



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED
ON JUNE 30 2020



CITY OF SAN LUIS, ARIZONA
**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the fiscal year ended
June 30, 2020

Prepared by:
Department of Finance

CITY OF SAN LUIS, ARIZONA
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION





REPORT DATE

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. Laws of the State of Arizona require that all local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of San Luis for the fiscal year ended June 30, 2020.

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona for the fiscal year ended June 30, 2020, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report.

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

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

Profile of the Government

The City of San Luis, incorporated in 1979, is located in the southwestern corner of Arizona immediately adjacent to both Mexico and California 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 and Fire/Police Chiefs. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

Between the 2000 census and the 2010 census the City's population increased by over 66.46 percent, from approximately 15,400 to approximately 25,500. The estimated current population is approximately 39,000 increasing 53% from 2010 to 2020. 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 high level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural activities, planning and zoning services, and general administrative services. San Luis offers a wide range of community facilities including one gym, one cultural center, one senior center, one youth center, one activity center, one swimming pool, and 5 parks encompassing 60 acres.

This report includes financial statements on both a government-wide and a fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No.14, "*The Financial Reporting Entity*". Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and two blended component units, the San Luis Community Facilities District and the San Luis Employees' Self Insurance Health Fund as discussed further in Note 1.A of the notes to the financial statements.

Financial information

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

Budget Control: The City of San Luis, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The city's expenditure limitation for fiscal year 2020 is \$48 million.

The annual operating budget which is adopted by ordinance each fiscal year serves as the base for the City's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the City's financial operations including funding for one corporation outside the City's organizational structure. The Council adopted a Strategic Plan for San Luis, and in order to implement the Strategic Plan, each department and intergovernmental agency receiving City funds was asked to address the strategies in its requested budget documents. The City Manager submits the annual balanced budget to City Council before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. The City is required to publish specific information, notices, and hold public hearings as defined by state statute. After all these requirements are met, the City may adopt the budget by August 15 or soon thereafter.

Economic Condition of City of San Luis, Arizona

Local Economy

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.

Agriculture

City of San Luis is an agriculture community contributing a portion of the Yuma County \$2.3 billion agriculture industry and providing 90% of the US vegetables consumed by the US. Since the agricultural season ended before the pandemic hit the hardest in the community; it is difficult to predict the effect COVID 19 would present for the agriculture sector; however, negative effects can be expected to be seen in 2021.

Real estate development

Despite the negative impacts of the pandemic, new residential development continues to progress. The real estate sector continues to experience substantial interest in development with new subdivisions creating approximately 600 new residential lots and issuing approximately 300 new residential building permits per year.

Significant investments were made in the commercial and industrial development including a \$35 million medical mall completed along with a \$4 million warehousing facility. COVID 19 has delayed some of the projects that were in the pipeline which included a fast food restaurant, a gym facility, an expansion and remodeling of four restaurants, a construction of a new gas station, an expansion of two school facilities and the development of a hotel.

Business and sales tax

City of San Luis' largest revenue source for FY 2020 is sales tax revenue, totaling \$14.1 million. Sales tax is generated from a variety of 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.

Because the shutdown of business due to COVID 19 occurred during the last quarter of FY 2020, the City was able to realize an increase in sales tax revenue when compared to last year. The City expects a reduction in sales tax revenues in the next years, when compared to FY 2020, due to lingering effects of COVID 19 in the economy.

Other factors

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

San Luis I Port of Entry is also an important economic player in San Luis economy. The federal government allocated \$148 million in the presidential budget for the modernization of our port of entry proposing to double vehicle and pedestrians lanes. The port of entry process 8-million border crossers daily. Due to the pandemic, in San Luis, we had a reduction of 393,000 less pedestrians and a reduction of 1.2 million vehicles. The Mexican shopper contributes approximately 70% of the sales tax in San Luis.

The City continues to face many important growth issues, in addition to the challenges this pandemic has presented. Its citizens and municipal government are committed to create a sustainable economy that will increase the quality of life for its residents, and to find solutions for the future.

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

It is customary for the water, wastewater and sanitation funds to initiate bi-annually a review of existing rate study that extends over a ten-year financial forecast in order to determine the long-term funding availability. The City Council reviews the updated financial plans and the associated rates necessary to support the enterprise funds and their capital projects.

Certificates of Achievements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its CAFR for the fiscal year that ended June 30, 2019.

