



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
ON **JUNE 30, 2021**



CITY OF SAN LUIS, ARIZONA

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Prepared by:
Department of Finance

CITY OF SAN LUIS, ARIZONA
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for the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



Letter of Transmittal

For the Fiscal Year Ended June 30, 2021



December 28, 2021

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. Laws of the State of Arizona require that all local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. According to that requirement, we hereby issue the annual comprehensive financial report of the City of San Luis for the fiscal year ended June 30, 2021.

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona, for the fiscal year ended June 30, 2021, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report.

The independent audit of the financial statements of San Luis is usually part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. A grant reform that increased the single-audit threshold changed audit rules for fiscal years beginning on or after January 1, 2015. As a result of the new rules, the City was required to undergo a single-audit due to the expended amounts that exceeded the \$750,000 margin in federal dollars during the audited year. In addition, the City 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 report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis that complements this letter of transmittal should be read in combination with it.

Profile of the Government

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

The City has experienced significant increases in population over the years. The 2000 census recorded the City of San Luis population at 15,400, and the 2010 census recorded the City of San Luis population at 25,500. The 2020 census reports 35,257 residents, a 38.26 % increase from 2010. The City of San Luis is listed in the top 10 cities with the most percentage growth in Arizona. Based on current projections, population growth trends are expected to continue at the same pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural activities, planning and zoning services, and general administrative services. San Luis offers a wide range of community facilities including, one gym, one cultural center, one senior center, one youth center, one activity center, one swimming pool, and five parks encompassing 60 acres.

This report includes financial statements on both a government-wide and a fund basis for the primary government and 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 the fiscal year 2021 was \$51.1 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 the intergovernmental agency receiving City funds were 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.

Economic Condition and Outlook

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

City of San Luis' most significant revenue source is sales tax revenue, totaling \$16.2 million in Fiscal Year 2021. Sales tax is generated from various business categories, including food stores, retail stores, restaurants, construction, and utilities. The City also receives a share of sales tax generated from the State of Arizona's (State) applied tax rate and from the City's own applied tax rate.

The City of San Luis is an agriculture community that is part of Yuma County's \$2.3 billion agriculture industry and provides 90% of the U.S. vegetables consumed in the U.S. The disruptive impacts of the COVID-19 pandemic on the agricultural community were broad and varied. Farmers were facing challenges before COVID and COVID-19 exacerbated those challenges. One of the post covid challenges the farming community faced was labor force shortages. The risk of exposure to COVID-19, the border closures, and the federal assistance provided created this problem. However, our agriculture community was resilient throughout the pandemic and found solutions to overcome this disparity.

Despite the negative impacts of the pandemic, new residential development did not slow down and continued to thrive. The real estate sector continued to experience substantial interest in developing new subdivisions. The City amended the General Plan for land use to address the housing demand and provide 600 acres of land for residential development. Currently, there are three subdivisions under construction and a multicomplex apartment for low-income families. The City issued 484 building permits in the Fiscal Year 2021, a 24% increase from last year.

As the City of San Luis' needs grow and its population, our government works efficiently to meet those needs. Its citizens and municipal government are committed to creating a sustainable economy that will increase the quality of life for its residents and find solutions for the future.

Several commercial and industrial projects that were delayed due to COVID were completed in the Fiscal Year 2021; this includes the construction of a Gym, a \$4.5 million warehouse facility, and renovations to several commercial buildings. In Fiscal Year 2021, a \$35 million medical mall was completed. This medical facility is 68,000 square feet. It includes an urgent care center, an outpatient surgery center, a fully integrated clinic, a cancer infusion center, a woman's health center, a wellness center, a pharmacy, and a diagnostics center.

Commercial activity is returning to normalcy, and conversations for projects in the pipeline are resuming. Some of the projects that are in discussions include a car wash, a rehabilitation center, three fast-food restaurants, one financial institution, a charter school, and the development of a hotel.

Another significant economic factor in the City is the state prison that employs more than 900 professionals and staff. In addition, since San Luis is a border/U.S. Port of entry, the U.S. Government departments of INS, Customs, and U.S. Marshall Prison facilities provide hundreds of jobs stationed in San Luis.

San Luis, I Port of Entry is also an essential economic player in San Luis's economy. The federal government allocated \$299 million to modernize our port of entry, proposing double vehicle and pedestrians lanes. The port of entry processes 8-million border crossers daily. Due to the pandemic, in San Luis, we had a reduction of 393,000 fewer pedestrians and a decrease of 1.2 million vehicles. The Mexican shopper contributes approximately 70% of the sales tax in San Luis.

Long-Term Financial Planning

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

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

It is customary for the water, wastewater, and sanitation funds to initiate bi-annually a review of existing rate study extending over a ten-year financial forecast 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.

Certificates of Achievements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its ACFR for the fiscal year that ended June 30, 2020.

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

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

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

Acknowledgments

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

Respectfully submitted,



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**

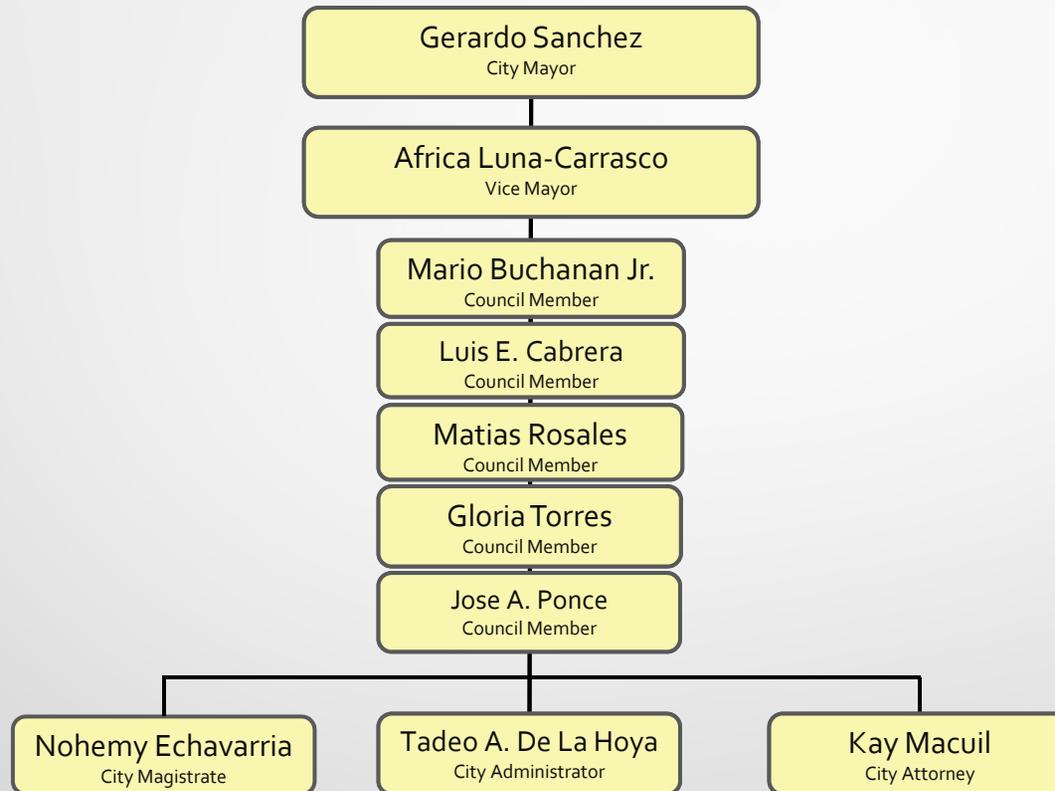
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL



Elected officials

As of June 30, 2021

Gerardo Sanchez
Mayor

Matias Rosales
Councilmember
Luis Cabrera
Councilmember
Gloria Torres
Councilmember

Africa Luna-Carrasco
Vice Mayor
Mario Buchanan Jr.
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
Police Chief
Director of Human Resources
Information Technology Manager
Magistrate
Director of Planning & Zoning
Director of Public Works
Risk & Property Manager
Senior Services Manager
Billing and Collection Manager

Kay Macuil
Sonia Cornelio
Jenny Torres
Lizandro Galaviz
Monica Castro
Angel Ramirez
Richard Jessup
Vacant
Derek Duenas
Nohemy Echavarria
Jose Guzman
Eulogio Vera
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 Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Highway Users Fund and the Community Development Fund of City of San Luis, (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Highway Users Fund and the Community Development Fund of the City of San Luis, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of City of San Luis, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of San Luis, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of San Luis, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

December 28, 2021



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, 2021**

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, 2021. 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

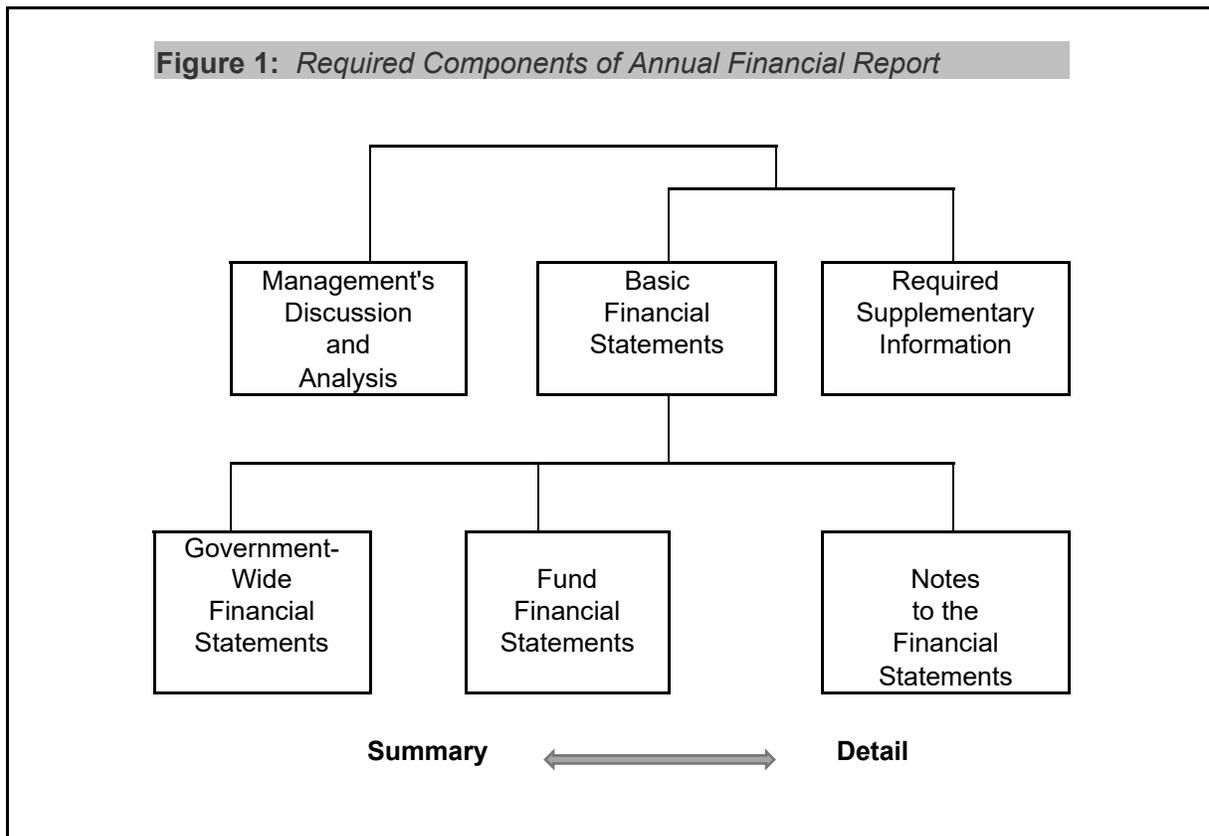
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$116.3 million.
- The City's net position of governmental activities increased approximately \$15.0 million to \$78.2 million, and business-type activities increased \$4.9 million to \$38.1 million representing 67 percent and 33 percent, respectively, of the total net position of \$116.3 million.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$33.5 million, an increase of \$8.7 million over the prior year. Approximately 17 percent of this amount, or \$5.8 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$28.3 million, or 175 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$24.0 million in revenues or 57 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18.3 million or 43 percent of total governmental activities. The City had \$16.8 million of program revenues related to business-type activities.
- The City had \$27.0 million in expenses related to governmental activities; of which \$18.3 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$24.0 million were adequate to provide for the costs of these programs. The City had \$12.3 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 \$25.1 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 \$16.1 million. The general fund's fund balance increased from \$20.1 million to \$28.5 million. The highway users fund had revenues of \$3.8 million, which consisted primarily of intergovernmental revenues, and expenditures of \$2.9 million. The community development fund had revenue of \$690,865, which consisted primarily of intergovernmental revenues, and expenditures of \$1.4 million.
- The City's total long-term liabilities increased from \$64.5 million to \$76.2 million during the current fiscal year. This increase was due primarily to the issuance of excise tax revenue bonds to reduce the unfunded liability for the City's public safety pension plans.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021**

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 debt service 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 pension benefits to its employees, Public Safety employees, and elected officials. Required supplementary information can be found immediately following the notes to the financial statements.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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 \$116.3 million as of June 30, 2021. By far the largest portion of the City's net position (63 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 13 percent of the City's net position, \$9.9 million at June 30, 2021 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 21 percent at June 30, 2021, 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, 2021 and 2020.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$49,528,293	\$33,557,490	\$20,130,053	\$17,967,601	\$69,658,346	\$51,525,091
Capital assets, net	65,851,419	59,325,031	52,502,768	51,561,576	118,354,187	110,886,607
Total Assets	115,379,712	92,882,521	72,632,821	69,529,177	188,012,533	162,411,698
Total Deferred Outflow of Resources	13,645,502	4,228,570	2,956,088	1,569,557	16,601,590	5,798,127
Long-term liabilities	40,667,788	28,906,743	35,517,925	35,598,982	76,185,713	64,505,725
Other liabilities	9,098,041	3,147,449	1,575,890	1,748,986	10,673,931	4,896,435
Total Liabilities	49,765,829	32,054,192	37,093,815	37,347,968	86,859,644	69,402,160
Total Deferred Inflow of Resources	1,056,974	1,782,203	434,672	580,669	1,491,646	2,362,872
Net Position						
Net investment in capital assets	51,811,286	44,991,467	21,682,880	20,134,312	73,494,166	65,125,779
Restricted	9,947,936	8,680,843	1,662,459	1,585,473	11,610,395	10,266,316
Unrestricted	16,443,189	9,602,386	14,715,083	11,450,312	31,158,272	21,052,698
Total net position	\$78,202,411	\$63,274,696	\$38,060,422	\$33,170,097	\$116,262,833	\$96,444,793

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Governmental Activities: Net position in governmental activities saw an increase of \$15.0 million. The reasons for this change can be summarized as follows:

- Program revenues covered 68 percent of total governmental expenses, increasing from 51 percent from last year to 68 percent. This is a 17 percent increase in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$18.3 million, which was an increase of \$5.7 million from the previous year due primarily to a 36 percent decrease in charges for services, a 22 percent increase in operating grants and a 114 percent increase in capital grants. These decrease in charges for services reflects the ongoing disruption experienced locally and nationally due to the COVID-19 pandemic while the increase in capital grants and contributions is due to developer conveyances of land and roadways in neighborhood developments.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$3.4 million totaling \$24.0 million. This amounts to an overall increase in general revenues of 17 percent due to local and state-shared sales tax collections recovering from the COVID-19 restrictions of spring and summer 2020.
- Expenses totaled \$27.0 million, a 9 percent increase compared to the previous year. This increase resulted from a rise in operating grants due to Coronavirus Relief Funds from the U. S treasury to address the health emergency.
- For governmental activities city sales taxes represents 29 percent of the total revenues, being the largest single source of funds, followed by state share revenues and capital grants and contributions representing 26 percent each of total revenues.

Business-type Activities: Net position of the enterprise funds at the end of the year amounted to \$38.1 million. The Enterprise Funds had an increase in net position of \$4.9 million. Overall, total revenues exceeded expenses for all the proprietary funds, with the exception of business incubator and business center.

Expenses totaled \$12.3 million, a 10 percent increase compared to prior year. This increase was the result of a new allocation model implemented to ensure the respective funds are fairly and accurately paying for the internal services they receive. The implementation of this new internal allocation is the main driver for the increase in the enterprise funds in fiscal year 2020-21.

Capital contributions and charges for services increased in comparison with prior year by 131 percent and five percent respectively offset by a decrease in investment earnings.

The last rate increase from city rate study to compensate for historical shortfalls took place on July 1, 2017. Net position for the enterprise funds has steadily increased over the past few years due to the growing customer base and customers paying more appropriate rates for the delivery of service.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

For business-type activities, the largest part of the revenue is attributable to Charges for Services - Program Revenues, which is made up of 36 percent Water, 31 percent Wastewater, 17 percent Ambulance, and 12 percent Sanitation funds.

