12.16%			0.00%
City of San Luis	282	5	8.11%	230	5	9.27%
Walmart	206	6	5.92%	270	4	10.88%
San Luis Detention Center	168	7	4.83%	80	7	3.22%
Basha's/Food City	-	-	0.00%	100	6	4.03%
Total Employees	3,478		100.00%	2,481		100.00%

Source: Greater Yuma Economic Development Corporation

Notes:

- (1) Data was tracked for City's 1st CAFR.
- (2) City of San Luis Finance Department
- (3) Data for years 2006 - 2011 is not available

**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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
General Government	89	79	56	58	55	57	57	54	52	51
Public Safety	83	96	89	94	85	90	90	87	86	77
Health and Welfare	4	4	3	4	4	2	2	2	2	3
Culture and Recreation	47	23	35	47	37	36	36	28	22	21
Community Development	12	10	9	9	8	9	9	9	9	11
Sub total General Fund	235	212	192	212	189	194	194	180	171	163
General Fund	235	212	192	212	189	194	194	180	171	163
Public Works & Streets	15	17	18	15	16	11	11	13	15	16
Enterprise Funds	30	53	50	32	32	32	32	26	30	31
Total Permanent Positions	280	282	260	259	237	237	237	219	216	210

Source: City Payroll

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

	Utility Rate Increases & Average Bill									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Water										
Average bill	\$48.28	\$48.16	\$48.45	\$48.03	\$46.59	\$45.05	\$41.72	\$38.31	\$36.56	\$33.92
% Increase	0.25%	-0.60%	0.88%	3.09%	3.41%	7.98%	8.89%	4.80%	7.78%	-5.00%
Wastewater										
Average bill	\$44.56	\$44.60	\$51.57	\$48.40	\$46.30	\$37.33	\$31.57	\$29.41	\$23.24	\$22.10
% Increase	-0.09%	-13.52%	6.56%	4.52%	24.03%	18.25%	7.34%	26.53%	5.19%	-10.11%
Residential Solid Waste										
Average bill	\$17.64	\$17.82	\$17.03	\$16.95	\$16.86	\$16.89	\$17.11	\$16.45	\$15.89	\$17.60
% Increase	-1.01%	4.64%	0.47%	0.52%	-0.15%	-1.32%	4.07%	3.51%	-9.74%	-0.34%

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

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

	Utility Accounts									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Water										
Number of Accounts	7,194	6,828	6,669	6,384	6,190	6,023	5,890	6,036	5,701	5,865
% Increase	5.36%	2.38%	4.46%	3.13%	2.77%	2.26%	-2.42%	5.88%	-2.80%	2.50%
Wastewater										
Number of Accounts	7,027	6,618	6,495	6,216	5,990	5,827	5,688	5,597	5,514	5,491
% Increase	6.18%	1.89%	4.49%	3.77%	2.80%	2.44%	1.63%	1.51%	0.42%	4.31%
Residential Solid Waste										
Number of Accounts	6,620	6,222	6,113	5,825	5,643	5,549	5,366	5,249	5,172	5,330
% Increase	6.40%	1.78%	4.94%	3.23%	1.69%	3.41%	2.23%	1.49%	-2.96%	4.88%

Source: City Customer Service and Billing records

CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - RATES

Charges for Water Services
Based Minimum Monthly Bill

		Service Fees			
		Residential		Commercial / Government / School	
Meter Size	1st 2,000 G	Excess / 000's	1st 2,000 G	Excess / 000's	School
5/8" - 3/4"	\$ 13.80	\$ 2.11	\$ 35.10	\$ 2.66	\$ 2.95
1"	N/A	N/A	\$ 58.62	\$ 2.66	\$ 2.95
1 1/2"	N/A	N/A	\$ 116.89	\$ 2.66	\$ 2.95
2"	N/A	N/A	\$ 187.09	\$ 2.66	\$ 2.95
3"	N/A	N/A	\$ 409.64	\$ 2.66	\$ 2.95
4"	N/A	N/A	\$ 1,404.07	\$ 2.66	\$ 2.95
6"	N/A	N/A	\$ 2,925.15	\$ 2.66	\$ 2.95
8"	N/A	N/A	\$ 4,212.22	\$ 2.66	\$ 2.95