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, with contents conforming to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for seven consecutive years. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

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

Respectfully submitted,



Monica Castro
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Luis
Arizona**

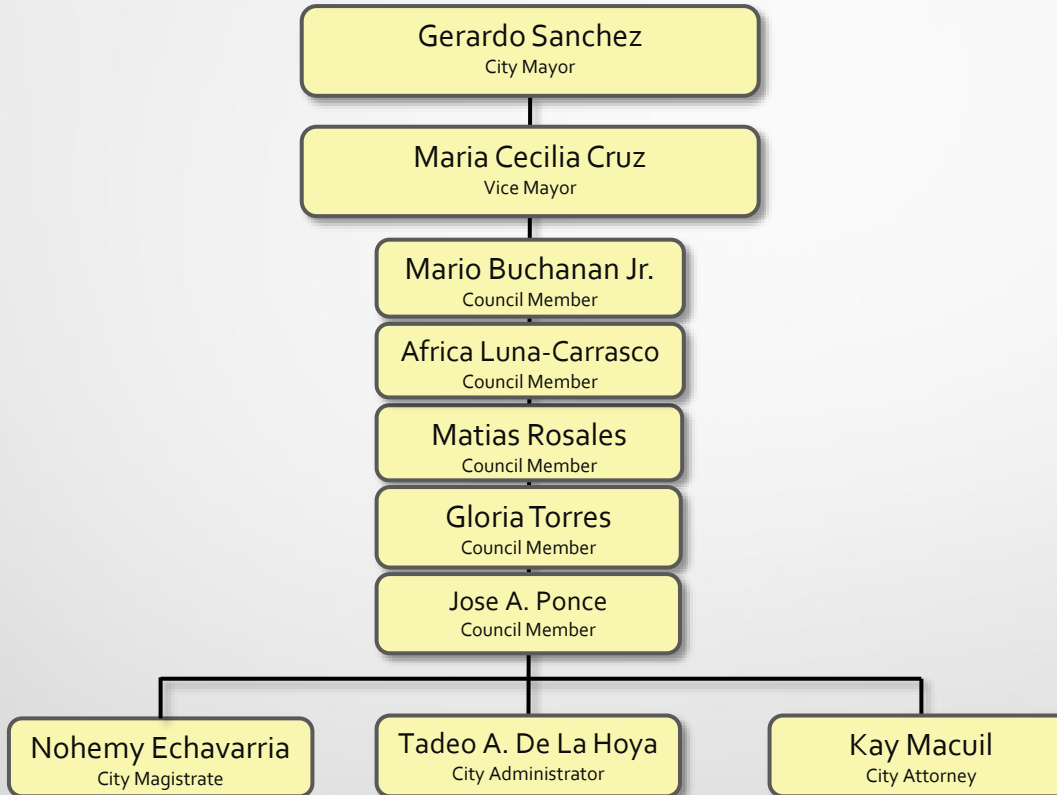
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL



Elected officials

As of June 30, 2020

Gerardo Sanchez
Mayor

Matias Rosales
Councilmember
Africa L. Carrasco
Councilmember
Gloria Torres
Councilmember

Maria Cecelia Cruz
Vice Mayor
Mario Buchanan
Councilmember
Jose Ponce
Councilmember



Appointed officials

Tadeo De La Hoya
City Manager

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

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information and the respective budgetary comparisons for the General Fund and the Highway Users Fund of City of San Luis, Arizona (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of San Luis, Arizona, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Highway Users Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, on our consideration of the City of San Luis, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of San Luis, 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 the City of San Luis, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 29, 2020

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, 2020**

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, 2020. 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