Figure 3	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues:						
Charges for services	\$1,931,378	\$3,024,755	\$13,615,328	\$13,001,482	\$15,546,706	\$16,026,237
Operating grants and contributions	5,517,652	4,519,471			5,517,652	4,519,471
Capital grants and contributions	10,801,651	5,044,964	3,158,839	1,365,769	13,960,490	6,410,733
General Revenues:						
City sales taxes	12,128,587	10,660,531			12,128,587	10,660,531
Franchise taxes	445,924	415,758			445,924	415,758
Property taxes	491,053				491,053	
State shared revenues	10,942,821	9,267,561			10,942,821	9,267,561
Investment earnings	23,119	249,585	22,992	225,465	46,111	475,050
Total Revenues	<u>42,282,185</u>	<u>33,182,625</u>	<u>16,797,159</u>	<u>14,592,716</u>	<u>59,079,344</u>	<u>47,775,341</u>
Expenses						
General Government	6,607,195	5,907,870			6,607,195	5,907,870
Public Safety	10,024,938	9,259,939			10,024,938	9,259,939
Health and Welfare	394,653	334,338			394,653	334,338
Culture and Recreation	2,818,162	2,859,046			2,818,162	2,859,046
Community Development	1,490,104	1,313,645			1,490,104	1,313,645
Public Works & Streets	5,078,056	4,265,822			5,078,056	4,265,822
Interest on Long-Term Debt	558,408	532,115			558,408	532,115
Water			3,445,313	3,341,438	3,445,313	3,341,438
Wastewater			4,012,743	3,626,910	4,012,743	3,626,910
Business Center			651,827	659,950	651,827	659,950
Sanitation			1,525,841	1,392,014	1,525,841	1,392,014
Business Incubator			189,976	185,536	189,976	185,536
Ambulance Services			2,464,088	1,991,579	2,464,088	1,991,579
Total expenses	<u>26,971,516</u>	<u>24,472,775</u>	<u>12,289,788</u>	<u>11,197,427</u>	<u>39,261,304</u>	<u>35,670,202</u>
Increase/(decrease) in net position	15,310,669	8,709,850	4,507,371	3,395,289	19,818,040	12,105,139
Transfer	(345,344)	(365,151)	345,344	365,151		
Net position – beginning, as restated	<u>63,237,086</u>	<u>54,929,997</u>	<u>33,207,707</u>	<u>29,409,657</u>	<u>96,444,793</u>	<u>84,339,654</u>
Net position - ending	<u>\$78,202,411</u>	<u>\$63,274,696</u>	<u>\$38,060,422</u>	<u>\$33,170,097</u>	<u>\$116,262,833</u>	<u>\$96,444,793</u>

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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, the Community Development Fund, and the Debt Service fund. The remaining governmental funds are considered non-major. The HURF fund accounts for the revenues and expenditures dedicated to support the maintenance, repair and construction of streets. For FY 2021 HURF fund reported \$2 million an increase of \$874,708 from prior year. The Debt Service Fund accounts for the resources and payment of interest and principal on general long-term obligation. In FY 2021, the debt service fund reported a fund balance of \$264,995. At June 30, 2021, the City's governmental funds reported combined fund balance of \$33.5 million, an increase of \$8.7 million from prior year. At June 30, 2021, the City's governmental funds reported combined fund balance of \$33.5 million, an increase of \$8.7 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 \$28.5 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 99 percent of total general fund expenditures and total fund balance represents approximately 175 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 \$27.0 million. The cost of all business-type activities this year was \$12.3 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 \$35.0 million.
- The net cost of governmental activities of \$8.7 million was financed by general revenues of \$24.0 million, which are primarily made up of sales taxes and state shared revenues.
- Business type activities showed an increase in changes to net position of \$1.1 million in the fiscal year ended June 30, 2021 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, capital contributions received increased in comparison with prior year due to more developer conveyances of water and sewer infrastructure within newly constructed neighborhoods.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 4 - Activities	Total Expenses	Net (Expense)/ Revenue
General Government		
Governmental Activities	\$6,607,195	\$(4,595,543)
Public Safety	10,024,938	(6,098,153)
Public Works and Streets	5,078,056	4,601,638
Health and Welfare	394,653	(394,653)
Culture and Recreation	2,818,162	(1,404,992)
Community Development	1,490,104	(270,724)
Interest on Long-Term Debt	558,408	(558,408)
Total Expenses	26,971,516	(8,720,835)
Business-Type Activities		
Water	3,445,313	3,204,001
Wastewater	4,012,743	1,524,247
Business Center	651,827	(51,827)
Sanitation	1,525,841	53,650
Ambulance Services	2,464,088	(99,559)
Business Incubator	189,976	(146,133)
Total Expenses	12,289,788	4,484,379
Total	\$39,261,304	\$(4,236,456)

Discretely Component Unit

The Detention Facility, which is a legally separate component unit within the financial statements of the City of San Luis, Arizona, presents at June 30, 2021 a positive net position of \$175,344. This is an increase of \$3.5 million when compared to the \$3.3 million deficit from last year. There were also decreases in revenue and expenses due to decreased inmate populations as a result of COVID-19 restrictions. Revenues decreased 6 percent in comparison to prior year and expenses decreased 26 percent.

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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

BUDGETARY HIGHLIGHTS (CONTINUED)

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 2021 were \$4.4 million more than projected. Key differences between final estimated revenues and actual revenues were due to actual city sales and state-shared revenues exceeded original estimates. The City saw an increase retail and construction sales tax collections despite the COVID-19 shutdowns during the spring and summer of 2020.

General Fund expenditures were \$2.5 million less than the revised fiscal year 2021 budget due to the following:

- City of San Luis has struggled in filling its open positions in various departments creating positive variances in the operating budget.
- Construction of the fleet shop started in fiscal year 2020-21; however, it was not completed leaving \$200,000 in the budget for next year.
- Due to COVID 19, special events were canceled, creating a positive variance against budget.
- Salaries and benefits for employees from the Police and Fire/Ambulance departments, whose services were substantially dedicated to mitigating or responding to the COVID-19 public health emergency, were below budgeted figures. The City was able to record these expenditures to the Police Grants and Special Revenue Fund to utilize Coronavirus Relief Fund grant monies.

CAPITAL ASSETS

As of June 30, 2021, the City had invested \$198.6 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets prior to depreciation. Total depreciation expense for the year was \$3.4 million for the governmental activities and \$2.1 million for the business-type-activities.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS (CONTINUED)

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2021.

Figure 5	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,893,395	\$ 2,368,025	\$ 685,239	\$ 685,239	\$ 5,578,634	\$ 3,053,264
Construction in progress	887,866	1,054,835	84,105	33,772	971,971	1,088,607
Buildings and Improvements	26,174,854	25,199,069	10,023,090	9,922,658	36,171,348	35,121,727
Machinery and equipment	13,936,529	12,877,097	10,723,568	10,419,507	24,686,693	23,296,604
Infrastructure	69,227,271	63,750,741	62,013,930	59,404,322	131,241,201	123,155,063
Total	<u>\$115,119,915</u>	<u>\$105,249,767</u>	<u>\$83,529,932</u>	<u>\$80,465,498</u>	<u>\$198,649,847</u>	<u>\$185,715,265</u>

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

- Completion of improvements to the Senior Center and Magrino Industrial Park at a cost of \$1.1 million.
- Developer contributed land, infrastructure, and improvements in the Santa Cecilia IV, Bienstar 10, and Belleza del Desierto subdivisions of \$6.3 million.
- Developer contributed water and wastewater lines in the Santa Cecilia IV, Bienstar 10, and Belleza del Desierto subdivisions of \$2.6 million.

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

DEBT ADMINISTRATION

At year end, the City's debts represent Revenue Bonds in the amount of \$48.7 million for both governmental and business-type activities that are backed solely by specified revenue sources (i.e., excise taxes and fees collected). The remainder which is composed of loans and notes are paid from user fees and charges and others.

During fiscal year 2020-21, the City issued \$9,215,000 in revenue bonds to pay down the Public Safety Personnel Retirement System (PRPRS) unfunded accrued liability for the City's police and fire pension plans. With this financing, the City was able to fund 100% of the pension plans and level off future payments of the plans.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of the City's outstanding long-term obligations for the fiscal year ended June 30, 2021.

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

Figure 6	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$21,429,405	\$13,881,119	\$27,245,890	\$33,107,180	\$48,675,295	\$46,988,299
Capital leases	208,986	260,849	100,396	182,593	309,382	443,442
Note payable	564,707	129,217	138,525	186,338	703,232	315,555
Total	\$22,203,098	\$14,271,185	\$27,484,811	\$33,476,111	\$49,687,909	\$47,747,296

Additional information on the City's long-term obligations can be found in Notes 7 through 11 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 decreased considerably for private vehicles as well as pedestrians crossing due to US travel restrictions limiting border crossings from Mexico to "essential travel" only. 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. For instance, the peak for private vehicles in FY 2020 occurred in January, whereas the peak for fiscal year 2020-21 occurred in May. (source: Greater Yuma Economic Development Corporation, GYEDC).

Figure 7	BORDER CROSSING					
	Fiscal Year 2021			Fiscal Year 2020		
Class	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	\$240,924	168,968	6,784	256,957	102,490	6,829
Pedestrians	145,217	95,503	4,469	275,360	97,561	6,521
Commercial	3,745	2,878	126	4,665	2,536	108

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

ECONOMICS FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

- General fund revenues come from two main sources: local sales taxes and intergovernmental revenues. The City of San Luis, like all Arizona cities, places significant reliance on collected local sales tax. Overall, local sales tax revenues encompassed 50 percent of the \$24.1 million general revenues in fiscal year 2021. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications. Our retail sales increased by 13.77% percent in comparison to last year, which was a result of strong consumer spending boosted by federal stimulus programs aiding economic recovery. We expect to see an increase in sales tax revenue through fiscal year 2021-22 in construction, retail and food industries when compared to fiscal year 2020-21 levels, due to the continued recovery from COVID-19.
- The City also receives significant revenue allocations from the State for income tax, sales tax, and motor vehicle tax. These revenue sources are placed in the City's General Fund to support the City's day-to-day activities.

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

Population and residential growth increased the demand for commercial development. Construction is scheduled to take place in fiscal year 2021-22 for four fast food franchise facilities, a charter school, a financial institution, and a hotel that are currently in the planning review phase.

A major investment for the community is the \$300.0 million in federal funds allocated for the modernization of the San Luis I Port of Entry that will double the number of vehicle lanes and double the number of border crossers. The project is expected to start construction in fiscal year 2022-23.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BASIC FINANCIAL STATEMENTS



CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Detention Facility
ASSETS				
Current assets:				
Equity in pooled cash	\$ 15,734,831	\$ 1,487,810	\$ 17,222,641	\$
Cash and cash equivalents	4,131,946	2,159,977	6,291,923	2,257,544
Investments	18,082,721	17,879,969	35,962,690	
Accounts receivable (net)	2,038,820	1,380,343	3,419,163	3,300,538
Property taxes receivable	7,184		7,184	
Internal balances	3,735,731	(3,735,731)		
Notes receivable		76,388	76,388	
Due from governmental entities	2,637,424		2,637,424	
Prepaid items	236,807	46,718	283,525	
Supplies inventory	129,263	161,866	291,129	
Total current assets	<u>46,734,727</u>	<u>19,457,340</u>	<u>66,192,067</u>	<u>5,558,082</u>
Noncurrent assets:				
Restricted investments	2,793,566	672,713	3,466,279	5,631,536
Land	4,893,395	685,239	5,578,634	661,359
Buildings and improvements	26,174,854	10,023,090	36,197,944	34,129,886
Infrastructure	69,227,271	62,013,930	131,241,201	
Machinery and equipment	13,936,529	10,723,568	24,660,097	329,194
Construction in progress	887,866	84,105	971,971	
Accumulated depreciation	(49,268,496)	(31,027,164)	(80,295,660)	(9,470,479)
Total noncurrent assets	<u>68,644,985</u>	<u>53,175,481</u>	<u>121,820,466</u>	<u>31,281,496</u>
Total assets	<u>115,379,712</u>	<u>72,632,821</u>	<u>188,012,533</u>	<u>36,839,578</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	13,558,011	2,047,648	15,605,659	
Deferred outflow on refundings	87,491	908,440	995,931	328,939
Total deferred outflows of resources	<u>13,645,502</u>	<u>2,956,088</u>	<u>16,601,590</u>	<u>328,939</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,620,984	374,867	1,995,851	4,568,221
Estimated claims and judgments	187,101		187,101	
Accrued payroll and taxes	1,097,276	93,771	1,191,047	
Court bonds payable	38,898		38,898	
Customer deposits	50	478,249	478,299	
Accrued interest	338,565	629,003	967,568	382,139
Accrued principal	633,879		633,879	
Current portion of long-term debt	807,105	1,901,008	2,708,113	2,495,000
Unearned revenue	5,815,167		5,815,167	
Total current liabilities	<u>10,539,025</u>	<u>3,476,898</u>	<u>14,015,923</u>	<u>7,445,360</u>
Noncurrent liabilities:				
Pension	17,582,777	2,722,779	20,305,556	
Non-current portion of long-term debt	21,644,027	30,894,138	52,538,165	29,547,813
Total noncurrent liabilities	<u>39,226,804</u>	<u>33,616,917</u>	<u>72,843,721</u>	<u>29,547,813</u>
Total liabilities	<u>49,765,829</u>	<u>37,093,815</u>	<u>86,859,644</u>	<u>36,993,173</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	902,276	263,859	1,166,135	
Deferred inflow on refundings	154,698	170,813	325,511	
Total deferred inflows of resources	<u>1,056,974</u>	<u>434,672</u>	<u>1,491,646</u>	
NET POSITION				
Net investment in capital assets	51,811,286	21,682,880	73,494,166	(6,063,914)
Restricted for:				
Debt service	264,995		264,995	5,249,397
Capital projects	2,607,868	1,662,459	4,270,327	
Special Purposes	373,955		373,955	
HURF	2,027,460		2,027,460	
Employee benefits	4,292,018		4,292,018	
Other purposes	381,640		381,640	
Unrestricted	16,443,189	14,715,083	31,158,272	989,861
Total net position	<u>\$ 78,202,411</u>	<u>\$ 38,060,422</u>	<u>\$ 116,262,833</u>	<u>\$ 175,344</u>

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,607,195	\$ 1,870,445	\$ 2,941	\$ 138,266
Public safety	10,024,938	41,886	3,247,443	637,456
Public works and streets	5,078,056		2,086,098	7,593,596
Health and welfare	394,653			
Culture and recreation	2,818,162	19,047	48,626	1,345,497
Community development	1,490,104		132,544	1,086,836
Interest on long term debt	558,408			
Total governmental activities	<u>26,971,516</u>	<u>1,931,378</u>	<u>5,517,652</u>	<u>10,801,651</u>
Business-type activities:				
Water	3,445,313	4,840,917		1,808,397
Wastewater	4,012,743	4,186,548		1,350,442
Business center	651,827	600,000		
Sanitation	1,525,841	1,579,491		
Business incubator	189,976	43,843		
Ambulance services	2,464,088	2,364,529		
Total business-type activities	<u>12,289,788</u>	<u>13,615,328</u>		<u>3,158,839</u>
Total primary government	<u>\$ 39,261,304</u>	<u>\$ 15,546,706</u>	<u>\$ 5,517,652</u>	<u>\$ 13,960,490</u>
Component Unit				
Detention Facility	\$ 19,562,716	\$ 23,027,290		
Total component unit	<u>\$ 19,562,716</u>	<u>\$ 23,027,290</u>		

General revenues:

Taxes:

City sales taxes for general purposes

Franchise taxes

Property taxes

State shared revenue (not restricted)

Investment earnings

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year, as restated

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Detention Facility
\$ (4,595,543)	\$	\$ (4,595,543)	\$
(6,098,153)		(6,098,153)	
4,601,638		4,601,638	
(394,653)		(394,653)	
(1,404,992)		(1,404,992)	
(270,724)		(270,724)	
(558,408)		(558,408)	
<u>(8,720,835)</u>		<u>(8,720,835)</u>	
	3,204,001	3,204,001	
	1,524,247	1,524,247	
	(51,827)	(51,827)	
	53,650	53,650	
	(146,133)	(146,133)	
	(99,559)	(99,559)	
	<u>4,484,379</u>	<u>4,484,379</u>	
<u>(8,720,835)</u>	<u>4,484,379</u>	<u>(4,236,456)</u>	
			\$ 3,464,574
			<u>\$ 3,464,574</u>
12,128,587		12,128,587	
445,924		445,924	
491,053		491,053	
10,942,821		10,942,821	
23,119	22,992	46,111	859
(345,344)	345,344		
<u>23,686,160</u>	<u>368,336</u>	<u>24,054,496</u>	<u>859</u>
14,965,325	4,852,715	19,818,040	3,465,433
<u>63,237,086</u>	<u>33,207,707</u>	<u>96,444,793</u>	<u>(3,290,089)</u>
<u>\$ 78,202,411</u>	<u>\$ 38,060,422</u>	<u>\$ 116,262,833</u>	<u>\$ 175,344</u>



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS

**CITY OF SAN LUIS, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>
<u>ASSETS</u>			
Equity in pooled cash	\$ 9,878,706	\$	\$ 5,255,128
Investments	12,401,220	2,308,762	
Restricted cash and investments			
Accounts receivable (net)	1,926,981		
Property taxes receivable			
Due from governmental entities	1,525,117	278,577	669,509
Due from other funds	6,331,339		
Prepaid items	158,264		78,400
Inventories	20,985	108,278	
Total assets	<u>\$ 32,242,612</u>	<u>\$ 2,695,617</u>	<u>\$ 6,003,037</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,122,147	\$ 243,979	\$ 101,408
Accrued payroll and taxes	1,071,708	24,435	813
Court bonds payable	38,898		
Customer deposits	50		
Due to other funds	237,693	399,743	
Accrued interest			
Accrued principal			
Unearned revenue	1,936		5,813,231
Total liabilities	<u>2,472,432</u>	<u>668,157</u>	<u>5,915,452</u>
Deferred inflows of resources:			
Unavailable revenue - municipal court	774,089		
Unavailable revenue - intergovernmental			665,192
Unavailable revenue - property taxes			
Unavailable revenue - other	541,665		
Total deferred inflows of resources	<u>1,315,754</u>	<u></u>	<u>665,192</u>
Fund balances (deficits):			
Nonspendable	179,249	108,278	78,400
Restricted		1,919,182	
Unassigned	28,275,177		(656,007)
Total fund balances	<u>28,454,426</u>	<u>2,027,460</u>	<u>(577,607)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,242,612</u>	<u>\$ 2,695,617</u>	<u>\$ 6,003,037</u>

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

<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 600,997	\$ 15,734,831
	3,372,739	18,082,721
2,793,566		2,793,566
14	991	1,927,986
	7,184	7,184
	164,221	2,637,424
		6,331,339
143		236,807
		129,263
<u>\$ 2,793,723</u>	<u>\$ 4,146,132</u>	<u>\$ 47,881,121</u>
\$ 292	\$ 153,158	\$ 1,620,984
	320	1,097,276
		38,898
		50
1,555,992	638,519	2,831,947
338,565		338,565
633,879		633,879
		5,815,167
<u>2,528,728</u>	<u>791,997</u>	<u>12,376,766</u>
		774,089
	66,389	731,581
	2,520	2,520
		541,665
	<u>68,909</u>	<u>2,049,855</u>
143		366,070
264,852	3,285,226	5,469,260
		27,619,170
<u>264,995</u>	<u>3,285,226</u>	<u>33,454,500</u>
<u>\$ 2,793,723</u>	<u>\$ 4,146,132</u>	<u>\$ 47,881,121</u>

**CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total governmental fund balances **\$ 33,454,500**

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

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

Governmental capital assets	\$ 115,120,404	
Less accumulated depreciation	<u>(49,268,985)</u>	65,851,419

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

Municipal court	774,089	
Intergovernmental	731,581	
Property taxes	2,520	
Other	<u>541,665</u>	2,049,855

Deferred items related to the refunding of bonds issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (67,207)

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

Deferred outflows of resources related to pensions	13,558,011	
Deferred inflows of resources related to pensions	<u>(902,276)</u>	12,655,735

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 4,292,018

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

Compensated absences payable	(881,913)	
Note payable	(564,707)	
Net pension liability	(17,582,777)	
Obligations under capital lease	(208,986)	
Bonds payable	<u>(20,795,526)</u>	<u>(40,033,909)</u>