Charges for Wastewater Services
Based Minimum Monthly Bill

		Service Fees			
		Residential		Commercial / Government / School	
Meter Size	Base	Excess / 000's	Base	Volume/000's	
Senior 60+ yrs	\$ 20.23	N/A	N/A	N/A	
5/8" - 3/4"	\$ 40.00	N/A	\$ 24.50	\$ 2.47	
1" - 8"	N/A	N/A	\$ 24.50	\$ 2.47	
Gadsden	\$ 55.27	N/A	\$ 76.35	\$ 2.47	
Gadsden School	N/A	N/A	\$ 205.81	\$ 2.47	

Source: City Customer Service and Billing records

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,144,797	1,085,982	1,067,585	1,041,105	1,023,995	1,080,987	962,719	1,025,510	1,122,644	1,052,673
Avg gallons/account/month	13,261	13,254	13,340	13,590	13,786	14,956	13,621	14,158	16,410	15,387
Avg gallons/account/year	159,132	159,048.33	160,082	163,080	165,427	179,477	163,452	169,899	196,920	184,647
Avg. daily demand (MGD)	3.23	3.23	445	453	460	499	454	472	547	513
Peak demand (MGD)	3.81	3.81	3.81	3.43	3.43	3.43	3.43	3.43	3.43	3.33
Number of wells in system	12	12	12	12	12	12	12	12	12	12
Available storage capacity (million Gallons)	4,025	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)	586,810	514,839	458,763	465,867	471,403	463,767	457,864	437,574	445,704	437,715
Average daily flow (000's)	1,608	10,740	1,286	1,340	1,340	1,340	1,340	1,340	1,340	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	24,091	11,719	10,740	10,306	9,681	10,610	9,013	9,523	9,066	13,053

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									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial										
Number of Permits	1	1	6	16	16	16	16	16	13	12
Value	10	\$568	\$7,091	\$51	\$128	\$2,181	\$204	\$5,773	\$7,560	\$1,048
Residential										
Number of Dwelling Units	340	193	267	169	159	112	120	85	68	182
Value	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908	\$ 20,166	\$ 13,147	\$ 11,078	\$ 20,338
Other										
Number of Permits	352	404	480	523	318	200	138	161	134	127
Value	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089	\$ 3,649	\$ 1,157	\$ 1,554	\$ 1,165

Single Family Housing Sales

	Calendar Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
New units sold	314	258	228	175	88	56	118	114	63	85

Source: City Development Services

CITY OF SAN LUIS, ARIZONA
Operating Indicator by Function
LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	2,749	2,200	3,317	3,734	3,989	4,630	7,214	4,449	3,385	4,225
Charges dismissed	1,014	754	1,037	841	938	1,019	8,469	690	847	835
<i>Human Resources</i>										
# of employment Applications Processed	1,816	2,829	3,047	1,643	750	530	601	44*	40*	306
<i>Finance</i>										
# of Accounts Payable checks issued	4,780	4,721	4,785	4,264	4,201	3,848	3,739	3,723	3,929	4,329
# of Claims filed, injured or ill workers	33	27	16	13	29	27	18	16	**	**
# of electrical inspections performed	4	**	**	3	1	8	10	6	1	**
Notice of claims	7	14	3	2	4	1	6	6	**	**
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	7,276	5,467	4,889	5,920	5,483	5,694	5,046	**	**	**
# of Traffic Stops	5,463	4,786	5,220	4,681	6,393	6,834	9,439	**	**	**
# of Arrests	396	374	468	439	**	**	**	**	**	**
<i>Fire</i>										
# of Ambulance Transport Services	2,972	2,699	2,767	2,665	2,476	2,318	2,169	1,912	1,620	1,415
# of Fire & Hazmat Incidents	61	63	41	57	28	78	62	69	72	76
HEALTH AND WELFARE										
# of Meals served - Food Assistance	4,787	5,783	7,791	8,869	7,963	9,604	9,296	7,677	9,239	7,528
# of citywide transit ridership	6,157	6,166	9,538	10,661	8,136	9,243	8,378	6,323	5,190	4,096

Note: (*) Hiring Freeze
(**) Information is not available
Source: Various Departments

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

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	34	33	31	26	26	18	18	18	17	19
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	72	70	69	70	70	57	57	53	50	56
Culture & Recreation										
Building	3	3	3	3	3	3	3	3	3	3
Equipment	38	37	39	33	33	23	23	22	19	19
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	2	2	3	3	3	5	5	6	6	6
Public Works and streets										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	28	28	27	26	26	18	18	17	17	20
Enterprise										
Building	4	4	4	4	4	3	3	3	3	3
Equipment	67	61	61	51	51	44	44	49	47	48

Source: City records Finance Department