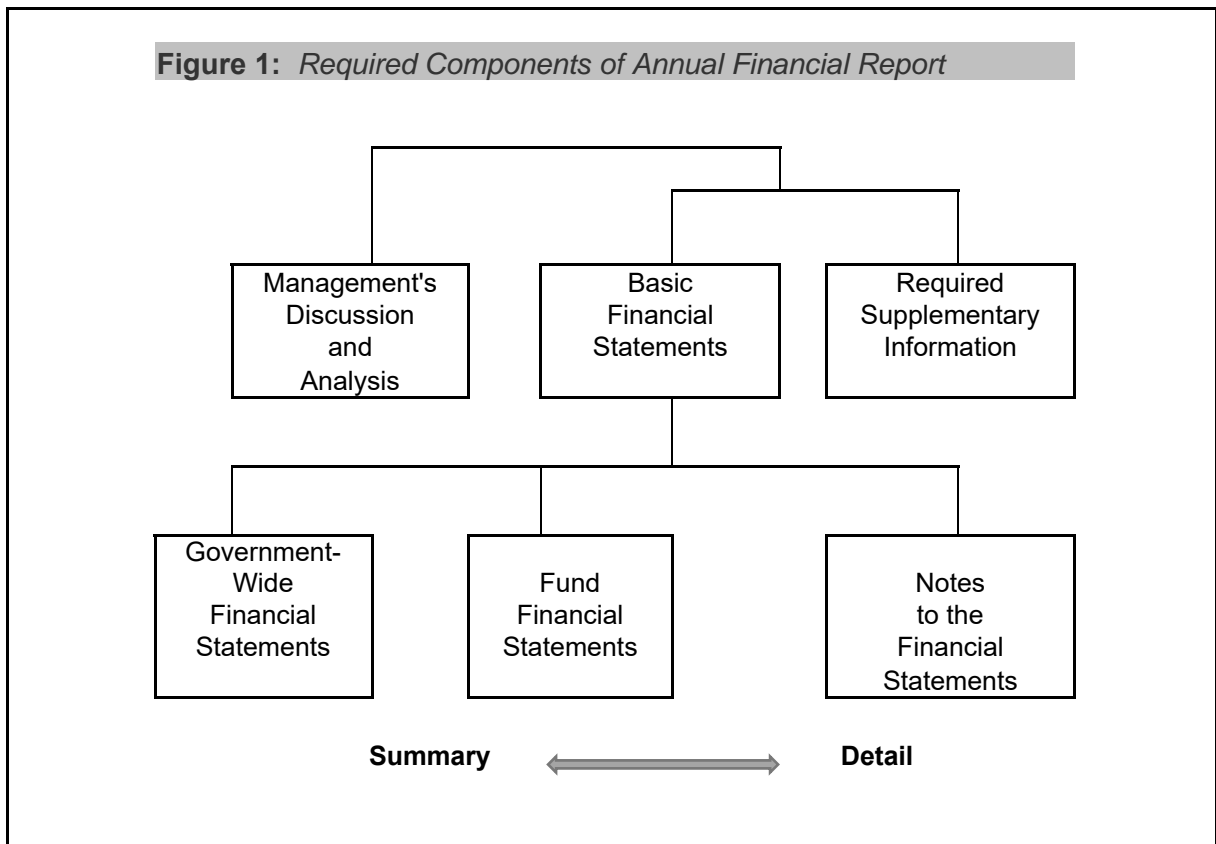
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$96.4 million.
- The City's net position of governmental activities increased approximately \$8.3 million to \$63.3 million and business-type activities increased \$3.8 million to \$33.2 million representing 66 percent and 34 percent, respectively, of the total net position of \$96.4 million.
- As of the close of the fiscal year the City's governmental funds reported combined ending fund balances of \$24.8 million, an increase of \$6.3 million over the prior year. Approximately 18 percent of this amount, or \$4.8 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$20.1 million, or 117 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$20.6 million in revenues or 62 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12.6 million or 38 percent of total governmental activities. The City had \$14.4 million of program revenues related to business-type activities.
- The City had \$24.5 million in expenses related to governmental activities; of which \$12.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$20.6 million were adequate to provide for the costs of these programs. The City had \$11.2 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 \$23.4 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 \$17.2 million. The general fund's fund balance increased from \$15.3 million to \$20.1 million. The highway users fund had revenues of \$3.7 million, which consisted primarily of intergovernmental revenues, and expenditures of \$3.1 million.
- The City's total long-term liabilities decreased from \$64.7 million to \$64.5 million during the current fiscal year. This increase was due to the growth in the City's net pension liabilities.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