Net position of governmental activities **\$ 78,202,411**

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



CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>
Revenues:			
Taxes	\$ 12,574,511	\$	\$
Licenses and permits	1,026,519		
Intergovernmental	10,936,079	3,144,848	671,818
Fines and forfeitures	232,247		
Property taxes			
Charges for services	12,303	697,642	
Rents	23,232		
Investment earnings	14,206	798	
Other	255,587	370	19,047
Total revenues	<u>25,074,684</u>	<u>3,843,658</u>	<u>690,865</u>
Expenditures:			
Current -			
General government	4,928,326		
Public safety	6,219,307		
Public works and streets		1,952,177	
Health and welfare	223,710		
Culture and recreation	2,433,685		185,692
Community development	1,005,228		132,434
Capital outlay	1,235,263	990,781	1,071,139
Debt service -			
Interest	4,856		
Principal	78,620		
Bond issuance costs			
Total expenditures	<u>16,128,995</u>	<u>2,942,958</u>	<u>1,389,265</u>
Excess (deficiency) of revenues over expenditures	<u>8,945,689</u>	<u>900,700</u>	<u>(698,400)</u>
Other financing sources (uses):			
Transfers in			149,495
Issuance of bonds			
Issuance of notes			
Transfers out	(640,923)	(25,992)	
Total other financing sources (uses)	<u>(640,923)</u>	<u>(25,992)</u>	<u>149,495</u>
Changes in fund balances	<u>8,304,766</u>	<u>874,708</u>	<u>(548,905)</u>
Fund balances (deficits), beginning of year, as restated	20,149,660	1,152,752	(28,702)
Fund balances (deficits), end of year	<u>\$ 28,454,426</u>	<u>\$ 2,027,460</u>	<u>\$ (577,607)</u>

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

<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 15,749	\$ 12,590,260
		1,026,519
	3,299,071	18,051,816
	123,523	355,770
	488,533	488,533
	866,398	1,576,343
	2,500	25,732
284	3,635	18,923
<u>284</u>	<u>4,799,409</u>	<u>275,004</u>
		<u>34,408,900</u>
	74,281	5,002,607
7,452,784	2,930,333	16,602,424
	117,737	2,069,914
		223,710
		2,619,377
	317,041	1,454,703
	1,053,014	4,350,197
637,288	9,307	651,451
633,879	46,733	759,232
336,579		336,579
<u>9,060,530</u>	<u>4,548,446</u>	<u>34,070,194</u>
<u>(9,060,246)</u>	<u>250,963</u>	<u>338,706</u>
1,165,220		1,314,715
8,230,172		8,230,172
	508,980	508,980
	(993,144)	(1,660,059)
<u>9,395,392</u>	<u>(484,164)</u>	<u>8,393,808</u>
<u>335,146</u>	<u>(233,201)</u>	<u>8,732,514</u>
(70,151)	3,518,427	24,721,986
<u>\$ 264,995</u>	<u>\$ 3,285,226</u>	<u>\$ 33,454,500</u>

CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Changes in fund balances - total governmental funds **\$ 8,732,514**

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

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

Expenditures for capitalized assets	\$ 2,987,917	
Less current year depreciation	<u>(3,421,343)</u>	(433,426)

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

Developer capital contributions	6,960,830	
Municipal court	7,605	
Intergovernmental	662,577	
Property taxes	(2,577)	
Other	<u>233,912</u>	7,862,347

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. However, neither transaction has any effect on net position.

Issuance of bonds	(8,230,172)	
Issuance of notes	(508,980)	
Revenue bonds principal retirement	633,879	
Capital lease principal retirement	51,863	
Notes payable principal retirement	<u>73,490</u>	(7,979,920)

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	9,222,553	
Pension expense	<u>(2,734,830)</u>	6,487,723

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	(1,016)	
Amortization of deferred bond items	93,043	
Compensated absences	<u>(169,866)</u>	(77,839)

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

373,926

Changes in net position in governmental activities **\$ 14,965,325**

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 9,440,700	\$ 9,440,700	\$ 12,574,511	\$ 3,133,811
Licenses and permits	803,500	803,500	1,026,519	223,019
Intergovernmental	9,764,700	9,764,700	10,936,079	1,171,379
Charges for services	94,800	94,800	12,303	(82,497)
Fines and forfeitures	258,900	258,900	232,247	(26,653)
Investment earnings	174,700	174,700	14,206	(160,494)
Rents	523,300	523,300	23,232	(500,068)
Other	106,300	106,300	255,587	149,287
Total revenues	<u>21,166,900</u>	<u>21,166,900</u>	<u>25,074,684</u>	<u>3,907,784</u>
Expenditures:				
Current -				
General government				
City council	1,278,040	1,119,042	732,725	386,317
City administration	467,116	466,616	342,821	123,795
City clerk	342,247	342,247	250,712	91,535
City attorney	295,105	286,435	252,144	34,291
City prosecutor	281,960	297,090	296,550	540
Finance	495,694	504,484	438,464	66,020
Human resources	400,869	382,869	266,797	116,072
Municipal court	770,760	775,070	721,590	53,480
Information technology	475,399	475,399	421,511	53,888
Facilities	474,873	465,623	441,039	24,584
Fleet services	228,880	231,030	219,510	11,520
Risk & property	476,398	477,098	237,411	239,687
Non departmental	331,761	333,911	307,052	26,859
Public safety				
Police Department	5,902,260	4,042,260	3,960,278	81,982
Fire Department	3,167,630	2,467,630	2,259,029	208,601
Health and welfare				
Senior Services	258,420	259,810	223,710	36,100
Culture and recreation				
Cultural center	285,940	280,450	246,186	34,264
Parks ground	1,397,100	1,404,630	1,379,717	24,913
Parks - recreation	442,030	453,010	335,721	117,289
Youth center	310,810	312,850	272,801	40,049
Aquatic center	307,650	307,650	199,260	108,390
Community development				
Development services	495,910	495,910	336,049	159,861
Building safety	392,550	396,860	360,995	35,865
Economic Development	321,610	321,610	308,184	13,426
Capital outlay	2,028,990	1,656,790	1,235,263	421,527
Debt service -				
Interest	1,900	1,900	4,856	(2,956)
Principal	78,100	78,100	78,620	-520
Total expenditures	<u>21,710,002</u>	<u>18,636,374</u>	<u>16,128,995</u>	<u>2,507,379</u>
Excess (deficiency) of revenues over expenditures	<u>(543,102)</u>	<u>2,530,526</u>	<u>8,945,689</u>	<u>1,400,405</u>
Other financing sources (uses):				
Transfers out	<u>(2,187,330)</u>	<u>(2,110,930)</u>	<u>(640,923)</u>	<u>661,250</u>
Changes in fund balances	<u>(2,730,432)</u>	<u>419,596</u>	<u>8,304,766</u>	<u>2,061,655</u>
Fund balances, beginning of year, as restated	<u>(2,381,983)</u>	<u>(2,380,443)</u>	<u>20,149,660</u>	<u>15,058,938</u>
Fund balances, end of year	<u>\$ (5,112,415)</u>	<u>\$ (1,960,847)</u>	<u>\$ 28,454,426</u>	<u>\$ 17,120,593</u>

**CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USERS
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,760,000	\$ 2,760,000	\$ 3,144,848	\$ 384,848
Charges for services	406,800	406,800	697,642	290,842
Investment earnings	26,200	26,200	798	(25,402)
Other	250,000	250,000	370	(249,630)
Total revenues	<u>3,443,000</u>	<u>3,443,000</u>	<u>3,843,658</u>	<u>400,658</u>
Expenditures:				
Current -				
Public works and streets	2,348,247	2,348,247	1,952,177	396,070
Capital outlay	1,797,500	1,147,500	990,781	156,719
Total expenditures	<u>4,145,747</u>	<u>3,495,747</u>	<u>2,942,958</u>	<u>552,789</u>
Excess (deficiency) of revenues over expenditures	<u>(702,747)</u>	<u>(52,747)</u>	<u>900,700</u>	<u>953,447</u>
Other financing sources (uses):				
Transfers in	920,000	920,000		(920,000)
Transfers out	(223,000)	(223,000)	(25,992)	197,008
Total other financing sources (uses)	<u>697,000</u>	<u>697,000</u>	<u>(25,992)</u>	<u>(722,992)</u>
Changes in fund balances	<u>(5,747)</u>	<u>644,253</u>	<u>874,708</u>	<u>230,455</u>
Fund balances (deficits), beginning of year	(2,124,280)	(2,720,255)	1,152,752	3,873,007
Fund balances (deficits), end of year	<u>\$ (2,130,027)</u>	<u>\$ (2,076,002)</u>	<u>\$ 2,027,460</u>	<u>\$ 4,103,462</u>

See accompanying notes to this schedule.

**CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,040,770	\$ 1,745,312	\$ 671,818	\$ (1,073,494)
Other	22,000	22,000	19,047	(2,953)
Total revenues	<u>1,062,770</u>	<u>1,767,312</u>	<u>690,865</u>	<u>(1,076,447)</u>
Expenditures:				
Current -				
Health and welfare	103,000	103,000	155,592	(52,592)
Culture and recreation		20,000	30,100	(10,100)
Community development		132,544	132,434	110
Capital outlay	1,382,770	1,858,368	1,071,139	787,229
Total expenditures	<u>1,485,770</u>	<u>2,113,912</u>	<u>1,389,265</u>	<u>724,647</u>
Excess (deficiency) of revenues over expenditures	<u>(423,000)</u>	<u>(346,600)</u>	<u>(698,400)</u>	<u>(351,800)</u>
Other financing sources (uses):				
Transfers in	423,000	346,600	149,495	(197,105)
Total other financing sources (uses)	<u>423,000</u>	<u>346,600</u>	<u>149,495</u>	<u>(197,105)</u>
Changes in fund balances			<u>(548,905)</u>	<u>(548,905)</u>
Fund balances (deficits), beginning of year, as restated	143,742	143,742	(28,702)	(172,444)
Fund balances (deficits), end of year	<u>\$ 143,742</u>	<u>\$ 143,742</u>	<u>\$ (577,607)</u>	<u>\$ (721,349)</u>

See accompanying notes to this schedule.



PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SAN LUIS, ARIZONA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Enterprise Funds		
	Water	Wastewater	Sanitation
ASSETS			
Current assets:			
Equity in pooled cash	\$	\$	\$ 258,777
Cash and cash equivalents	1,451,719		
Investments	11,155,544	6,724,425	
Accounts receivable (net)	497,109	79,577	19,260
Notes receivable	76,388		
Due from other funds			
Prepaid items and other assets	61,334	14,096	24,063
Total current assets	<u>13,242,094</u>	<u>6,818,098</u>	<u>302,100</u>
Noncurrent assets:			
Restricted investments	672,713		
Land	190,271	150,757	
Buildings and improvements		2,113,572	26,596
Infrastructure	26,637,736	35,376,194	
Machinery and equipment	2,446,451	2,164,727	2,217,831
Construction in progress	21,326	40,926	14,381
Accumulated depreciation	(9,290,089)	(13,943,860)	(1,991,918)
Total noncurrent assets	<u>20,678,408</u>	<u>25,902,316</u>	<u>266,890</u>
Total assets	<u>33,920,502</u>	<u>32,720,414</u>	<u>568,990</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	145,413	178,101	73,657
Deferred loss on refunding			
Total deferred outflows of resources	<u>145,413</u>	<u>178,101</u>	<u>73,657</u>
LIABILITIES			
Current liabilities:			
Accounts payable	161,501	117,632	56,379
Estimated claims and judgments			
Accrued payroll and taxes	18,816	24,182	7,945
Customer deposits	466,475	7,650	
Due to other funds	910,039	66,551	
Accrued interest	223,513	259,956	
Current portion of long-term debt	405,994	517,120	68,020
Total current liabilities	<u>2,186,338</u>	<u>993,091</u>	<u>132,344</u>
Noncurrent liabilities:			
Pension	699,021	815,525	349,511
Non-current portion of long-term debt	9,798,000	11,524,393	87,520
Total noncurrent liabilities	<u>10,497,021</u>	<u>12,339,918</u>	<u>437,031</u>
Total liabilities	<u>12,683,359</u>	<u>13,333,009</u>	<u>569,375</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension			
Deferred gain on refunding	80,572	90,241	
Total deferred inflows of resources	<u>80,572</u>	<u>90,241</u>	
NET POSITION			
Net investment in capital assets	9,744,221	14,925,687	128,365
Restricted for:			
Capital projects	384,010	1,278,449	
Employee benefits			
Unrestricted	11,173,753	3,271,129	(55,093)
Total net position	<u>\$ 21,301,984</u>	<u>\$ 19,475,265</u>	<u>\$ 73,272</u>

Enterprise Funds				Governmental Activities: Internal Service Funds
Business Incubator	Ambulance Services	Business Center	Totals	
\$	\$ 1,229,033	\$	\$ 1,487,810	\$
		708,258	2,159,977	4,131,946
4,469	729,928	50,000	17,879,969	110,834
			1,380,343	237,693
			76,388	
	109,091		208,584	
<u>4,469</u>	<u>2,068,052</u>	<u>758,258</u>	<u>23,193,071</u>	<u>4,480,473</u>
			672,713	
		344,211	685,239	
2,007,718		5,875,204	10,023,090	
			62,013,930	
136,264	1,094,351	2,663,944	10,723,568	
		7,472	84,105	
<u>(303,690)</u>	<u>(349,364)</u>	<u>(5,148,243)</u>	<u>(31,027,164)</u>	
<u>1,840,292</u>	<u>744,987</u>	<u>3,742,588</u>	<u>53,175,481</u>	
<u>1,844,761</u>	<u>2,813,039</u>	<u>4,500,846</u>	<u>76,368,552</u>	<u>4,480,473</u>
	1,650,477		2,047,648	
		908,440	908,440	
<u>-</u>	<u>1,650,477</u>	<u>908,440</u>	<u>2,956,088</u>	
3,604	33,512	2,239	374,867	
				187,101
953	41,875		93,771	
4,124			478,249	
691,972		2,067,169	3,735,731	1,354
	7,471	138,063	629,003	
<u>1,194</u>	<u>128,680</u>	<u>780,000</u>	<u>1,901,008</u>	
<u>701,847</u>	<u>211,538</u>	<u>2,987,471</u>	<u>7,212,629</u>	<u>188,455</u>
	858,722		2,722,779	
<u>404</u>	<u>1,011,817</u>	<u>8,472,004</u>	<u>30,894,138</u>	
<u>404</u>	<u>1,870,539</u>	<u>8,472,004</u>	<u>33,616,917</u>	
<u>702,251</u>	<u>2,082,077</u>	<u>11,459,475</u>	<u>40,829,546</u>	<u>188,455</u>
	263,859		263,859	
			170,813	
	<u>263,859</u>		<u>434,672</u>	
1,840,992	644,591	(5,600,976)	21,682,880	
			1,662,459	
				4,292,018
<u>(698,482)</u>	<u>1,472,989</u>	<u>(449,213)</u>	<u>14,715,083</u>	
<u>\$ 1,142,510</u>	<u>\$ 2,117,580</u>	<u>\$ (6,050,189)</u>	<u>\$ 38,060,422</u>	<u>\$ 4,292,018</u>

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds		
	Water	Wastewater	Sanitation
Operating revenues:			
Charges for services	\$ 4,731,885	\$ 4,186,497	\$ 1,537,742
Rents			
Other	109,032	51	41,749
Total operating revenues	4,840,917	4,186,548	1,579,491
Operating expenses:			
Cost of sales and services	2,408,713	2,523,342	1,407,408
Insurance premiums/claims			
Depreciation	636,041	1,019,182	110,943
Total operating expenses	3,044,754	3,542,524	1,518,351
Operating income (loss)	1,796,163	644,024	61,140
Nonoperating revenues (expenses):			
Investment earnings	16,479	6,385	
Development fees	211,191	338,040	
Interest and fiscal charges	(400,559)	(470,219)	(7,490)
Total nonoperating revenues (expenses)	(172,889)	(125,794)	(7,490)
Income (loss) before transfers	1,623,274	518,230	53,650
Transfers in			
Capital contributions	1,597,206	1,012,402	
Changes in net position	3,220,480	1,530,632	53,650
Total net position, beginning of year, as restated	18,081,504	17,944,633	19,622
Total net position, end of year	\$ 21,301,984	\$ 19,475,265	\$ 73,272

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

Enterprise Funds

Business Incubator	Ambulance Services	Business Center	Totals	Governmental Activities: Internal Service Funds
\$	\$	\$	\$	\$
41,812	2,347,516	600,000	12,803,640	2,910,870
2,031	17,013		641,812	
<u>43,843</u>	<u>2,364,529</u>	<u>600,000</u>	<u>13,615,328</u>	<u>2,910,870</u>
142,744	2,314,144	82,898	8,879,249	
47,232	116,354	193,490	2,123,242	2,541,141
<u>189,976</u>	<u>2,430,498</u>	<u>276,388</u>	<u>11,002,491</u>	<u>2,541,141</u>
<u>(146,133)</u>	<u>(65,969)</u>	<u>323,612</u>	<u>2,612,837</u>	<u>369,729</u>
		128	22,992	4,197
	(33,590)	(375,439)	549,231	
	<u>(33,590)</u>	<u>(375,311)</u>	<u>(1,287,297)</u>	
<u>(146,133)</u>	<u>(99,559)</u>	<u>(51,699)</u>	<u>1,897,763</u>	<u>373,926</u>
	345,344		345,344	
			<u>2,609,608</u>	
<u>(146,133)</u>	<u>245,785</u>	<u>(51,699)</u>	<u>4,852,715</u>	<u>373,926</u>
1,288,643	1,871,795	(5,998,490)	33,207,707	3,918,092
<u>\$ 1,142,510</u>	<u>\$ 2,117,580</u>	<u>\$ (6,050,189)</u>	<u>\$ 38,060,422</u>	<u>\$ 4,292,018</u>

CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Enterprise Funds	
	Water	Wastewater
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>		
Cash flows from operating activities:		
Cash received from customers	\$ 4,940,120	\$ 4,264,123
Cash payments to suppliers for goods and services	(1,533,939)	(1,755,427)
Cash payments to employees for services	(913,673)	(847,388)
Net cash provided by/ (used for) operating activities	2,492,508	1,661,308
Cash flows from noncapital and related financing activities:		
Transfers to/ (from) other funds	-	-
Issuance of bonds to reduce pension liability	-	-
Interfund borrowing	910,039	66,551
Net cash provided by/ (used for) noncapital and related financing activities	910,039	66,551
Cash flows from capital and related financing activities:		
Development fees	211,191	338,040
Payments for capital acquisitions	(27,514)	(176,011)
Principal paid on long-term debt	(371,677)	(464,308)
Interest paid on long-term debt	(455,632)	(530,374)
Net cash provided by/ (used for) capital and related financing	(643,632)	(832,653)
Cash flows from investing activities:		
Investment income	16,479	6,385
Net cash provided by/ (used for) investing activities	16,479	6,385
Net increase/ (decrease) in cash and cash equivalents	2,775,394	901,591
Cash and investments, beginning of year	10,504,182	5,822,834
Cash and investments, end of year	\$ 13,279,576	\$ 6,724,425
<u>Reconciliation of Operating Income (loss) to</u>		
<u>Net Cash Provided by/ (Used for) Operating Activities</u>		
Operating income (loss)	\$ 1,796,163	\$ 644,024
Adjustments to reconcile operating income (loss) to net cash provided by/ (used for) operating activities:		
Depreciation	636,041	1,019,182
Difference between pension expense and pension contributions	28,611	(63,572)
Change in assets and liabilities:		
(Increase)/ decrease in accounts receivable	81,677	76,725
(Increase)/ decrease in prepaid items and other assets	(4,535)	(204)
(Increase)/ decrease in notes receivable	(2,153)	-
Increase/ (decrease) in accounts payable	(67,902)	(26,207)
Increase/ (decrease) in customer deposits	19,679	850
Increase/ (decrease) in estimated claims and judgments	-	-
Increase/ (decrease) in accrued payroll and taxes	3,882	4,205
Increase/ (decrease) in compensated absences payable	1,045	6,305
Total adjustments	696,345	1,017,284
Net cash provided by/ (used for) operating activities	\$ 2,492,508	\$ 1,661,308

Enterprise Funds					Internal Service
Sanitation	Business Incubator	Ambulance Services	Business Center	Total	Insurance Fund
\$ 1,601,819	\$ 39,686	\$ 2,255,298	\$ 600,000	\$ 13,701,946	\$ 2,855,876
(1,064,615)	(103,220)	(801,954)	(91,356)	(5,350,511)	(2,620,500)
(317,932)	(40,014)	(2,490,138)	-	(4,609,145)	-
219,272	(103,548)	(1,036,794)	508,644	3,742,290	235,376
-	-	345,344	-	345,344	-
-	-	984,828	-	984,828	-
-	103,548	-	1,124,130	2,204,268	3,557
-	103,548	1,330,172	1,124,130	3,534,440	3,557
-	-	-	-	549,231	-
(14,380)	-	(236,920)	-	(454,825)	-
(47,813)	-	(82,197)	(765,000)	(1,730,995)	-
(7,490)	-	(5,084)	(283,775)	(1,282,355)	-
(69,683)	-	(324,201)	(1,048,775)	(2,918,944)	-
-	-	-	128	22,992	4,197
-	-	-	128	22,992	4,197
149,589	-	(30,823)	584,127	4,380,778	243,130
109,188	-	1,259,856	124,131	17,820,191	3,888,816
\$ 258,777	\$ -	\$ 1,229,033	\$ 708,258	\$ 22,200,969	\$ 4,131,946
\$ 61,140	\$ (146,133)	\$ (65,969)	\$ 323,612	\$ 2,612,837	\$ 369,729
110,943	47,232	116,354	193,490	2,123,242	-
10,096	-	(866,327)	-	(891,192)	-
22,328	(3,724)	(109,231)	-	68,675	(54,994)
10,545	-	(35,091)	-	(29,285)	-
-	-	-	-	(2,153)	-
(782)	(851)	(82,186)	(8,458)	(186,386)	(15,800)
-	(433)	-	-	20,096	-
-	-	-	-	-	(63,559)
2,648	361	6,331	-	17,427	-
2,354	-	(675)	-	9,029	-
158,132	42,585	(970,825)	185,032	1,129,453	(134,353)
\$ 219,272	\$ (103,548)	\$ (1,036,794)	\$ 508,644	\$ 3,742,290	\$ 235,376



NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

A. Reporting Entity

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

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

Blended Component Units

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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 Yuma County and to provide facilities, equipment, and other physical plant and related support to the project. It is governed by a Board of five Directors of which two are members of City Council. The Corporation was used in April 2014 and July 2014 to refinance two bond issues that were originally used to build and extend the detention facility respectively. The City General Fund receives certain revenues in the form of a bed tax from the operations. The activity is reported in the City's Detention Facility Fund.

No separate financial statements are prepared for the discretely presented component 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, 2021**

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:

- 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, 2021**

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.

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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
- San Luis Community Facilities District
- Assessment Districts

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 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.

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021**

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. The City reserved all receivable in excess of 180 days as an allowance.

H. Interfund Receivables and Payable

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

I. Inventories

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

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, 2021**

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.

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

Assets	Years
Infrastructure	30-50
Buildings	45
Improvements other than buildings	10-30
Vehicles, machinery, and equipment	5-15

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 its blended component unit have items that qualify for reporting in these categories.

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, 2021**

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, 2021.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2019
Measurement Date:	June 30, 2020
Measurement Period:	July 1, 2018 to June 30, 2019

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.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (grantors or creditors) 2) imposed by law through constitutional provisions or 3) enabling legislation legally enforceable by external parties.

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

	General Fund	Highway Users Fund	Community Development Fund	Debt Service Fund	Non-Major Governmental Funds
Fund Balances:					
Non spendable:					
Prepaid items	\$ 158,264		\$ 78,400	\$ 143	
Inventory	20,985	108,278			
Restricted:					
HURF		1,919,182			
Special purposes					371,435
Capital projects					2,607,868
Debt service				264,852	
Other purposes					305,923
Unassigned	28,275,177		(656,007)		
Total fund balances	<u>\$ 28,454,426</u>	<u>\$ 2,027,460</u>	<u>\$ (577,607)</u>	<u>\$ 264,995</u>	<u>\$ 3,285,226</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, Special Revenue, Debt Service, Capital Projects, and Enterprise funds. All annual appropriations lapse at the fiscal year end.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 15,734,831	\$ 1,487,810	\$	\$ 17,222,641
Cash and cash equivalents	4,131,946	2,159,977	2,257,544	8,549,467
Investments	18,082,721	17,879,969		35,962,690
Restricted assets:				
Cash and investments	2,793,566	672,713	5,631,536	9,097,815
Total	<u>\$ 40,743,064</u>	<u>\$ 22,200,469</u>	<u>\$ 7,889,080</u>	<u>\$ 70,832,613</u>

Cash and investments consisted of the following:

Cash on hand	\$ 5,100
Demand deposits	23,512,064
Investments	47,318,049
Total	<u>\$ 70,832,613</u>

Custodial Credit Risk - Demand Deposits. For deposits, custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a policy for custodial credit risk. The carrying amounts of the City's demand deposits were \$23,512,064 at June 30, 2021. Bank balances were \$23,545,013 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 – Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. The City does not have a formal investment policy that limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate.

	Fair Value	Investment Maturities (in years) Less than 1
	Money Market	\$ 11,355,359
State Treasurer	35,962,690	35,962,690
Total	<u>\$ 47,318,049</u>	<u>\$ 47,318,049</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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

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

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

At June 30, 2021, City's investment in mutual funds were considered to be level one investments.

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

Credit Risk. Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to repay the holder at the maturity date. This is generally measured by the assignment of a rating by a nationally recognized statistical organization. However, some issuers do not seek a credit rating. The City has no investment policy that would further limit its investment choices. As of June 30, 2021, 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 investment in mutual funds were rated Aaa by Moody's Corporation.

That portion of the external investment pool which belongs to local government participants is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at www.aztreasury.gov or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1st Floor, Phoenix, AZ 85007. The City's position in the LGIP at June 30, 2021 is stated at cost, which approximates fair value.

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

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that, in the event of the counterparty's failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, the City had \$10,816,647 of money market funds that were uninsured and uncollateralized. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration Credit Risk. The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2021, the City's investments included 24 percent invested in money market funds, and 76 percent invested in the State Treasurer's investment pool.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 3- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$2,935,506 for proprietary fund receivables and \$358,883 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						Total
	General Fund	Highway Users Fund	Community Development Fund	Debt Service Fund	Non-Major Governmental Funds	Insurance Fund	
Accounts receivables	\$ 821,139	\$	\$	\$ 14	\$ 991	\$ 110,834	\$ 932,978
Fines receivable	1,105,842						1,105,842
Due from governmental entities	1,525,117	278,577	669,509		164,221		2,637,424
Net total receivables	<u>\$3,452,098</u>	<u>\$ 278,577</u>	<u>\$ 669,509</u>	<u>\$ 14</u>	<u>\$ 165,212</u>	<u>\$ 110,834</u>	<u>\$ 4,676,244</u>

	Business-Type Activities						Total
	Water Fund	Wastewater Fund	Sanitation Fund	Business Incubator Fund	Ambulance Services Fund	Business Center Fund	
Accounts receivable	\$ 497,109	\$ 79,577	\$ 19,260	\$ 4,469	\$ 729,928	\$ 50,000	\$ 1,380,343
Notes receivable	76,388						76,388
Net total receivables	<u>\$ 573,497</u>	<u>\$ 79,577</u>	<u>\$ 19,260</u>	<u>\$ 4,469</u>	<u>\$ 729,928</u>	<u>\$ 50,000</u>	<u>\$ 1,456,731</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 of \$2,049,855 consisted mostly of fines and detention center issuer fees receivable reported in the General Fund and grants revenue not yet spent from the Community Development Fund.

NOTE 4- INTERFUND TRANSACTIONS

A. Due From and To Other Funds

Fund	Due from other Funds	Due to other Funds
General	\$ 6,331,339	\$ 237,693
Highway Users		399,743
Debt Service		1,555,992
Non-Major Governmental		638,519
Water		910,039
Wastewater		66,551
Business Incubator		691,972
Business Center		2,067,169
Insurance	237,693	1,354
Total	<u>\$ 6,569,032</u>	<u>\$ 6,569,032</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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 4- INTERFUND TRANSACTIONS (CONTINUED)

B. Transfers

Transfers between funds of the primary government:

	Transfers out			Total
	General Fund	Highway Users Fund	Non-Major Governmental Funds	
Transfers in:				
Community Development Fund	\$ 123,503	\$ 25,992	\$	\$ 149,495
Debt Service Fund	517,420		647,800	1,165,220
Ambulance Services Fund			345,344	345,344
Total	\$ 640,923	\$ 25,992	\$ 993,144	\$ 1,660,059

Transfers are used (1) to move receipts restricted for debt service from the collecting funds to the funds obligated to pay debt service payments (2) to meet local match requirements for federal grants (3) to move funds from the special revenue grants funds that manage the grant revenues received to the funds incurring the grant expenses

NOTE 5- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2021 follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,368,025	\$ 2,525,370	\$	\$ 4,893,395
Construction in progress	1,054,835	1,923,706	2,090,675	887,866
Total capital assets, not being depreciated	3,422,860	4,449,076	2,090,675	5,781,261
Capital assets, being depreciated:				
Buildings and improvements	25,199,069	975,785		26,174,854
Machinery and equipment	12,877,097	1,138,031	78,599	13,936,529
Infrastructure	63,750,741	5,476,530		69,227,271
Total capital assets being depreciated	101,826,907	7,590,346	78,599	109,338,654
Less accumulated depreciation for:				
Buildings and improvements	(10,168,543)	(683,114)		(10,851,657)
Machinery and equipment	(9,240,278)	(800,145)	(77,583)	(9,962,840)
Infrastructure	(26,515,915)	(1,938,084)		(28,453,999)
Total accumulated depreciation	(45,924,736)	(3,421,343)	(77,583)	(49,268,496)
Total capital assets, being depreciated, net	55,902,171	4,169,003	1,016	60,070,158
Governmental activities capital assets, net	\$ 59,325,031	\$ 8,618,079	\$2,091,691	\$ 65,851,419

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5- CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 685,239	\$	\$	\$ 685,239
Construction in progress	33,772	50,333		84,105
Total capital assets, not being depreciated	<u>719,011</u>	<u>50,333</u>		<u>769,344</u>
Capital assets, being depreciated:				
Buildings and improvements	9,922,658	100,432		10,023,090
Machinery and equipment	10,419,507	304,061		10,723,568
Infrastructure	59,404,322	2,609,608		62,013,930
Total capital assets being depreciated	<u>79,746,487</u>	<u>3,014,101</u>		<u>82,760,588</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,908,783)	(312,989)		(3,221,772)
Machinery and equipment	(8,134,261)	(463,839)		(8,598,100)
Infrastructure	(17,860,878)	(1,346,414)		(19,207,292)
Total accumulated depreciation	<u>(28,903,922)</u>	<u>(2,123,242)</u>		<u>(31,027,164)</u>
Total capital assets, being depreciated, net	<u>50,842,565</u>	<u>890,859</u>		<u>51,733,424</u>
Business-type activities capital assets, net	<u>\$ 51,561,576</u>	<u>\$ 941,192</u>	<u>\$</u>	<u>\$ 52,502,768</u>
<u>Discretely Presented Component Unit</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 661,359	\$	\$	\$ 661,359
Total capital assets, not being depreciated	<u>661,359</u>			<u>661,359</u>
Capital assets, being depreciated:				
Buildings and improvements	34,129,886			34,129,886
Machinery and equipment	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	(8,378,477)	(762,808)		(9,141,285)
Machinery and equipment	(329,194)			(329,194)
Total accumulated depreciation	<u>(8,707,671)</u>	<u>(762,808)</u>		<u>(9,470,479)</u>
Total capital assets, being depreciated, net	<u>25,751,409</u>	<u>(762,808)</u>		<u>24,988,601</u>
Discretely presented component unit capital assets, net	<u>\$ 26,412,768</u>	<u>\$ (762,808)</u>	<u>\$</u>	<u>\$ 25,649,960</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	Amount
General government	\$ 410,041
Public safety	530,951
Health and welfare	13,461
Culture and recreation	336,220
Community development	19,358
Public works and streets	2,111,312
Total depreciation expense	\$ 3,421,343
Business-type activities:	
Water	\$ 636,041
Wastewater	1,019,182
Sanitation	193,490
Business Incubator	47,232
Ambulance Services	110,943
Business Center	116,354
Total depreciation expense	\$ 2,123,242
Discretely presented Component Unit:	
Detention Facility	762,808
Total depreciation expense	\$ 762,808

NOTE 6- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for street projects (special revenue fund projects) and wastewater treatment projects totaling \$971,971. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2021. The remaining balance for work not yet complete at the end of the year is estimated at \$1.8 million for governmental activities projects and \$2,550 for business-type activities projects.

NOTE 7- OPERATING LEASES

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 30, 2027. The tenant has the option to extend the term for two additional periods of (5) years each. Lease payments received during the fiscal year amounted to \$600,000.

Year Ending June 30:		Amount
2022	\$	600,000
2023		600,000
2024		600,000
2025		600,000
2026		600,000
2027		500,000
Total	\$	3,500,000

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8- OBLIGATIONS UNDER CAPITAL LEASES

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 payments 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 within 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.

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 within depreciation expense.

The City has acquired two vehicles 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 within depreciation expense.

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

Asset:	Governmental Activities	Business- Type Activities	Total
Machinery and equipment	\$ 353,960	\$ 442,891	\$ 796,851
Less: Accumulated Depreciation	120,190	245,226	365,416
Total	<u>\$ 233,770</u>	<u>\$ 197,665</u>	<u>\$ 431,435</u>

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
2022	\$ 53,841	\$ 87,281	\$ 141,122
2023	53,844	5,233	59,077
2024	51,002	5,233	56,235
2025	56,650	5,232	61,882
Total minimum lease payments	<u>215,337</u>	<u>102,979</u>	<u>318,316</u>
Less: amount representing interest	6,352	2,583	8,935
Present value of minimum lease payments	208,986	100,396	309,381
Due within one year	<u>\$ 52,013</u>	<u>\$ 84,968</u>	<u>\$ 136,981</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2021 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	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2021
Governmental activities	\$ 12,085,700	4.00-5.00%	7/1/21-38	\$ 9,924,964
Business-type activities	18,929,300	4.00-5.00%	7/1/21-38	15,545,036
Total				<u>\$ 25,470,000</u>

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

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	411,105	425,532	643,895	666,493
2026	432,537	406,604	667,463	636,846
2027-31	2,484,163	1,691,423	3,900,836	2,649,202
2032-36	3,205,058	952,312	5,019,941	1,491,563
2037-39	2,269,843	212,323	3,555,159	332,552
Total	<u>\$ 9,924,964</u>	<u>\$ 5,081,546</u>	<u>\$ 15,545,036</u>	<u>\$ 7,959,004</u>

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2021
Governmental activities	\$ 2,825,000	4.00-5.00%	7/1/21-27	\$ 2,070,000
Business-type activities	11,715,000	2.00-3.50%	7/1/21-31	9,365,000
Total				<u>\$ 11,435,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2022	\$ 255,000	\$ 97,125	\$ 780,000	\$ 268,326
2023	265,000	84,125	795,000	251,582
2024	280,000	70,500	815,000	232,450
2025	295,000	56,125	830,000	210,850
2026	310,000	41,000	860,000	186,538
2027-31	665,000	33,625	4,685,000	508,081
2032			600,000	10,500
Total	<u>\$ 2,070,000</u>	<u>\$ 382,500</u>	<u>\$ 9,365,000</u>	<u>\$ 1,668,327</u>

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2021
Governmental activities	\$ 8,230,172	0.29-2.92%	7/1/21-38	\$ 8,230,172
Business-type activities	984,828	0.29-2.92%	7/1/21-38	984,828
Total				<u>\$ 9,215,000</u>

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2022	\$ 22,328	\$ 129,419	\$ 2,672	\$ 15,484
2023	263,476	176,684	31,524	21,140
2024	379,584	175,309	45,416	20,976
2025	477,829	172,609	57,171	20,652
2026	482,295	167,928	57,705	20,092
2027-31	2,523,118	713,371	301,882	85,352
2032-36	2,831,251	386,725	338,749	46,271
2037-39	1,250,291	36,810	149,709	4,404
Total	<u>\$ 8,230,172</u>	<u>\$ 1,958,855</u>	<u>\$ 984,828</u>	<u>\$ 234,371</u>

The City has pledged to repay \$54,770,000 in Excise Tax Revenue Refunding Bonds issued in 2014, 2018, and 2021 and payable through 2039. Pledged revenues on the bonds include excise taxes, state shared revenues, permit fees, and franchise taxes. Excise taxes are defined to include the transaction privilege tax and business taxes, which the City imposes. A portion of the debt service is funded by the revenues directly or indirectly derived from the operation and use of the water system. However, that does not relieve the aforementioned revenues to be pledged. In 2021, the revenue pledged amounted to \$24.8 million. Principal and interest for the current year were \$1,975,000 and \$1,687,496 respectively. The coverage ratio (pledged revenues to debt service) for 2021 is 6.76. More in depth disclosures can be referenced from the statistical section, Table XII.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2021
Business-type activities	\$ 6,580,000	3.80%	7/1/21-2033	\$ 5,170,000

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

	Business-Type Activities		
	Principal	Interest	Total
Year Ending June 30:			
2022	\$ 315,000	\$ 190,475	\$ 505,475
2023	325,000	178,315	503,315
2024	340,000	165,680	505,680
2025	350,000	152,570	502,570
2026	365,000	138,985	503,985
2027-31	2,050,000	471,200	2,521,200
2032-34	1,425,000	82,745	1,507,745
Total	<u>\$ 5,170,000</u>	<u>\$ 1,379,970</u>	<u>\$ 6,549,970</u>

The City has pledged to repay \$6,580,000 in Utility Revenue Bonds issued in 2013, and payable through 2034. The bonds are collateralized by net operating revenues and investment income of the Water and Wastewater Enterprise Funds. In 2021 the net revenue pledged amounted to \$4.1 million. Principal and interest for the current year were \$315,000 and \$196,460, respectively. The coverage ratio (pledged revenues to debt service) for 2021 is 8.05. More in depth disclosures can be referenced from the statistical section, Table XIII.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9- 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 from there are to be pledged to secure payment of the bonds. Again, in February 2011, the SLFDC issued Senior Lien Project Revenue Bonds Series 2011 totaling \$20,165,000 to finance the construction for an expansion of the existing regional detention facility. The bonds were issued with the same terms and conditions as the previous issues. Subsequently, during April 2014 and July 2014, the Corporation refunded both issues following an IRS audit in which the issues were found to be taxable as opposed to the non-taxable status at time of issuance. The refunding amounts were \$26,090,000 and \$20,835,000 respectively.