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, 2020**

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 \$96.4 million as of June 30, 2020. By far the largest portion of the City's net position (68 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 11 percent of the City's net position, 10.3 million at June 30, 2020 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 21 percent at June 30, 2020, 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, 2020 and 2019.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$33,557,490	\$24,354,335	\$17,967,601	\$14,562,100	\$51,525,091	\$38,916,435
Capital assets, net	59,325,031	68,762,018	51,561,576	52,902,683	110,886,607	121,664,701
Total Assets	92,882,521	93,118,372	69,529,177	67,464,783	162,411,698	160,581,136
Total Deferred Outflow of Resources	4,228,570	3,205,666	1,569,557	1,596,916	5,798,127	4,802,582
Long-term liabilities	28,906,743	26,393,735	35,598,982	35,434,299	64,505,725	61,828,034
Other liabilities	3,147,449	3,832,984	1,748,986	3,493,279	4,896,435	7,326,263
Total Liabilities	32,054,192	30,226,719	37,347,968	38,927,578	69,402,160	69,154,297
Total Deferred Inflow of Resources	1,782,203	2,756,139	580,669	724,464	2,362,872	3,480,603
Net Position						
Net investment in capital assets	44,991,467	52,027,709	20,134,312	19,200,217	65,125,779	71,227,926
Restricted	8,680,843	6,287,051	1,585,473	978,691	10,266,316	7,265,742
Unrestricted	9,602,386	5,024,402	11,450,312	9,230,749	21,052,698	14,255,151
Total net position	\$63,274,696	\$63,339,162	\$33,170,097	\$29,409,657	\$96,444,793	\$92,748,819

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Governmental Activities: Net position in governmental activities saw an increase of \$8.3 million. The reasons for this change can be summarized as follows:

- Program revenues covered 51 percent of total governmental expenses, decreasing from 63 percent from last year to 51 percent. This is a 12 percent decrease in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$12.6 million, which was a decrease of \$1.3 million from the previous year. Due primarily to a 34 percent decrease in charges for services, a 90 percent increase in operating grants and a 27 percent decrease in capital grants. These decreases reflect the ongoing disruption experienced locally and nationally due to the COVID-19 pandemic.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$ 1.5 million totaling \$20.6 million. This amounts to an overall increase in total revenue of less than one percent.
- Expenses totaled \$24.5 million, a 12 percent increase compared to the previous year. This increase was the result of primarily two items. First, the City recognized a larger pension expense than in the prior year for all pension plans. Second, depreciation for public works and streets increased significantly due to a reevaluation of assets' useful lives.
- For governmental activities city sales taxes represents 32 percent of the total revenues, being the largest single source of funds, followed by state share revenues representing 28 percent and 15 percent of capital grants and contributions.

Business-type Activities: Net position of the enterprise funds at the end of the year amounted to \$33.2 million. The Enterprise Funds had an increase in net position of \$3.8 million. Overall, total revenues exceeded expenses for all the proprietary funds, with the exception of business incubator and business center.

Expenses totaled \$11.2 million, a 7 percent increase compared to prior year. This increase was the result of the filling of vacant positions and increased operational costs due to customer growth.

Capital contributions and charges for services increased in comparison with prior year by 12 percent and 5 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 1st, 2017. Net position for the enterprise funds has steadily increased over the past years due to the growing customer paying these more appropriate rates for the delivery of services.

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, 16 percent Ambulance, and 12 percent Sanitation funds.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 3	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues:						
Charges for services	\$3,024,755	\$4,611,810	\$13,001,482	\$12,411,706	\$16,026,237	\$17,023,516
Operating grants and contributions	4,519,471	2,372,433			4,519,471	\$2,372,433
Capital grants and contributions	5,044,964	6,874,510	1,365,769	1,214,350	6,410,733	\$8,088,860
General Revenues:						
City sales taxes	10,660,531	9,720,729			10,660,531	9,720,729
Franchise taxes	415,758	437,765			415,758	437,765
State shared revenues	9,267,561	8,609,052			9,267,561	8,609,052
Investment earnings	249,585	296,968	225,465	285,758	475,050	582,726
Development fees				552,832		552,832
Total Revenues	33,182,625	32,923,267	14,592,716	14,464,646	47,775,341	47,387,913
Expenses						
General Government	5,907,870	5,691,431			5,907,870	5,691,431
Public Safety	9,259,939	8,248,004			9,259,939	8,248,004
Health and Welfare	334,338	183,081			334,338	183,081
Culture and Recreation	2,859,046	2,726,204			2,859,046	2,726,204
Community Development	1,313,645	1,035,590			1,313,645	1,035,590
Public Works & Streets	4,265,822	3,436,305			4,265,822	3,436,305
Interest on Long-Term Debt	532,115	550,817			532,115	550,817
Water			3,341,438	2,955,792	3,341,438	2,955,792
Wastewater			3,626,910	3,624,956	3,626,910	3,624,956
Business Center			659,950	669,248	659,950	669,248
Sanitation			1,392,014	1,305,797	1,392,014	1,305,797
Business Incubator			185,536	182,586	185,536	182,586
Ambulance Services			1,991,579	1,721,285	1,991,579	1,721,285
Total expenses	24,472,775	21,871,432	11,197,427	10,459,664	35,670,202	32,331,096
Increase/(decrease) in net position	8,709,850	11,051,835	3,395,289	4,004,982	12,105,139	15,056,817
Transfer	-365,151	-364,030	365,151	364,030		
Net position – beginning, as restated	54,929,997	52,651,355	29,409,657	25,040,645	84,339,654	77,692,000
Net position - ending	\$63,274,696	\$63,339,160	\$33,170,097	\$29,409,657	\$96,444,793	\$92,748,817