Purpose	Original Amount	Interest Rate	Maturity	Outstanding Principal June 30, 2021
Detention facility	\$ 26,090,000	5.70-7.25%	5/1/21-30	\$ 20,175,000
Detention facility	20,835,000	5.60-6.95%	5/1/21-27	12,455,000
Total				<u>\$ 32,630,000</u>

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

	Principal		Interest	
	2014 Series Principal	2014 Series A Principal	2014 Series Interest	2014 Series A Interest
Year Ending June 30:				
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	1,260,000	1,775,000	1,216,550	541,058
2026	1,350,000	1,895,000	1,128,350	417,696
2027-30	14,260,000	4,115,000	3,116,052	285,992
Total	<u>\$ 20,175,000</u>	<u>\$ 12,455,000</u>	<u>\$ 9,574,822</u>	<u>\$ 3,518,538</u>

The SLFDC has pledged to repay \$46,925,000 in Refunding Revenue Bonds issued in 2014, and payable through 2030. The bonds are collateralized by Detention Center operating revenue. In 2021 the revenue pledged amounted to \$23.0 million. Principal and interest for the current year were \$2,360,000 and \$2,407,715 respectively. The coverage ratio (pledged revenues to debt service) for 2021 is 4.83.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 10- 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 the 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.	\$	\$ 102,460	\$ 102,460
Note payable to 1st Bank Yuma issued on December 2, 2020 for the purchase of park land for the amount of \$508,980 with an interest rate 3.8% payable in 5 years.	\$ 95,946	\$ 366,301	\$ 462,247

<u>Business-type activities</u>	CURRENT PORTION	LONG TERM PORTION	TOTAL
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.	\$ 50,014	\$ 88,511	\$ 138,525

Debt service requirements on all debt to maturity are shown below.

		Governmental Activities		
		Principal	Interest	Total
Year Ending June 30:				
	2022	\$ 95,946	\$ 16,134	\$ 112,080
	2023	99,708	12,372	112,080
	2024	103,597	8,483	112,080
	2025	107,681	4,399	112,080
	2026	55,315	627	55,942
	Total	\$ 462,247	\$ 42,015	\$ 504,262
		Business-Type Activities		
		Principal	Interest	Total
Year Ending June 30:				
	2022	\$ 50,014	\$ 5,288	\$ 55,302
	2023	52,344	2,958	55,302
	2024	36,167	626	36,793
	Total	\$ 138,525	\$ 8,872	\$ 147,397

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 11- 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 \$881,913 for governmental activities and \$140,335 for business-type activities at June 30, 2021 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the General Fund. 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, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 712,047	\$ 619,052	\$ 449,186	\$ 881,913	\$ 659,146
Revenue bonds payable	12,578,979	8,230,172	584,015	20,225,136	633,879
Revenue bonds premium	1,302,140		97,871	1,204,269	
Note payable	129,217	508,980	73,490	564,707	95,946
Capital leases	260,849		51,863	208,986	52,013
Pension	13,923,511	3,659,266		17,582,777	
Governmental activities long-term liabilities	<u>\$ 28,906,743</u>	<u>\$ 13,017,470</u>	<u>\$ 1,256,425</u>	<u>\$ 40,667,788</u>	<u>\$ 1,440,984</u>
Business-type activities:					
Compensated absences	\$ 131,307	\$ 130,679	\$ 121,651	\$ 140,335	\$ 104,886
Revenue bonds payable	26,206,021	984,828	1,295,985	25,894,864	1,341,121
Revenue bonds premium	1,550,141		86,119	1,464,022	
Revenue bonds discount	(123,982)		(10,986)	(112,996)	
Direct placement revenue bonds	5,475,000		305,000	5,170,000	315,000
Note payable	186,338		47,813	138,525	55,303
Capital leases	182,593		82,197	100,396	84,698
Pension	1,991,564	731,215		2,722,779	
Business-type activities long-term liabilities	<u>\$ 35,598,982</u>	<u>\$ 1,846,722</u>	<u>\$ 1,927,779</u>	<u>\$ 35,517,925</u>	<u>\$ 1,901,008</u>
Discretely presented component units:					
Revenue bonds payable	\$ 34,990,000	\$	\$ 2,360,000	\$ 32,630,000	\$ 2,495,000
Revenue bonds discount	(662,071)		(74,884)	(587,187)	
Discretely presented component unit long-term liabilities	<u>\$ 34,327,929</u>	<u>\$</u>	<u>\$ 2,285,116</u>	<u>\$ 32,042,813</u>	<u>\$ 2,495,000</u>

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 12- COMMITMENTS AND CONTINGENCIES

Federal and State Grants – The City has received a number of grants from both Federal and State governments. Although the programs have been audited by the respective agencies, not all audits have been approved as of June 30, 2021; however, the City expects no material disallowance of expenditures.

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

Guarantees - In May 2021, the City Council guaranteed a \$1.0 million loan of the GYPA in accordance with A.R.S. Repayments of the loan are made monthly through June 29, 2025 and calculated using a four percent interest rate. In the event that the GYPA defaults on the loan, the City will be responsible for 33% of the payments not satisfied by the liquidation of collateral pledged for the loan.

Incentive Fees – The City’s contract with the operator of the Detention Center includes a provision for variable incentive fees that are calculated based on average daily inmate counts at the facility. The fees are accumulated but only distributed if excess project revenues exist. At year end, \$5.2 million of variable incentive fees had been accumulated but not recognized as expenses due to disbursement being improbable.

NOTE 13- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit /Net Position – At June 30, 2021, the following individual funds reported deficits in Net Position.

	Deficit
Governmental Funds:	
Community Development	\$ (577,607)
Enterprise Funds:	
Business Center	(6,050,189)

The fund balance deficit of the Community Development Fund is expected to be eliminated when grant reimbursements are received during fiscal year 2021-22.

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

NOTE 14- RISK MANAGEMENT

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 14- RISK MANAGEMENT (CONTINUED)

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

The City established an Insurance Fund (an Internal Service Fund) during fiscal year 2012 to account for and finance its uninsured risks of loss related to health and dental claims. The program provides annual coverage per individual for up to a maximum of \$50,000 for each claim. In addition, the City has an annual aggregate reimbursement maximum of \$1.0 million. The City purchases commercial insurance for claims in excess of these specified amounts.

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

	Year Ended June 30, 2021	Year Ended June 30, 2020
Unpaid claims, beginning of fiscal year	\$ 250,660	\$ 284,423
Incurred claims (including IBNRs)	2,556,941	1,126,100
Claim payments	2,620,500	(1,159,863)
Unpaid claims, end of fiscal year	<u>\$ 187,101</u>	<u>\$ 250,660</u>

NOTE 15- 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, 2021, 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	\$ 17,582,777	\$ 2,722,779	\$ 20,305,556
Deferred outflows of resources	13,558,011	2,047,648	15,605,659
Deferred inflows of resources	902,276	263,859	1,166,135
Pension expense	2,741,571	318,673	3,060,244

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

The City reported \$10,420,567 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, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

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

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

ASRS

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

*With actuarially reduced benefits

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 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, 2021 were \$912,866.

Employers are also required to pay an Alternative Contribution rate (ACR) for retire members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 for retirement and 0.07 percent for long-term disability). 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, 2021, the City reported a liability of \$11,650,354 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. The City's proportion of the net liability was based on the City's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2020.

The City's reported liability at June 30, 2021 increased by \$2,362,347 from the City's prior year liability of \$9,288,007 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

Net Liability	City % Proportion	Increase (Decrease)
\$ 11,650,354	0.067	0.003

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, 2020, was .0672 percent, which was an increase of .00341 from its proportion measured as of June 30, 2019.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2021, the City recognized pension expense for ASRS of \$1,278,388. At June 30, 2021, 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	\$ 105,659	\$
Net difference between projected and actual earnings on pension investments	1,123,690	
Changes in proportion and differences between contributions and proportionate share of contributions	357,566	
Contributions subsequent to the measurement date	912,866	
Total	\$ 2,499,781	\$

The City did not have deferred inflows of resources related to pensions during the year.

The \$912,866 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, 2022. 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:		
2022	\$	328,578
2023		504,074
2024		406,451
2025		347,551

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2019, 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 pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation.

On 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Credit	20	5.44
Interest rate sensitive bonds	10	0.22
Real estate	20	5.85
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Net liability	\$ 15,931,698	\$ 11,650,354	\$ 8,071,367

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

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.

Public Safety Personnel Retirement System

Plan Description – City public safety personnel who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent multiple-employer defined benefit pension plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in either agent plans or cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issue publicly available financial reports that include their financial statements and required supplemental information. The reports are available on the PSPRS Web site at www.psprs.com.

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

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, 2021, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Retirees and beneficiaries	9	3
Inactive, non-retired members	2	4
Active members	27	30
Total	<u>38</u>	<u>37</u>

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, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members – pension	7.65% to 11.65%	7.65% to 11.65%
City:		
Pension	26.30%	19.07%
Health insurance	0.02%	0.41%

For the agent plans, the City's contributions to the pension plan for the year ended June 30, 2021, were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension contributions	\$ 6,368,494	\$ 3,082,714

During fiscal year 2021, the City paid for PSPRS pension contributions as follows: 89 percent from the General Fund, and 11 percent from the Ambulance Services Fund.

Pension Liability – At June 30, 2021, the City reported the following net pension liabilities:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Net Pension (Assets)		
Liabilities	\$ 5,369,293	\$ 2,472,260

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2020 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 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. public equity	23%	4.93%
International public equity	15	6.09
Global private equity	18	8.42
Other assets (capital appreciation)	7	5.61
Core bonds	2	0.22
Private credit	22	5.31
Diversifying strategies	12	3.22
Cash – Mellon	1	-0.60
Total	<u>100%</u>	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Pension Discount Rates – At June 30, 2020, the discount rate used to measure the total pension liability was 7.3 percent.

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Police			
Balances at June 30, 2020	\$ 11,454,864	\$ 6,873,371	\$ 4,581,493
Changes for the year:			
Service cost	403,478		403,478
Interest on the total pension liability	846,911		846,911
Changes of benefit terms	357,114		357,114
Differences between expected and actual experience in the measurement of the pension liability			
Changes of assumptions or other inputs			
Contributions – employer		576,635	(576,635)
Contributions – employee		194,076	(194,076)
Net investment income		88,327	(88,327)
Benefit payments, including refunds of employee contributions	(513,645)	(513,645)	
Administrative expense		(7,202)	7,202
Other changes		(32,133)	32,133
Net changes	1,093,858	306,058	787,800
Balances at June 30, 2021	<u>\$ 12,548,722</u>	<u>\$ 7,179,429</u>	<u>\$ 5,369,293</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Fire			
Balances at June 30, 2020	\$ 7,414,397	\$ 6,205,446	\$ 1,208,951
Changes for the year:			
Service cost	366,149		366,149
Interest on the total pension liability	564,876		564,876
Changes of benefit terms	916,711		916,711
Differences between expected and actual experience in the measurement of the pension liability			
Changes of assumptions or other inputs			
Contributions – employer		343,486	(343,486)
Contributions – employee		163,261	(163,261)
Net investment income		80,955	(80,955)
Benefit payments, including refunds of employee contributions	(85,039)	(85,039)	
Administrative expense		(6,600)	6,600
Other changes		3,325	(3,325)
Net changes	1,762,697	499,388	1,263,309
Balances at June 30, 2021	<u>\$ 9,177,094</u>	<u>\$ 6,704,834</u>	<u>\$ 2,472,260</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.

	1% Decrease	Current Discount Rate	1% Increase
PSPRS - Police:			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 7,501,071	\$ 5,369,293	\$ 3,680,932
PSPRS - Fire			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 4,166,745	\$ 2,472,260	\$ 1,128,687

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- 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, 2021, the City recognized the following pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 1,005,689	\$ 559,783

Pension Deferred Outflows/Inflows of Resources - At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police:		
Differences between expected and actual experience	\$ 1,036,234	\$ 387,279
Changes of assumptions or other inputs	453,508	
Net difference between projected and actual earnings on pension plan investments	378,286	
Contributions subsequent to the measurement date	6,368,494	
Total	\$ 8,236,522	\$ 387,279

PSPRS - Fire

Differences between expected and actual experience	\$ 933,310	\$ 759,651
Changes of assumptions or other inputs	430,668	
Net difference between projected and actual earnings on pension plan investments	350,491	
Contributions subsequent to the measurement date	3,082,714	
Total	\$ 4,797,183	\$ 759,651

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as an increase in the net pension assets or a reduction of the net pension liability in the year ended June 30, 2022. 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:	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
2022	\$ 283,973	\$ 141,121
2023	277,082	179,121
2024	301,852	174,248
2025	248,634	151,149
2026	158,559	83,225
Thereafter	210,649	225,954

PSPDCRP Plan. Public safety employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute. For the year ended June 30, 2021, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the City was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The pension plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2021, the City recognized pension expense of \$6,919.

Elected Officials Retirement Plan

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

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

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

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

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

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to seven years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- 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, 2021, statute required active EORP members to contribute seven or 13 percent of the members' annual covered payroll, and the City to contribute 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 49.39 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 39.72 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, 2021, were \$56,493.

During fiscal year 2021, the City paid for EORP pension contributions from the General Fund.

Pension Liability - At June 30, 2021, 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	\$ 813,649
State's proportionate share of the EORP net pension liability associated with the City	77,331
Total	<u>\$ 890,980</u>

The net asset and net liability were measured as of June 30, 2020, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on the City's actual contributions to the pension plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2020. The City's proportion measured as of June 30, 2020, was 0.12 percent, which was a decrease of .01 percent from its proportion measured as of June 30, 2019.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15 - RETIREMENT PLANS (CONTINUED)

Pension Expense - For the year ended June 30, 2021, the City recognized pension expense for EORP of \$216,384.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 667
Changes of assumptions or other inputs		18,538
Net difference between projected and actual earnings on pension investments	15,680	
Contributions subsequent to the measurement date	<u>56,493</u>	
Total	<u>\$ 72,173</u>	<u>\$ 19,205</u>

The \$56,493 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, 2021. 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	<u>Pension</u>
2022	\$ (17,057)
2023	5,053
2024	4,944
2025	3,535

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

EORP

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.30%
Projected salary increases	3.75%
Inflation	2.50%
Cost of living adjustment	1.75%
Permanent benefit increase	Included
Mortality rates	PUBG-2010 Mortality Tables with MP2018 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2020, 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 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash-Mellon	1%	-.60%
Core bonds	2	.22
Diversifying Strategies	12	3.22
Private credit	22	5.31
Other Assets (capital appreciation)	7	5.61
Private equity	18	8.42
Non-U.S. equity	15	6.09
U.S. equity	23	4.93
Total	<u>100%</u>	

Discount Rate - At June 30, 2020, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was the same discount rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 15- 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 7.3 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 (6.3 percent) or one percentage point higher (8.3 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension (assets) liability	\$ 928,205	\$ 813,649	\$ 715,701

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 16- PRIOR PERIOD ADJUSTMENT

The July 1, 2020 governmental activities, business-type activities, and Ambulance Services net position and General and Community Development Fund's fund balance do not agree to the prior year financial statements due to a reclassification of fund balance. The City applied for a disaster grant through the Federal Emergency Management Administration (FEMA) during FY21 that would reimburse expenses originally charged to the General and Ambulance Services Funds. The City typically records these grants in the Community Development Fund.

	Governmental Activities	Business-type Activities	General Fund	Community Development Fund	Ambulance Services Fund
Net position/fund balance, June 30, 2020, as previously reported	\$ 63,274,696	\$ 33,170,097	\$20,141,097	\$ 17,471	\$ 1,834,185
Reclassification of fund balance	(37,610)	37,610	8,563	(46,173)	37,610
Net position/fund balance, July 1, 2020, as restated	\$ 63,237,086	\$ 33,207,707	\$20,149,660	\$ (28,702)	\$ 1,871,795



REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
City's proportion of the net pension (assets) liability	0.07%	0.06%	0.06%	0.06%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 11,650,354	\$ 9,288,007	\$ 8,837,885	\$ 9,873,369	\$ 10,475,512
City's covered payroll	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	157.23%	138.04%	139.04%	160.41%	174.63%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%
	<u>2016</u>	<u>2015</u>			
Measurement date	June 30, 2015	June 30, 2014			
City's proportion of the net pension (assets) liability	0.06%	0.06%			
City's proportionate share of the net pension (assets) liability	\$ 9,932,851	\$ 9,246,398			
City's covered payroll	\$ 5,914,065	\$ 5,299,698			
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	167.95%	174.47%			
Plan fiduciary net position as a percentage of the total pension liability	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.

See accompanying notes to this schedule.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
City's proportion of the net pension (assets) liability	0.12%	0.13%	0.08%	0.09%	0.11%
City's proportionate share of the net pension (assets) liability	\$ 813,649	\$ 836,624	\$ 542,454	\$ 1,157,339	\$ 1,008,290
State's proportionate share of the net pension (assets) liability	<u>\$ 77,331</u>	<u>\$ 78,634</u>	<u>\$ 92,946</u>	<u>\$ 374,681</u>	<u>\$ 208,166</u>
Total	<u><u>\$ 890,980</u></u>	<u><u>\$ 915,258</u></u>	<u><u>\$ 635,400</u></u>	<u><u>\$ 1,532,020</u></u>	<u><u>\$ 1,216,456</u></u>
City's covered payroll	\$ 93,350	\$ 110,239	\$ 87,213	\$ 68,562	\$ 132,685
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	871.61%	758.92%	621.99%	1688.02%	759.91%
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.14%	30.40%	19.66%	23.42%

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

See accompanying notes to this schedule.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Total pension liability			
Service cost	\$ 403,478	\$ 420,691	\$ 365,220
Interest	846,911	736,413	721,974
Changes of benefit terms			
Differences between expected and actual experience	357,114	705,904	(461,278)
Changes of assumptions or other inputs		265,067	
Benefit payments, including refunds of employee contributions	(513,645)	(408,087)	(929,669)
Net change in total pension liability	1,093,858	1,719,988	(303,753)
Total pension liability—beginning	11,454,864	9,734,876	10,038,629
Total pension liability—ending	<u>\$ 12,548,722</u>	<u>\$ 11,454,864</u>	<u>\$ 9,734,876</u>
Plan fiduciary net position			
Contributions—employer	\$ 576,635	\$ 573,259	\$ 258,678
Contributions—employee	194,076	198,310	178,569
Net investment income	88,327	342,633	414,905
Benefit payments, including refunds of employee contributions	(513,645)	(408,087)	(929,669)
Administrative expense	(7,202)	(6,945)	(7,015)
Other	(32,133)	(1,881)	72
Net change in plan fiduciary net position	306,058	697,289	(84,460)
Plan fiduciary net position—beginning	6,873,371	6,176,082	6,260,542
Plan fiduciary net position—ending	<u>\$ 7,179,429</u>	<u>\$ 6,873,371</u>	<u>\$ 6,176,082</u>
Net pension (assets) liability—ending	<u>\$ 5,369,293</u>	<u>\$ 4,581,493</u>	<u>\$ 3,558,794</u>
Plan fiduciary net position as a percentage of the total pension liability	57.21%	60.00%	63.44%
Covered payroll	\$ 2,353,202	\$ 2,353,202	\$ 1,728,405
Net pension (assets) liability as a percentage of covered payroll	228.17%	194.69%	205.90%

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

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 449,219	\$ 350,332	\$ 306,944	\$ 282,241
647,619	562,087	555,140	466,641
162,160	512,893		91,936
385,365	(58,955)	(423,441)	(9,596)
121,338	362,672		606,442
(274,770)	(333,006)	(410,680)	(234,608)
1,490,931	1,396,023	27,963	1,203,056
8,547,698	7,151,675	7,123,712	5,920,656
<u>\$ 10,038,629</u>	<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>	<u>\$ 7,123,712</u>
\$ 393,486	\$ 351,711	\$ 248,515	\$ 264,741
231,348	207,745	182,813	165,787
640,556	30,048	179,881	580,609
(274,770)	(333,006)	(410,680)	(234,608)
(6,068)	(4,724)	(4,770)	(4,714)
68	(99,246)	(3,823)	2,155
984,620	152,528	191,936	773,970
5,275,922	5,123,394	4,931,458	4,157,488
<u>\$ 6,260,542</u>	<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>	<u>\$ 4,931,458</u>
<u>\$ 3,778,087</u>	<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>	<u>\$ 2,192,254</u>
62.36%	61.72%	71.64%	69.23%
\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
181.54%	182.32%	112.73%	131.80%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Total pension liability			
Service cost	\$ 366,149	\$ 370,521	\$ 344,233
Interest	564,876	494,466	463,118
Changes of benefit terms			
Differences between expected and actual experience	916,711	122,327	(487,056)
Changes of assumptions or other inputs		168,975	
Benefit payments, including refunds of employee contributions	(85,039)	(106,693)	(83,463)
Net change in total pension liability	<u>1,762,697</u>	<u>1,049,596</u>	<u>236,832</u>
Total pension liability—beginning	<u>7,414,397</u>	<u>6,364,801</u>	<u>6,127,969</u>
Total pension liability—ending	<u><u>\$ 9,177,094</u></u>	<u><u>\$ 7,414,397</u></u>	<u><u>\$ 6,364,801</u></u>
Plan fiduciary net position			
Contributions—employer	\$ 343,486	\$ 315,972	\$ 143,184
Contributions—employee	163,261	146,801	149,282
Net investment income	80,955	308,103	352,682
Benefit payments, including refunds of employee contributions	(85,039)	(106,693)	(83,463)
Administrative expense	(6,600)	(6,342)	(6,068)
Other	3,325	(1,809)	58
Net change in plan fiduciary net position	<u>499,388</u>	<u>656,032</u>	<u>555,675</u>
Plan fiduciary net position—beginning	<u>6,205,446</u>	<u>5,549,414</u>	<u>4,993,739</u>
Plan fiduciary net position—ending	<u><u>\$ 6,704,834</u></u>	<u><u>\$ 6,205,446</u></u>	<u><u>\$ 5,549,414</u></u>
Net pension (assets) liability—ending	<u><u>\$ 2,472,260</u></u>	<u><u>\$ 1,208,951</u></u>	<u><u>\$ 815,387</u></u>
Plan fiduciary net position as a percentage of the total pension liability	73.06%	83.69%	87.19%
Covered payroll	\$ 2,401,633	\$ 1,998,964	\$ 1,769,302
Net pension (assets) liability as a percentage of covered payroll	102.94%	60.48%	46.09%

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

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 429,788	\$ 335,758	\$ 296,352	\$ 294,507
433,198	347,995	308,046	275,282
88,014	588,157		(8,383)
(519,052)	(33,940)	51,216	(184,049)
200,618	264,127		77,627
(131,347)	(281,063)	(51,738)	(25,329)
501,219	1,221,034	603,876	429,655
5,626,750	4,405,716	3,801,840	3,372,185
<u>\$ 6,127,969</u>	<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>	<u>\$ 3,801,840</u>
\$ 241,876	\$ 253,312	\$ 208,243	\$ 199,532
195,123	207,731	173,223	157,403
517,876	23,851	138,174	416,103
(131,347)	(281,063)	(51,738)	(25,329)
(4,982)	(3,832)	(3,755)	(3,378)
(92,419)	(26,171)	(2,750)	8,528
726,127	173,828	461,397	752,859
4,267,612	4,093,784	3,632,387	2,879,528
<u>\$ 4,993,739</u>	<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>	<u>\$ 3,632,387</u>
<u>\$ 1,134,230</u>	<u>\$ 1,359,138</u>	<u>\$ 311,932</u>	<u>\$ 169,453</u>
81.49%	75.85%	92.92%	95.54%
\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
63.76%	85.26%	20.19%	11.52%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 912,866	\$ 848,424	\$ 752,249	\$ 692,826
Contributions in relation to the actuarially determined contribution	912,866	848,424	752,249	692,826
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 7,710,352	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202
Contributions as a percentage of covered payroll	11.84%	11.45%	11.18%	10.90%
Elected Officials Retirement Plan:				
Actuarially determined contribution	\$ 56,493	\$ 55,682	\$ 54,965	\$ 20,495
Contributions in relation to the actuarially determined contribution	56,493	55,682	54,965	20,495
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 91,963	\$ 93,350	\$ 110,239	\$ 87,213
Contributions as a percentage of covered payroll	61.43%	59.65%	49.86%	23.50%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 637,131	\$ 625,122	\$ 525,830	\$ 435,558
Contributions in relation to the actuarially determined contribution	6,368,494	625,122	525,830	435,558
Contribution deficiency (excess)	<u>\$ (5,731,363)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,773,330	\$ 2,683,494	\$ 2,353,202	\$ 1,728,405
Contributions as a percentage of covered payroll	22.97%	23.30%	22.35%	25.20%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 469,747	\$ 398,198	\$ 382,197	\$ 347,491
Contributions in relation to the actuarially determined contribution	3,082,714	398,198	382,197	347,491
Contribution deficiency (excess)	<u>\$ (2,612,967)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,593,218	\$ 2,401,633	\$ 1,998,964	\$ 1,769,302
Contributions as a percentage of covered payroll	18.11%	16.58%	19.12%	19.64%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available. Information for fiscal years 2016 through 2012 is not available for the EORP plan.

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

See accompanying notes to this schedule.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 663,522	\$ 650,874	\$ 644,042	\$ 584,114	\$ 543,219
<u>663,522</u>	<u>650,874</u>	<u>644,042</u>	<u>584,114</u>	<u>543,219</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 6,155,121	\$ 5,998,839	\$ 5,914,065	\$ 5,299,698	\$ 5,209,366
10.78%	10.85%	10.89%	11.02%	10.43%
\$ 16,112				
<u>16,112</u>				
<u>\$</u>				
\$ 68,562				
23.50%				
\$ 400,210	\$ 352,801	\$ 281,218	\$ 272,789	\$ 242,295
<u>400,210</u>	<u>352,801</u>	<u>281,218</u>	<u>272,789</u>	<u>242,295</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348	\$ 1,571,304
19.23%	19.66%	15.63%	16.40%	15.42%
\$ 233,214	\$ 203,572	\$ 188,635	\$ 180,241	\$ 169,598
<u>233,214</u>	<u>203,572</u>	<u>188,635</u>	<u>180,241</u>	<u>169,598</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355	\$ 1,481,205
13.11%	12.77%	12.21%	12.25%	11.45%

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, 2019 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, 2020 valuation for PSPRS and EORP were based on the results of an actuarial experience study for the five-year period ending June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2017 actuarial valuation.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's OR plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP required contributions are not based on actuarial valuation and therefore, these changes did not affect them.

**SUPPLEMENTARY INFORMATION COMBINING FUND
FINANCIAL STATEMENTS**

CITY OF SAN LUIS, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue		
	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District
ASSETS			
Equity in pooled cash	\$ 1,443	\$ 193,413	\$ 37,500
Investments			
Accounts receivable (net)		991	
Property taxes receivable			
Due from governmental entities	164,221		
Total assets	\$ 165,664	\$ 194,404	\$ 37,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,256	\$	\$
Accrued payroll and taxes			
Due to other funds			
Total liabilities	25,256		
Deferred inflows of resources:			
Unavailable revenue - intergovernmental	66,389		
Unavailable revenue - property taxes			
Total deferred inflows of resources	66,389		
Fund balances:			
Restricted	74,019	194,404	37,500
Total fund balances	74,019	194,404	37,500
Total liabilities, deferred inflows of resources and fund balances	\$ 165,664	\$ 194,404	\$ 37,500

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Assessment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$ 368,641	\$ 3,372,739	\$ 600,997
		3,372,739
7,184		991
		7,184
		164,221
<u>\$ 375,825</u>	<u>\$ 3,372,739</u>	<u>\$ 4,146,132</u>
\$ 1,550	\$ 126,352	\$ 153,158
320		320
	638,519	638,519
<u>1,870</u>	<u>764,871</u>	<u>791,997</u>
		66,389
<u>2,520</u>		<u>2,520</u>
<u>2,520</u>		<u>68,909</u>
371,435	2,607,868	3,285,226
<u>371,435</u>	<u>2,607,868</u>	<u>3,285,226</u>
<u>\$ 375,825</u>	<u>\$ 3,372,739</u>	<u>\$ 4,146,132</u>

CITY OF SAN LUIS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue		
	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District
Revenues:			
Taxes	\$ 15,749	\$	\$
Intergovernmental	3,296,130	2,941	
Fines and forfeitures	41,886	81,637	
Property taxes			
Charges for services			
Rents			2,500
Investment earnings			
Total revenues	<u>3,353,765</u>	<u>84,578</u>	<u>2,500</u>
Expenditures:			
Current -			
General government		74,281	
Public safety	2,930,333		
Public works and streets			
Community development			
Capital outlay	90,651		
Debt service -			
Interest			
Principal			
Total expenditures	<u>3,020,984</u>	<u>74,281</u>	<u></u>
Excess (deficiency) of revenues over expenditures	<u>332,781</u>	<u>10,297</u>	<u>2,500</u>
Other financing sources (uses):			
Issuance of notes			
Transfers out	(345,344)		
Total other financing sources (uses)	<u>(345,344)</u>	<u></u>	<u></u>
Changes in fund balances	<u>(12,563)</u>	<u>10,297</u>	<u>2,500</u>
Fund balances, beginning of year, as restated	86,582	184,107	35,000
Fund balances, end of year	<u>\$ 74,019</u>	<u>\$ 194,404</u>	<u>\$ 37,500</u>

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Assessment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$	\$ 15,749
		3,299,071
488,533		123,523
	866,398	488,533
		866,398
		2,500
	3,635	3,635
<u>488,533</u>	<u>870,033</u>	<u>4,799,409</u>
		74,281
		2,930,333
117,737		117,737
317,041		317,041
11,510	950,853	1,053,014
	9,307	9,307
	46,733	46,733
<u>446,288</u>	<u>1,006,893</u>	<u>4,548,446</u>
<u>42,245</u>	<u>(136,860)</u>	<u>250,963</u>
	508,980	508,980
	(647,800)	(993,144)
	<u>(138,820)</u>	<u>(484,164)</u>
<u>42,245</u>	<u>(275,680)</u>	<u>(233,201)</u>
329,190	2,883,548	3,518,427
<u>\$ 371,435</u>	<u>\$ 2,607,868</u>	<u>\$ 3,285,226</u>

CITY OF SAN LUIS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Police Grants and Special Revenues		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$ 15,749	\$ 15,749
Intergovernmental	4,327,900	3,296,130	(1,031,770)
Fines and forfeitures	76,200	41,886	(34,314)
Property taxes			
Rents			
Total revenues	4,404,100	3,353,765	(1,050,335)
Expenditures:			
Current -			
General government			
Public safety	3,582,700	2,930,333	652,367
Public works and streets			
Community development			
Capital outlay	221,400	90,651	130,749
Total expenditures	3,804,100	3,020,984	783,116
Excess (deficiency) of revenues over expenditures	600,000	332,781	(267,219)
Other financing sources (uses):			
Transfers out		(345,344)	(345,344)
Total other financing sources (uses)		(345,344)	(345,344)
Changes in fund balances	600,000	(12,563)	(612,563)
Fund balances (deficits), beginning of year, as restated	152,837	86,582	(66,255)
Fund balances, end of year	\$ 752,837	\$ 74,019	\$ (678,818)

Judicial Collection Enhancement			SL Community Facilities District		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 3,400	\$ 2,941	\$ (459)			
120,000	81,637	(38,363)			
<u>123,400</u>	<u>84,578</u>	<u>(38,822)</u>	<u>2,500</u>	<u>2,500</u>	
			<u>2,500</u>	<u>2,500</u>	
75,000	74,281	719			
<u>75,000</u>	<u>74,281</u>	<u>719</u>			
48,400	10,297	(38,103)	2,500	2,500	
<u>48,400</u>	<u>10,297</u>	<u>(38,103)</u>	<u>2,500</u>	<u>2,500</u>	
(836)	184,107	184,943	7,500	35,000	27,500
<u>\$ 47,564</u>	<u>\$ 194,404</u>	<u>\$ 146,840</u>	<u>\$ 10,000</u>	<u>\$ 37,500</u>	<u>\$ 27,500</u>

(Continued)

CITY OF SAN LUIS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Assessment Districts		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fines and forfeitures			
Property taxes	470,143	488,533	18,390
Rents			
Total revenues	470,143	488,533	18,390
Expenditures:			
Current -			
General government			
Public safety			
Public works and streets	136,140	117,737	18,403
Community development	334,003	317,041	16,962
Capital outlay		11,510	(11,510)
Total expenditures	470,143	446,288	23,855
Excess (deficiency) of revenues over expenditures		42,245	42,245
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances		42,245	42,245
Fund balances (deficits), beginning of year, as restated	319,991	329,190	9,199
Fund balances, end of year	\$ 319,991	\$ 371,435	\$ 51,444

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	15,749	15,749
4,331,300	3,299,071	(1,032,229)
196,200	123,523	(72,677)
470,143	488,533	18,390
2,500	2,500	
<u>5,000,143</u>	<u>3,929,376</u>	<u>(1,070,767)</u>
75,000	74,281	719
3,582,700	2,930,333	652,367
136,140	117,737	18,403
334,003	317,041	16,962
221,400	102,161	119,239
<u>4,349,243</u>	<u>3,541,553</u>	<u>807,690</u>
<u>650,900</u>	<u>387,823</u>	<u>(263,077)</u>
	<u>(345,344)</u>	<u>(345,344)</u>
	<u>(345,344)</u>	<u>(345,344)</u>
<u>650,900</u>	<u>42,479</u>	<u>(608,421)</u>
479,492	634,879	155,387
<u>\$ 1,130,392</u>	<u>\$ 677,358</u>	<u>\$ (453,034)</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 35,580	\$ 284	\$ (35,296)
Total revenues	<u>35,580</u>	<u>284</u>	<u>(35,296)</u>
Expenditures:			
Current -			
Public safety	7,810,200	7,452,784	357,416
Debt service -			
Interest	608,800	637,288	(28,488)
Principal	584,100	633,879	(49,779)
Bond issuance costs		336,579	(336,579)
Total expenditures	<u>9,003,100</u>	<u>9,060,530</u>	<u>(57,430)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,967,520)</u>	<u>(9,060,246)</u>	<u>(92,726)</u>
Other financing sources (uses):			
Transfers in	1,165,220	1,165,220	
Issuance of bonds		8,230,172	8,230,172
Total other financing sources (uses)	<u>1,165,220</u>	<u>9,395,392</u>	<u>8,230,172</u>
Changes in fund balances	<u>(7,802,300)</u>	<u>335,146</u>	<u>8,137,446</u>
Fund balances (deficits), beginning of year	(2,269,595)	(70,151)	2,199,444
Fund balances (deficits), end of year	<u>\$ (10,071,895)</u>	<u>\$ 264,995</u>	<u>\$ 10,336,890</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Capital Outlay Reserve		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 793,200	\$ 866,398	\$ 73,198
Investment earnings	48,400	3,635	(44,765)
Total revenues	841,600	870,033	28,433
Expenditures:			
Capital outlay	1,060,000	950,853	109,147
Debt service -			
Interest	19,500	9,307	10,193
Principal	94,000	46,733	47,267
Total expenditures	1,173,500	1,006,893	166,607
Excess (deficiency) of revenues over expenditures	(331,900)	(136,860)	195,040
Other financing sources (uses):			
Issuance of notes	1,604,700	508,980	(1,095,720)
Transfers out	(647,800)	(647,800)	
Total other financing sources (uses)	956,900	(138,820)	(1,095,720)
Changes in fund balances	625,000	(275,680)	(900,680)
Fund balances, beginning of year	1,117,729	2,883,548	1,765,819
Fund balances, end of year	\$ 1,742,729	\$ 2,607,868	\$ 865,139