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the City's Funds

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

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

At June 30, 2020, the City's governmental funds reported combined fund balance of \$24.8 million, an increase of \$6.3 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 \$20.1 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 117 percent of total general fund expenditures and total fund balance represents approximately 117 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 \$24.5 million. The cost of all business-type activities this year was \$11.2 million.
- Federal, State, and County governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$27.0 million.
- The net cost of governmental activities of \$11.9 million was financed by general revenues of \$20.6 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 \$3.8 million in the fiscal year ended June 30, 2020 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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 4 - Activities	Total Expenses	Net (Expense)/ Revenue
General Government		
Governmental Activities	\$5,907,870	\$(2,644,868)
Public Safety	9,259,939	(6,641,444)
Public Works and Streets	4,265,822	1,209,428
Health and Welfare	334,338	(334,338)
Culture and Recreation	2,859,046	(1,982,551)
Community Development	1,313,645	(957,697)
Interest on Long-Term Debt	532,115	(532,115)
Total Expenses	<u>24,472,775</u>	<u>(11,883,585)</u>
Business-Type Activities		
Water	3,341,438	1,905,603
Wastewater	3,626,910	1,255,227
Business Center	659,950	(77,390)
Sanitation	1,392,014	115,361
Ambulance Services	185,536	(143,830)
Business Incubator	1,991,579	114,853
Total Expenses	<u>11,197,427</u>	<u>3,169,824</u>
Total	<u>\$35,670,202</u>	<u>\$(8,713,761)</u>

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, 2020 a deficit net position of \$3.3 million. This is a decrease of \$1.8 million when compared to the \$1.5 million deficit from last year. There were also decreases in revenue and expenses due to a decline of 250 in the average monthly inmate population. Revenues decreased nine percent in comparison to prior year and expenses decreased three 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, 2020**

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 2020 were \$ 2.8 million more than projected. Key differences between final estimated revenues and actual revenues were as follows:

- The City conservatively budgets for the rents collected from the San Luis Detention Facility. The rents, as determined by the contract with the operator, have a fixed fee component in addition to a variable fee driven by the monthly inmate population. With the number of inmates constantly changing, the City only budgets for the fixed fee component.
- Actual city sales exceeded original estimates. The City saw an increase retail and construction sales tax collections despite the COVID-19 shutdowns during Spring 2020.

General Fund expenditures were \$4.0 million less than the revised fiscal year 2020 budget due to the following:

- Per City of San Luis incentive policy, we can assist investors to bring new business to the City. In the budget FY 2020, City of San Luis allocated \$500,000 to assist investor in the development of a Hotel. This project experienced some delays in FY 2020, and it has been included again in budget for FY 2021.
- City of San Luis has struggled in filling its open positions in various departments, particularly in the Police and Fire Department. This has contributed to a significant variance in operating budget for these two departments.
- Construction of the first phase of a fleet shop was budgeted for \$290,000. There were delays in securing the design; hence, the project did not come to fruition in 2020.
- The City did not complete a budgeted transfer of \$542,000 to the enterprise funds to subsidize debt repayment.

CAPITAL ASSETS

As of June 30, 2020, the City had invested \$185.7 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, 2020**

CAPITAL ASSETS (CONTINUED)

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2020.

Figure 5	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,368,025	\$ 2,073,972	\$ 685,239	\$ 685,239	\$ 3,053,264	\$ 2,759,211
Construction in progress	1,054,835	775,827	33,772	107,468	1,088,607	883,295
Buildings and Improvements	25,199,069	25,452,080	9,922,658	9,812,282	35,121,727	35,264,362
Machinery and equipment	12,877,097	11,880,275	10,419,507	10,090,660	23,296,604	21,970,935
Infrastructure	63,750,741	61,148,638	59,404,322	58,336,651	123,155,063	119,485,289
Total	<u>\$105,249,767</u>	<u>\$101,330,792</u>	<u>\$ 80,465,498</u>	<u>\$ 79,032,400</u>	<u>\$ 185,715,265</u>	<u>\$ 180,363,092</u>

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

- Completion of improvements to Rancho Los Oros subdivision and Los Postales Del Alamo Street at a cost of \$1.1 million.
- Developer contributed land, infrastructure, and improvements in the Santa Cecilia III subdivision of \$1.6 million.
- Developer contributed water and wastewater lines in the Santa Cecilia III subdivision of \$638,550.

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 \$47.0 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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of the City's outstanding long-term obligations for the fiscal year ended June 30, 2020.

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

Figure 6	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ 13,881,119	\$ 14,546,314	\$ 33,107,180	\$ 34,744,986	\$ 46,988,299	\$ 49,291,300
Capital leases	260,849	265,209	182,593	262,367	443,442	527,576
Note payable	129,217	174,463	186,338	243,768	315,555	418,231
Total	\$ 14,271,185	\$ 14,985,986	\$ 33,476,111	\$ 35,251,121	\$ 47,747,296	\$ 50,237,107

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 COVID-19 pandemic. Conversely, when comparing the current year to the previous year data on a month-to-month basis there seemed to be no consistency in the pattern as to when the peak or the low month occurred for both the former and the latter (source: Greater Yuma Economic Development Corporation, GYEDC).

Figure 7	BORDER CROSSING					
	FY 2020			FY 2019		
Class	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	256,957	102,490	6,829	279,305	218,228	8,263
Pedestrians	275,360	97,561	6,521	273,033	156,686	6,721
Commercial	4,665	2,536	108	4,511	1,799	88

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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 52 percent of the \$20.6 million general revenues in fiscal year 2020. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications. Our retail sales increased 18.1 percent in comparison to next year even considering the COVID-19 shutdown. However, the City expects a reduction in sales tax revenues in FY 2021 when compared to FY 2020, due to lingering uncertainties of COVID-19 in the economy.
- 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.

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BASIC FINANCIAL STATEMENTS



CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Detention Facility
ASSETS				
Current assets:				
Equity in pooled cash	\$ 7,571,615	\$ 2,212,176	\$ 9,783,791	\$
Cash and cash equivalents	3,888,816	1,575,415	5,464,231	2,084,482
Investments	12,881,305	13,364,119	26,245,424	
Accounts receivable (net)	1,734,760	1,425,339	3,160,099	811,381
Internal balances	1,531,463	(1,531,463)		
Notes receivable		74,235	74,235	
Due from governmental entities	3,435,247		3,435,247	
Prepaid items	122,988	167,104	290,092	
Supplies inventory	139,734	12,195	151,929	
Total current assets	31,305,928	17,299,120	48,605,048	2,895,863
Noncurrent assets:				
Restricted investments	2,251,562	668,481	2,920,043	5,631,340
Land	2,368,025	685,239	3,053,264	661,359
Buildings and improvements	25,199,069	9,922,658	35,121,727	34,129,886
Infrastructure	63,750,741	59,404,322	123,155,063	
Machinery and equipment	12,877,097	10,419,507	23,296,604	329,194
Construction in progress	1,054,835	33,772	1,088,607	
Accumulated depreciation	(45,924,736)	(28,903,922)	(74,828,658)	(8,707,671)
Total noncurrent assets	61,576,593	52,230,057	113,806,650	32,044,108
Total assets	92,882,521	69,529,177	162,411,698	34,939,971
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	4,127,158	572,789	4,699,947	
Deferred outflow on refundings	101,412	996,768	1,098,180	385,307
Total deferred outflows of resources	4,228,570	1,569,557	5,798,127	385,307
LIABILITIES				
Current liabilities:				
Accounts payable	1,524,686	459,936	1,984,622	3,882,323
Estimated claims and judgments	250,660		250,660	
Accrued payroll and taxes	1,000,238	76,344	1,076,582	
Court bonds payable	40,545		40,545	
Customer deposits	283	458,053	458,336	
Retainage payable		101,317	101,317	
Accrued interest	311,087	653,336	964,423	405,115
Accrued principal	584,015		584,015	
Current portion of long-term debt	597,720	1,831,630	2,429,350	2,360,000
Unearned revenue	19,950		19,950	
Total current liabilities	4,329,184	3,580,616	7,909,800	6,647,438
Noncurrent liabilities:				
Pension	13,923,511	1,991,564	15,915,075	
Non-current portion of long-term debt	13,801,497	31,775,788	45,577,285	31,967,929
Total noncurrent liabilities	27,725,008	33,767,352	61,492,360	31,967,929
Total liabilities	32,054,192	37,347,968	69,402,160	38,615,367
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	1,618,412	399,816	2,018,228	
Deferred inflow on refundings	163,791	180,853	344,644	
Total deferred inflows of resources	1,782,203	580,669	2,362,872	
NET POSITION				
Net investment in capital assets	44,991,467	20,134,312	65,125,779	(7,529,854)
Restricted for:				
Debt service				5,226,225
Capital projects	2,883,548	1,585,473	4,469,021	
Assessment districts	334,287		334,287	
HURF	1,152,752		1,152,752	
Employee benefits	3,918,092		3,918,092	
Other purposes	392,164		392,164	
Unrestricted	9,602,386	11,450,312	21,052,698	(986,460)
Total net position	\$ 63,274,696	\$ 33,170,097	\$ 96,444,793	\$ (3,290,089)