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNIT
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2021**

<u>ASSETS</u>	<u>Detention Facility</u>
Current assets:	
Cash held with trustee	\$ 2,257,544
Accounts receivable (net)	3,300,538
	<u>5,558,082</u>
Non-current assets:	
Restricted investments	5,631,536
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	(9,470,479)
Total noncurrent assets	<u>31,281,496</u>
Total assets	<u>36,839,578</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow on refundings	<u>328,939</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	4,568,221
Accrued interest	382,139
Current portion of Long Term Debt	2,495,000
Total current liabilities	<u>7,445,360</u>
Non current liabilities	
Non current portion of long term debt	<u>29,547,813</u>
Total non current liabilities	<u>29,547,813</u>
Total Liabilities	<u>36,993,173</u>
<u>NET POSITION</u>	
Net Investment in capital assets	(6,063,914)
Restricted	5,249,397
Unrestricted	989,861
Total Net Position	<u><u>\$ 175,344</u></u>

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNIT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Detention Facility
Operating Revenues	
Charges for services	\$ 23,027,290
Total operating revenues	23,027,290
 Operating Expenses	
General operations	16,260,939
Depreciation	762,808
Total operating expenses	17,023,747
Operating Income (loss)	6,003,543
 Non-Operating Revenues (Expenses)	
Investment earnings	859
Interest expense	(2,538,969)
Total non-operating revenue (expenses)	(2,538,110)
Change in net position	3,465,433
Net Position - Beginning	(3,290,089)
Net Position - Ending	\$ 175,344

**CITY OF SAN LUIS, ARIZONA
COMPONENT UNIT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

<u>Increase/ (decrease) In Cash and Cash Equivalents</u>	<u>Detention Facility</u>
Cash flows from operating activities:	
Cash received from customers	\$ 20,538,132
Cash payments to suppliers for goods and services	<u>(15,575,041)</u>
Net cash provided by/ (used for) operating activities	<u>4,963,091</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(2,360,000)
Interest paid on long-term debt	<u>(2,430,692)</u>
Net cash provided by/ (used for) capital and related financing activities	<u>(4,790,692)</u>
Cash flows from investing activities:	
Investment income	<u>859</u>
Net cash provided by/ (used for) investing activities	<u>859</u>
Net decrease/increase in cash and cash equivalents	173,258
Cash and cash equivalents, beginning of year	7,715,822
Cash and cash equivalents, end of year	<u><u>\$ 7,889,080</u></u>
<u>Reconciliation of Operating Income to Net Cash provided by/ (used for) Operating Activities</u>	
Operating income	\$ 6,003,543
Adjustments to reconcile operating income to net cash provided by/ (used for) operating activities:	
Depreciation	762,808
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	(2,489,158)
Increase/ (decrease) in accounts payable	<u>685,898</u>
Total adjustments	<u>(1,040,452)</u>
Net cash provided by/ (used for) operating activities	<u><u>\$ 4,963,091</u></u>

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									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities										
Net investment in capital assets	\$ 51,811,286	\$ 44,991,467	\$ 52,027,709	\$ 47,586,157	\$ 45,187,300	\$43,224,321	\$35,443,285	\$33,724,834	\$34,204,009	\$33,670,959
Restricted	9,947,936	8,680,843	3,168,082	2,981,920	3,063,550	1,785,917	2,383,498	2,479,675	2,517,103	1,775,967
Unrestricted	16,443,189	9,602,386	8,143,370	2,083,278	531,781	2,061,627	3,056,046	11,368,513	10,918,683	9,812,934
Total governmental activities net position	<u>\$ 78,202,411</u>	<u>\$ 63,274,696</u>	<u>\$63,339,161</u>	<u>\$52,651,355</u>	<u>\$48,782,631</u>	<u>\$47,071,865</u>	<u>\$40,882,829</u>	<u>\$47,573,022</u>	<u>\$47,639,795</u>	<u>\$45,259,860</u>
Business-type Activities										
Net investment in capital assets	\$ 21,682,880	\$ 20,134,312	\$ 19,186,148	\$ 16,864,092	\$ 14,221,545	\$15,188,424	\$13,550,172	\$11,403,309	\$9,916,229	\$10,549,845
Restricted	1,662,459	1,585,473	978,691	284,192		7,214,146	8,444,571	9,905,406	4,052,098	3,872,154
Unrestricted	14,715,083	11,450,312	9,244,818	7,892,361	7,368,823	(3,637,294)	(6,706,347)	(5,047,319)	2,101,534	1,908,868
Total business-type activities net position	<u>\$ 38,060,422</u>	<u>\$ 33,170,097</u>	<u>\$ 29,409,657</u>	<u>\$25,040,645</u>	<u>\$21,590,368</u>	<u>\$18,765,276</u>	<u>\$15,288,396</u>	<u>\$16,261,396</u>	<u>\$16,069,861</u>	<u>\$16,330,867</u>
Primary Government										
Net investment in capital assets	\$ 73,494,166	\$65,125,779	\$71,213,857	\$64,450,249	\$59,408,845	\$58,412,745	\$48,993,457	\$45,128,143	\$44,120,238	\$44,220,804
Restricted	11,610,395	10,266,316	4,146,773	3,266,112	3,063,550	9,000,063	10,828,069	12,385,081	6,569,201	5,648,121
Unrestricted	31,158,272	21,052,698	17,388,188	9,975,639	7,900,604	(1,575,667)	(3,650,301)	6,321,194	13,020,217	11,721,802
Total primary government net position	<u>\$116,262,833</u>	<u>\$96,444,793</u>	<u>\$92,748,817</u>	<u>\$77,692,000</u>	<u>\$70,372,999</u>	<u>\$65,837,141</u>	<u>\$56,171,225</u>	<u>\$63,834,418</u>	<u>\$63,709,656</u>	<u>\$61,590,727</u>

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)**

Table II

	Fiscal Year									
Expenses:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
General Government	\$ 6,607,195	\$ 5,907,870	\$ 5,691,433	\$ 6,163,171	\$ 5,994,778	\$ 8,228,000	\$ 7,694,562	\$ 7,322,938	\$ 6,458,869	\$ 4,703,849
Public Safety	10,024,938	9,259,939	8,248,004	8,144,859	9,126,508	7,905,663	7,483,604	6,949,558	6,519,936	6,399,600
Health and Welfare	394,653	334,338	183,081	213,634	222,820	235,413	226,788	168,499	168,025	197,462
Culture and Recreation	2,818,162	2,859,046	2,726,204	2,579,256	2,839,136	2,467,238	2,509,450	2,285,536	2,043,985	1,949,400
Community Development	1,490,104	1,313,645	1,035,590	987,340	945,698	906,408	703,901	691,362	550,348	585,843
Public Works & Streets	5,078,056	4,265,822	3,436,305	3,810,361	3,560,360	3,270,282	2,591,698	2,427,548	2,174,454	2,121,419
Interest on Long-Term Debt	558,408	532,115	550,817	541,343	649,618	658,670	1,367,055	830,808	891,737	912,848
Total Governmental activities	\$26,971,516	\$24,472,775	\$21,871,433	\$22,439,964	\$23,338,918	\$23,671,674	\$22,577,058	\$20,676,249	\$18,807,354	\$16,870,421
Business-type activities										
Water	\$ 3,445,313	\$ 3,341,438	\$ 2,955,792	\$ 2,696,643	\$ 2,826,192	\$ 2,741,022	\$ 3,218,848	\$ 2,672,415	\$ 2,699,661	\$ 2,578,057
Wastewater	4,012,743	3,626,910	3,624,956	3,648,877	3,141,132	2,944,122	3,395,825	2,849,798	2,781,638	2,715,388
Business Center	651,827	659,950	669,248	1,016,409	1,226,764	1,215,501	1,197,456	1,263,313	1,282,395	1,357,589
Sanitation	1,525,841	1,392,014	1,305,797	1,141,085	1,120,902	1,105,078	1,117,567	1,010,243	939,596	1,060,828
Business Incubator	189,976	185,536	182,586	173,272	163,062	144,578	56,534	-	-	-
Ambulance Services	2,464,088	1,991,579	1,721,285	1,946,014	1,049,335	-	-	-	-	-
Total business-type activities	\$12,289,788	\$11,197,427	\$10,459,664	\$10,622,300	\$9,527,387	\$8,150,301	\$8,986,230	\$7,795,769	\$7,703,290	\$7,711,862
Total expenses	\$39,261,304	\$35,670,202	\$32,331,097	\$33,062,264	\$32,866,305	\$31,821,975	\$31,563,288	\$28,472,018	\$26,510,644	\$24,582,283
Program revenues										
Governmental activities										
Charges for services										
General Government	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528	\$ 1,002,249
Public Safety	41,866	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226
Health and Welfare	-	-	371,427	-	-	-	-	-	-	-
Culture and Recreation	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797
Community Development	-	-	-	-	-	594,182	385,797	432,936	497,921	334,557
Public Works & Streets	-	-	-	187,408	342,089	62,642	62,640	51,595	50,530	49,978
Operating Grants and Contributions	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398	2,601,626
Capital Grants and Contributions	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614
Total Governmental activities	\$ 18,250,661	\$ 12,589,190	\$ 13,858,753	\$ 8,499,300	\$ 8,803,889	\$ 14,593,639	\$ 8,211,839	\$ 6,968,577	\$ 8,152,808	\$ 5,073,047
Business-type activities										
Charges for services										
Water	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742	\$ 2,884,311
Wastewater	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201	1,975,447
Business Center	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	1,579,491	1,507,375	38,869	29,999	3,471	-	-	-	-	-
Sanitation	43,843	41,706	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185	1,056,628
Ambulance Services	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-
Capital Grants and Contributions	3,158,839	1,365,769	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452	481,955	-
Total business activities	\$ 16,774,167	\$ 14,367,251	\$ 13,626,056	\$ 13,803,138	\$ 11,902,557	\$ 11,258,521	\$ 9,956,167	\$ 9,127,192	\$ 7,441,348	\$ 6,545,651
Total program revenues	\$ 35,024,828	\$ 26,956,441	\$ 27,484,809	\$ 22,302,438	\$ 20,706,446	\$ 25,852,160	\$ 18,168,006	\$ 16,095,769	\$ 15,594,156	\$ 11,618,698

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue										
Governmental Activities:	\$ (8,720,835)	\$ (11,883,585)	\$ (8,012,678)	\$ (13,940,665)	\$ (14,535,029)	\$ (9,078,035)	\$ (14,365,219)	\$ (13,707,672)	\$ (10,654,546)	\$ (11,797,374)
Business-type activities	4,484,379	3,169,824	3,166,394	3,180,839	2,375,170	3,108,220	969,937	1,331,423	(261,942)	(804,293)
Total primary government net (expense) revenue	<u>(\$4,236,456)</u>	<u>(\$8,713,761)</u>	<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>
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 12,128,587	\$ 10,660,531	\$ 9,720,729	\$ 8,978,743	\$ 7,694,566	\$ 7,448,887	\$ 7,324,294	\$ 6,750,517	\$ 6,531,779	\$ 6,073,811
Franchise taxes	445,924	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532
Other taxes	491,053	-	-	-	-	-	122,163	-69,355	1,296	95,172
State shared Revenues	10,942,821	9,267,561	8,609,052	8,407,534	8,073,305	7,123,544	6,936,337	7,331,517	5,725,447	4,997,430
Investment Earnings	23,119	249,585	296,968	182,505	56,947	26,179	19,300	16,064	28,197	12,341
Miscellaneous	-	-	-	-	-	624,606	246,626	213,640	321,613	79,471
Transfer in (out)	(345,344)	(365,151)	(364,030)	(407,435)	(394,435)	(391,967)	(100,841)	-	-	-
Total general revenues and transfers	<u>\$ 23,686,160</u>	<u>\$ 20,228,284</u>	<u>\$ 18,700,484</u>	<u>\$ 17,597,114</u>	<u>\$ 15,831,747</u>	<u>\$ 15,267,071</u>	<u>\$ 14,986,913</u>	<u>\$ 14,670,183</u>	<u>\$ 13,040,703</u>	<u>\$ 11,655,757</u>
Business-type activities										
Investment Earnings	\$22,992	\$225,465	\$285,755	\$74,278	\$55,487	\$24,708	\$21,667	\$13,909	\$20,935	\$10,130
Miscellaneous	-	-	552,832	-	-	(48,015)	\$0	\$0	(19,999)	2,417
Transfer in (out)	345,344	365,151	364,030	407,435	394,435	391,967	100,841	-	-	-
Total Business-type activities	<u>\$ 368,336</u>	<u>\$ 590,616</u>	<u>\$ 1,202,617</u>	<u>\$ 481,713</u>	<u>\$ 449,922</u>	<u>\$ 368,660</u>	<u>\$ 122,508</u>	<u>\$ 13,909</u>	<u>\$ 936</u>	<u>\$ 12,547</u>
<i>Total primary government</i>	<u>\$ 24,054,496</u>	<u>\$ 20,818,900</u>	<u>\$ 19,903,101</u>	<u>\$ 18,078,827</u>	<u>\$ 16,281,669</u>	<u>\$ 15,635,731</u>	<u>\$ 15,109,421</u>	<u>\$ 14,684,092</u>	<u>\$ 13,041,639</u>	<u>\$ 11,668,304</u>
Change in net Position										
Governmental Activities	\$ 14,965,325	\$ 8,344,699	\$ 10,687,806	\$ 3,656,449	\$ 1,296,718	\$ 6,189,036	\$ 621,694	\$ 962,511	\$ 2,386,157	\$ (141,617)
Business-type activities	4,852,715	3,760,440	4,369,012	3,662,552	2,825,092	3,476,880	1,092,445	1,345,332	(261,006)	(791,746)
Total Changes in Net Position	<u>\$ 19,818,040</u>	<u>\$ 12,105,139</u>	<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>

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nonspendable	\$179,249	\$64,958	\$77,075	\$80,392	\$118,243	\$128,035	\$42,831	\$56,719	\$99,774	\$211,131
Committed	-	-	-	-	-	106,785	106,624	106,465	106,250	106,250
Unassigned	28,275,177	20,076,139	15,245,609	11,859,205	9,858,234	9,207,428	10,005,982	9,061,328	7,139,348	5,599,699
Total General Fund	\$28,454,426	\$20,141,097	\$15,322,684	\$11,939,597	\$9,976,477	\$9,442,248	\$10,155,437	\$9,224,512	\$7,345,372	\$5,917,080
All other governmental funds										
Nonspendable	\$ 186,821	\$ 197,764	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175	\$ 167,914	\$ 190,319	\$ 147,511	\$ 65,677
Restricted	5,469,260	4,551,958	3,129,596	2,822,456	2,885,421	754,165	1,181,060	1,461,661	1,223,913	488,962
Assigned	-	-	-	-	-	2,591,330	2,648,759	2,776,109	3,158,888	3,227,193
Unassigned	(656,007)	(131,223)	(179,241)	(9,234)	-	(715,933)	(951,255)	272,948	-	-
Total all other governmental funds	\$ 5,000,074	\$ 4,618,499	\$ 3,168,085	\$ 2,931,765	\$ 2,978,996	\$ 2,797,737	\$ 3,046,478	\$ 4,701,037	\$ 4,530,312	\$ 3,781,832
TOTAL GOVERNMENTAL FUNDS	\$33,454,500	\$ 24,759,596	\$ 18,490,769	\$ 14,871,362	\$ 12,955,473	\$ 12,239,985	\$ 13,201,915	\$ 13,925,549	\$ 11,875,684	\$ 9,698,912

Source: Balance Sheet - Governmental Funds

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

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities:										
Charges for service										
General Government	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528	\$ 1,002,249
Public Safety	41,886	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797
Community Development	-	-	-	-	-	594,182	385,797	432,936	497,921	334,557
Public Works & Streets	-	-	371,427	187,408	342,089	62,642	62,640	51,595	50,530	49,978
Operating grants and contributions	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398	2,601,626
Capital grants and contributions	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614
<i>Total governmental activities</i>	<u>\$18,250,681</u>	<u>\$12,589,190</u>	<u>\$13,858,753</u>	<u>\$8,499,300</u>	<u>\$8,803,889</u>	<u>\$14,593,639</u>	<u>\$8,211,839</u>	<u>\$6,968,577</u>	<u>\$8,152,808</u>	<u>\$5,073,047</u>
Business-type activities										
Charges for service										
Water	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742	\$ 2,884,311
Wastewater	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201	1,975,447
Business Center	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	43,843	41,706	38,869	29,999	3,471	-	-	-	-	-
Sanitation	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185	1,056,628
Ambulance Services	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	3,158,839	1,365,769	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452	481,955	361,918
<i>Total business-type activities</i>	<u>\$ 16,774,167</u>	<u>\$ 14,367,251</u>	<u>\$ 13,626,056</u>	<u>\$ 13,803,138</u>	<u>\$ 11,902,557</u>	<u>\$ 11,258,521</u>	<u>\$ 9,956,167</u>	<u>\$ 9,127,192</u>	<u>\$ 7,441,348</u>	<u>\$ 6,907,569</u>
Total primary government	<u><u>\$ 35,024,848</u></u>	<u><u>\$ 26,956,441</u></u>	<u><u>\$ 27,484,809</u></u>	<u><u>\$ 22,302,438</u></u>	<u><u>\$ 20,706,446</u></u>	<u><u>\$ 25,852,160</u></u>	<u><u>\$ 18,168,006</u></u>	<u><u>\$ 16,095,769</u></u>	<u><u>\$ 15,594,156</u></u>	<u><u>\$ 11,980,616</u></u>

Source: City financial records and reports
Statement of Activities

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

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities										
General Government	\$ 2,011,652	\$ 3,263,002	\$ 4,438,576	\$ 1,355,037	\$ 1,807,078	\$ 3,107,233	\$ 2,856,516	\$ 2,531,262	\$ 2,288,465	\$ 1,029,723
Public Safety	3,926,785	2,618,495	936,173	631,996	964,958	932,208	1,990,965	1,653,703	2,184,656	1,746,600
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	1,413,170	876,495	272,468	150,537	211,126	197,593	489,099	368,966	302,596	343,483
Community Development	1,219,380	355,948	268,570	275,175	202,706	594,182	385,797	432,936	497,921	334,557
Public Works & Streets	9,679,694	5,475,250	7,942,966	6,086,555	5,618,021	9,762,423	2,489,462	1,981,710	2,879,170	1,618,684
Unallocated General Revenues	23,686,160	20,228,284	18,700,485	17,597,115	15,831,747	15,267,071	14,986,913	14,670,183	13,040,703	11,655,757
Total Governmental Activities	\$ 41,936,841	\$ 32,817,474	\$ 32,559,238	\$ 26,096,415	\$ 24,635,636	\$ 29,860,710	\$ 23,198,752	\$ 21,638,760	\$ 21,193,511	\$ 16,728,804
Business-type activities										
Water	\$6,649,314	\$5,247,041	\$4,990,743	\$4,672,760	\$4,025,661	\$3,796,031	\$3,592,820	\$3,869,477	\$3,106,217	\$2,894,971
Wastewater	5,536,990	4,882,137	4,537,510	4,609,965	4,006,279	5,627,946	3,418,093	2,663,176	2,588,681	2,326,705
Business Center	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	43,843	41,706	38,869	29,999	3,471	-	1,156,793	-	-	-
Sanitation	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	822,452	1,117,185	1,056,628
Ambulance Services	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-
Unallocated General Revenues	368,336	590,016	1,202,616	481,713	449,922	-	122,508	13,909	936	12,547
Total Business Activities	\$ 17,142,503	\$ 14,957,267	\$ 14,828,673	\$ 14,284,851	\$ 12,352,479	\$ 11,258,521	\$ 10,078,675	\$ 7,998,279	\$ 7,442,284	\$ 6,920,116