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 5,907,870	\$ 2,938,045	\$ 3,431	\$ 321,526
Public safety	9,259,939	46,924	1,948,058	623,513
Public works and streets	4,265,822		1,972,781	3,502,469
Health and welfare	334,338			
Culture and recreation	2,859,046	39,786	239,253	597,456
Community development	1,313,645		355,948	
Interest on long term debt	532,115			
Total governmental activities	<u>24,472,775</u>	<u>3,024,755</u>	<u>4,519,471</u>	<u>5,044,964</u>
Business-type activities:				
Water	3,341,438	4,722,633		524,408
Wastewater	3,626,910	4,040,776		841,361
Business center	659,950	582,560		
Sanitation	1,392,014	1,507,375		
Business incubator	185,536	41,706		
Ambulance services	1,991,579	2,106,432		
Total business-type activities	<u>11,197,427</u>	<u>13,001,482</u>		<u>1,365,769</u>
Total primary government	<u>\$ 35,670,202</u>	<u>\$ 16,026,237</u>	<u>\$ 4,519,471</u>	<u>\$ 6,410,733</u>
Component Unit				
Detention Facility	\$ 26,300,013	\$ 24,383,945		
Total component unit	<u>\$ 26,300,013</u>	<u>\$ 24,383,945</u>		

General revenues:

Taxes:

City sales taxes for general purposes

Franchise 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

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Detention Facility</u>
\$ (2,644,868)	\$	\$ (2,644,868)	\$
(6,641,444)		(6,641,444)	
1,209,428		1,209,428	
(334,338)		(334,338)	
(1,982,551)		(1,982,551)	
(957,697)		(957,697)	
(532,115)		(532,115)	
<u>(11,883,585)</u>		<u>(11,883,585)</u>	
	1,905,603	1,905,603	
	1,255,227	1,255,227	
	(77,390)	(77,390)	
	115,361	115,361	
	(143,830)	(143,830)	
	114,853	114,853	
	<u>3,169,824</u>	<u>3,169,824</u>	
<u>(11,883,585)</u>	<u>3,169,824</u>	<u>(8,713,761)</u>	
			\$ (1,916,068)
			<u>\$ (1,916,068)</u>
10,660,531		10,660,531	
415,758		415,758	
9,267,561		9,267,561	
249,585	225,465	475,050	112,125
(365,151)	365,151		
<u>20,228,284</u>	<u>590,616</u>	<u>20,818,900</u>	<u>112,125</u>
8,344,699	3,760,440	12,105,139	(1,803,943)
<u>54,929,997</u>	<u>29,409,657</u>	<u>84,339,654</u>	<u>(1,486,146)</u>
<u>\$ 63,274,696</u>	<u>\$ 33,170,097</u>	<u>\$ 96,444,793</u>	<u>\$ (3,290,089)</u>