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
City Sales Tax	\$12,128,587	\$10,660,531	\$9,720,729	\$8,989,483	\$7,694,566	\$7,508,359	\$7,324,294	\$6,750,517	\$6,531,779	\$6,073,811
State Sales taxes	4,125,823	3,470,421	3,272,469	3,090,501	2,889,943	2,659,098	2,550,568	2,812,693	2,104,763	1,992,968
Franchise Tax	445,925	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532
Special Districts	488,533	482,034	335,006	345,509	302,546	302,865	374,470	282,484	218,171	290,987
Others	84,579	117,824	131,423	129,514	-	-	122,163	(69,355)	1,296	95,172
Total tax revenues	<u>\$17,273,447</u>	<u>\$15,146,568</u>	<u>\$13,897,392</u>	<u>\$12,990,774</u>	<u>\$11,288,419</u>	<u>\$10,906,144</u>	<u>\$10,810,529</u>	<u>\$10,204,139</u>	<u>\$9,288,380</u>	<u>\$8,850,470</u>

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

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

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

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
State Shared Sales Tax	\$4,125,822	\$3,470,721	\$3,272,469	\$3,090,501	\$2,889,943	\$2,659,098	\$2,550,568	\$2,812,693	\$2,104,763	\$1,992,968
Urban Revenue Sharing	4,970,262	4,330,742	3,929,206	3,981,836	3,856,245	3,360,240	3,378,557	3,559,275	2,605,281	2,152,641
Highway Users	3,144,848	3,006,613	2,804,155	2,651,344	2,526,082	2,239,260	2,126,238	1,929,961	2,041,357	1,562,498
Auto-in-lieu	1,838,257	1,466,398	1,407,377	1,335,198	1,259,413	1,104,206	1,007,212	959,549	1,015,403	851,821
Federal	3,970,104	2,536,130	1,140,890	40,939	1,139,781	673,284	615,896	634,216	1,130,716	1,004,693
Others	32,639	64,175	82,600	14,010	64,356	123,047	419,754	-	133,216	40,643
Total tax revenues	\$18,081,932	\$14,874,779	\$12,636,697	\$11,113,828	\$11,735,820	\$10,159,135	\$10,098,225	\$9,895,694	\$9,030,736	\$7,605,264

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Retail Sales	\$7,211,203	\$6,023,773	\$5,100,707	\$5,307,579	\$4,693,648	\$3,731,819	\$3,719,366	\$3,498,869	\$3,288,946	\$3,046,645
Contracting	2,140,305	2,056,745	2,039,455	1,188,901	888,499	1,573,668	1,654,681	1,336,456	1,468,887	1,574,491
Rentals	395,765	398,642	456,557	360,153	333,635	407,570	356,150	324,795	297,456	280,163
Communications/Utilities	1,045,592	992,652	1,021,204	1,140,903	947,825	1,174,550	1,044,285	1,053,760	959,929	624,166
Restaurant/Bar	734,546	652,531	604,790	611,999	456,027	422,284	417,278	363,027	371,107	342,810
Use	574,531	491,719	395,085	221,860	356,078	129,156	121,091	109,195	84,108	131,100
Other	26,645	44,469	102,956	107,963	18,855	69,312	45,339	64,415	61,346	74,436
	<u>\$12,128,587</u>	<u>\$10,660,531</u>	<u>\$9,720,754</u>	<u>\$8,989,483</u>	<u>\$7,694,566</u>	<u>\$7,508,359</u>	<u>\$7,358,190</u>	<u>\$6,750,517</u>	<u>\$6,531,779</u>	<u>\$6,073,811</u>
% Growth by year										
Retail Sales	19.7%	18.1%	-3.9%	13.1%	25.8%	0.3%	6.3%	6.4%	8.0%	5.0%
Contracting	4.1%	0.8%	71.5%	33.8%	-43.5%	-4.9%	23.8%	-9.0%	-6.7%	11.4%
Rentals	-0.7%	-12.7%	26.8%	7.9%	-18.1%	14.4%	9.7%	9.2%	6.2%	14.8%
Utilities	5.3%	-2.8%	-10.5%	20.4%	-19.3%	12.5%	-0.9%	9.8%	53.8%	9.3%
Restaurant/Bar	12.6%	7.9%	-1.2%	34.2%	8.0%	1.2%	14.9%	-2.2%	8.3%	10.8%
Use	16.8%	24.5%	78.1%	-37.7%	175.7%	6.7%	10.9%	29.8%	-35.8%	57.8%
Other	-40.1%	-56.8%	-4.6%	472.6%	-72.8%	52.9%	-29.6%	5.0%	-17.6%	-45.9%

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**

	2021				2012			
	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	2,551	57.74%	\$7,211,203	59.46%	464	27.50%	2,356,639	38.80%
Construction, MFG & Wholesale	102	2.31%	\$2,140,305	17.65%	616	36.51%	2,249,132	37.03%
Rentals	235	5.32%	\$395,765	3.26%	128	7.59%	242,952	4.00%
Communications/Utilities	68	1.54%	\$1,045,592	8.62%	60	3.56%	449,462	7.40%
Restaurant/Bar	41	0.93%	\$734,546	6.06%	41	2.43%	200,436	3.30%
Use/Services	657	14.87%	\$574,531	4.74%	183	10.85%	485,905	8.00%
Other	764	17.29%	\$26,645	0.22%	195	11.56%	89,285	1.47%
	4,418	100%	\$12,128,587	100%	1,687	100%	6,073,811	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			
2021	\$ 21,429,405	\$ 564,707	\$ 208,986	\$ 27,245,890	\$ 517,000	\$ 138,525	\$ 50,104,513	4.51%	1,416
2020	13,881,119	129,217	260,849	33,107,180	186,338	182,593	47,747,295	4.18%	1,388
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

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
PLEGGED REVENUE COVERAGE - EXCISE TAX REVENUE BONDS
LAST TEN FISCAL YEARS**

		Excise Tax Revenue Bonds									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Pledged revenues	(1)	\$24,759,401	\$21,475,220	\$19,715,582	\$18,672,560	\$15,562,640	\$15,766,957	\$15,379,657	\$15,052,446	\$13,283,180	\$11,781,918
Debt service requirements											
Principal		\$1,975,000	\$1,880,000	\$1,915,000	\$1,035,000	\$995,000	\$1,690,001	\$1,020,000	\$785,000	\$755,000	\$725,000
Interest		1,687,496	1,710,626	1,759,000	1,679,297	2,337,226	2,369,747	3,528,124	2,723,387	2,756,749	2,787,893
Total Annual Requirements		3,662,496	3,590,626	3,674,000	2,714,297	3,332,226	4,059,748	4,548,124	3,508,387	3,511,749	3,512,893
Estimated Coverage		6.76	5.98	5.37	6.88	4.67	3.88	3.38	4.29	3.78	3.35

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

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

**CITY OF SAN LUIS, ARIZONA
PLEDGED REVENUE COVERAGE - UTILITY REVENUE BONDS
LAST EIGHT FISCAL YEARS**

Water and Wastewater Utility Revenue Bonds									
	(3)	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Gross Revenues	(1)	\$9,050,328	\$8,976,213	\$8,598,226	\$8,232,732	\$8,086,255	\$7,506,930	\$7,011,185	\$6,045,693
Operating Expenses	(2)	4,932,056	4,405,164	4,059,728	3,363,861	5,027,804	4,388,160	5,387,500	4,315,552
Net Revenues Available		<u>\$4,118,272</u>	<u>\$4,571,049</u>	<u>\$4,538,498</u>	<u>\$4,868,871</u>	<u>\$3,058,451</u>	<u>\$3,118,770</u>	<u>\$1,623,685</u>	<u>\$1,730,141</u>
Debt Service Requirements									
Principal		\$315,000	\$305,000	\$295,000	\$280,000	\$270,000	\$260,000		
Interest		196,460	208,050	219,260	229,900	240,160	250,040	250,040	159,053
		<u>\$511,460</u>	<u>\$513,050</u>	<u>\$514,260</u>	<u>\$509,900</u>	<u>\$510,160</u>	<u>\$510,040</u>	<u>\$250,040</u>	<u>\$159,053</u>
Estimated Coverage		8.05	8.91	8.83	9.55	6.00	6.11	6.49	10.88

Notes:

- (1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.
(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds less depreciation and amortization.
(3) The Water and Wastewater Utility Revenue Bonds were issued during fiscal year 2014; therefore only eight years are presented.

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

CITY OF SAN LUIS
Computation of Direct and Overlapping Debt*
June 30, 2021

<u>Jurisdiction</u>	<u>Net Assessed Value (2)</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of San Luis: Revenue Bond	82,474,442	20,225,136	100.00%	\$ 20,225,136
City of San Luis: Premiums	82,474,442	1,204,269	100.00%	1,204,269
City of San Luis: Capital Leases	82,474,442	208,986	100.00%	208,986
		<u>\$ 21,638,391</u>		<u>\$ 21,638,391</u>
As presented fiscal year ended June 30, 2021				
Arizona Western College	\$ 1,286,552,350	\$ 43,963,131	0.61%	\$ 268,175
Somerton Elementary School District No. 11	77,807,497	2,592,120	18.00%	466,582
Gadsden School District No. 32	72,937,089	10,382,706	26.70%	2,772,183
Yuma County	1,286,552,350	48,569,412	0.61%	296,273
Yuma Union High School District No 70 (1)	<u>1,178,475,902</u>	<u>50,469,077</u>	0.94%	<u>474,409</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 155,976,446</u>		<u>\$ 4,277,622</u>
Total Direct and Overlapping General Obligation Bonded Debt				<u><u>\$ 25,916,013</u></u>

Sources: City of San Luis GIS Department

(1) Total Net Debt Outstanding from FY20 Report of Bonded Indebtedness, AZ Financial Transparency Portal

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

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

Fiscal Year	Population	Personal Income	Labor force	Employment	Unemployment	Unemployment rate percentage
2021	35,394	41,122	13,946	10,850	3,096	22.2%
2020	34,394	37,800	14,626	7,386	7,240	49.5%
2019	33,243	37,800	14,534	11,220	3,314	22.8%
2018	33,107	33,967	14,139	10,787	3,352	23.7%
2017	32,540	33,124	13,382	9,897	3,485	26.0%
2016	34,001	33,376	18,632	9,998	8,633	46.3%
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%

Data Source:

Greater Yuma Economic Development Corporation

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

Employer	2021			2013		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	908	1	24.63%	800	3	22.75%
Gadsen Elementary School District	867	2	23.52%	845	1	24.03%
ACT Call Center	449	3	12.18%	812	2	23.09%
Factor Sales	424	4	11.50%	403	4	11.46%
Walmart	301	5	8.16%	290	5	8.25%
City of San Luis	292	6	7.92%	237	6	6.74%
Riedel Construction	180	7	4.88%	-		0.00%
San Luis Detention Center	170	8	4.61%	130	7	3.70%
Comite De Bienestar	52	9	1.41%	-		0.00%
Basha's/Food City	44	10	1.19%	-		0.00%
Total Employees	3,687		100.00%	3,517		100.00%

Source: Greater Yuma Economic Development Corporation

Notes:

- (1) Data was tracked for City's 1st ACFR. Data for only seven employers was available for 2013.
- (2) City of San Luis Finance Department

**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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
General Government	76	91	89	79	56	58	55	57	57	54
Public Safety	98	80	83	96	89	94	85	90	90	87
Health and Welfare	5	4	4	4	3	4	4	2	2	2
Culture and Recreation	25	23	47	23	35	47	37	36	36	28
Community Development	14	12	12	10	9	9	8	9	9	9
Sub total General Fund	218	210	235	212	192	212	189	194	194	180
General Fund	218	210	235	212	192	212	189	194	194	180
Public Works & Streets	21	20	15	17	18	15	16	11	11	13
Enterprise Funds	53	40	30	53	50	32	32	32	32	26
Total Permanent Positions	292	270	280	282	260	259	237	237	237	219

Source: City Payroll

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

	Utility Rate Increases & Average Bill									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Water										
Average bill	\$48.10	\$48.84	\$48.28	\$48.16	\$48.45	\$48.03	\$46.59	\$45.05	\$41.72	\$38.31
% Increase	-1.52%	1.16%	0.25%	-0.60%	0.88%	3.09%	3.41%	7.98%	8.89%	4.80%
Wastewater										
Average bill	\$43.26	\$43.65	\$44.56	\$44.60	\$51.57	\$48.40	\$46.30	\$37.33	\$31.57	\$29.41
% Increase	-0.89%	-2.04%	-0.09%	-13.52%	6.56%	4.52%	24.03%	18.25%	7.34%	26.53%
Residential Solid Waste										
Average bill	\$17.48	\$17.51	\$17.64	\$17.82	\$17.03	\$16.95	\$16.86	\$16.89	\$17.11	\$16.45
% Increase	-0.17%	-0.74%	-1.01%	4.64%	0.47%	0.52%	-0.15%	-1.32%	4.07%	3.51%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Water										
Number of Accounts	7,949	7,614	7,194	6,828	6,669	6,384	6,190	6,023	5,890	6,036
% Increase	4.40%	5.84%	5.36%	2.38%	4.46%	3.13%	2.77%	2.26%	-2.42%	5.88%
Wastewater										
Number of Accounts	7,721	7,383	7,027	6,618	6,495	6,216	5,990	5,827	5,688	5,597
% Increase	4.58%	5.07%	6.18%	1.89%	4.49%	3.77%	2.80%	2.44%	1.63%	1.51%
Residential Solid Waste										
Number of Accounts	7,319	6,983	6,620	6,222	6,113	5,825	5,643	5,549	5,366	5,249
% Increase	4.81%	5.48%	6.40%	1.78%	4.94%	3.23%	1.69%	3.41%	2.23%	1.49%

Source: City Customer Service and Billing records

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

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

Water Service Fees					
Residential			Commercial / Government / School		
Meter Size	1st 2,000 G	Excess / 000's	1st 2,000 G	Commercial / Gov't 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**

Wastewater 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,240,165	1,180,168	1,144,797	1,085,982	1,067,585	1,041,105	1,023,995	1,080,987	962,719	1,025,510
Avg gallons/account/month	13,001	13,671	13,261	13,254	13,340	13,590	13,786	14,956	13,621	14,158
Avg gallons/account/year	156,015	164,049	159,132	159,048.33	160,082	163,080	165,427	179,477	163,452	169,899
Avg. daily demand (MGD)	3.74	3.53	3.23	3.23	445	453	460	499	454	472
Peak demand (MGD)	4.84	4.74	3.81	3.81	3.81	3.43	3.43	3.43	3.43	3.43
Number of wells in system	10	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)	526,272	613,095	586,810	514,839	458,763	465,867	471,403	463,767	457,864	437,574
Average daily flow (000's)	1,442	1,679	1,608	10,740	1,286	1,340	1,340	1,340	1,340	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	14,100	12,300	12,046	11,719	10,740	10,306	9,681	10,610	9,013	9,523

Source: City Customer Service and Billing records
Public Works records

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

		Building Permits									
		Fiscal Year									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial											
	Number of Permits	2	6	1	1	6	16	16	16	16	16
	Value	\$ 5,721	\$ 17,447	\$ 10	\$568	\$7,091	\$51	\$128	\$2,181	\$204	\$5,773
Residential											
	Number of Dwelling Units	374	355	340	193	267	169	159	112	120	85
	Value	\$ 57,804	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908	\$ 20,166	\$ 13,147
Other											
	Number of Permits	484	390	352	404	480	523	318	200	138	161
	Value	\$ 11,432	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089	\$ 3,649	\$ 1,157

		Single Family Housing Sales									
		Calendar Year									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
New units sold		349	317	314	258	228	175	88	56	118	114

Source: City Development Services

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

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	2,186	2,630	2,749	2,200	3,317	3,734	3,989	4,630	7,214	4,449
Charges dismissed	399	761	1,014	754	1,037	841	938	1,019	8,469	690
<i>Human Resources</i>										
# of employment Applications Processed	2,001	2,683	1,816	2,829	3,047	1,643	750	530	601	44*
<i>Finance</i>										
# of Accounts Payable checks issued	4,247	4,456	4,780	4,721	4,785	4,264	4,201	3,848	3,739	3,723
# of Claims filed, injured or ill workers	104	221	33	27	16	13	29	27	18	16
# of electrical inspections performed	2	3	4	**	**	3	1	8	10	6
Notice of claims	3	14	7	14	3	2	4	1	6	6
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	5,518	5,556	7,276	5,467	4,889	5,920	5,483	5,694	5,046	**
# of Traffic Stops	3,553	4,147	5,463	4,786	5,220	4,681	6,393	6,834	9,439	**
# of Arrests on Warrants	362	360	396	374	468	439	**	**	**	**
<i>Fire</i>										
# of Ambulance Transport Services	3,430	3,341	2,972	2,699	2,767	2,665	2,476	2,318	2,169	1,912
# of Fire & Hazmat Incidents	71	50	61	63	41	57	28	78	62	69
HEALTH AND WELFARE										
# of Meals served - Food Assistance	2,168	5,590	4,787	5,783	7,791	8,869	7,963	9,604	9,296	7,677
# of citywide transit ridership	390	4,797	6,157	6,166	9,538	10,661	8,136	9,243	8,378	6,323

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	41	37	34	33	31	26	26	18	18	18
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	77	71	72	70	69	70	70	57	57	53
Culture & Recreation										
Building	3	3	3	3	3	3	3	3	3	3
Equipment	45	41	38	37	39	33	33	23	23	22
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	2	2	2	2	3	3	3	5	5	6
Public Works and streets										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	29	28	28	28	27	26	26	18	18	17
Enterprise										
Building	4	4	4	4	4	4	4	3	3	3
Equipment	71	68	67	61	61	51	51	44	44	49

Source: City records Finance Department