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS

**CITY OF SAN LUIS, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Highway Users	Debt Service
ASSETS			
Equity in pooled cash	\$ 6,469,286	\$ 447,397	\$
Investments	8,944,413	835,793	
Restricted investments			2,251,562
Accounts receivable (net)	1,666,210		12
Due from governmental entities	1,538,924	223,262	
Due from other funds	4,536,212		
Prepaid items	44,445		143
Inventories	20,513	119,221	
Total assets	\$ 23,220,003	\$ 1,625,673	\$ 2,251,717
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 743,736	\$ 448,533	\$
Accrued payroll and taxes	975,409	24,388	
Court bonds payable	40,545		
Customer deposits	283		
Due to other funds	239,896		1,426,766
Accrued interest			311,087
Accrued principal			584,015
Unearned revenue	4,800		
Total liabilities	2,004,669	472,921	2,321,868
Deferred inflows of resources:			
Unavailable revenue - municipal court	766,484		
Unavailable revenue - intergovernmental			
Unavailable revenue - special assessments			
Unavailable revenue - other	307,753		
Total deferred inflows of resources	1,074,237		
Fund balances (deficits):			
Nonspendable	64,958	119,221	143
Restricted		1,033,531	
Unassigned	20,076,139		(70,294)
Total fund balances	20,141,097	1,152,752	(70,151)
 Total liabilities, deferred inflows of resources and fund balances	\$ 23,220,003	\$ 1,625,673	\$ 2,251,717

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 654,932	\$ 7,571,615
3,101,099	12,881,305
	2,251,562
12,698	1,678,920
1,673,061	3,435,247
	4,536,212
78,400	122,988
	139,734
<u>\$ 5,520,190</u>	<u>\$ 32,617,583</u>

\$ 316,617	\$ 1,508,886
441	1,000,238
	40,545
	283
1,577,983	3,244,645
	311,087
	584,015
15,150	19,950
<u>1,910,191</u>	<u>6,709,649</u>

	766,484
69,004	69,004
5,097	5,097
	307,753
<u>74,101</u>	<u>1,148,338</u>

78,400	262,722
3,518,427	4,551,958
(60,929)	19,944,916
<u>3,535,898</u>	<u>24,759,596</u>

<u>\$ 5,520,190</u>	<u>\$ 32,617,583</u>
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**CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total governmental fund balances **\$ 24,759,596**

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	\$ 105,249,767	
Less accumulated depreciation	<u>(45,924,736)</u>	59,325,031

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

Municipal court	766,484	
Intergovernmental	69,004	
Special assessments	5,097	
Other	<u>307,753</u>	1,148,338

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. (62,379)

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	4,127,158	
Deferred inflows of resources related to pensions	<u>(1,618,412)</u>	2,508,746

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. 3,918,092

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

Compensated absences payable	(712,047)	
Note payable	(129,217)	
Net pension liability	(13,923,511)	
Obligations under capital lease	(260,849)	
Bonds payable	<u>(13,297,104)</u>	<u>(28,322,728)</u>

Net position of governmental activities **\$ 63,274,696**

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, 2020

	<u>General</u>	<u>Highway Users</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 11,076,289	\$	\$
Licenses and permits	1,053,843		
Intergovernmental	9,267,561	3,006,613	
Fines and forfeitures	267,826		
Special assessments			
Charges for services	55,592		
Rents	1,476,480		
Investment earnings	158,959	23,869	21,208
Other	92,639	652,815	
Total revenues	<u>23,449,189</u>	<u>3,683,297</u>	<u>21,208</u>
Expenditures:			
Current -			
General government	5,437,041		
Public safety	7,146,103		
Public works and streets		1,793,689	
Health and welfare	230,695		
Culture and recreation	2,378,816		
Community development	948,236		
Capital outlay	989,629	1,264,747	
Debt service -			
Interest	971		624,211
Principal	91,908		584,015
Total expenditures	<u>17,223,399</u>	<u>3,058,436</u>	<u>1,208,226</u>
Excess (deficiency) of revenues over expenditures	<u>6,225,790</u>	<u>624,861</u>	<u>(1,187,018)</u>
Other financing sources (uses):			
Transfers in		420,440	1,295,251
Transfers out	(1,449,680)	(219,903)	
Capital lease agreements	42,303		
Total other financing sources (uses)	<u>(1,407,377)</u>	<u>200,537</u>	<u>1,295,251</u>
Changes in fund balances	<u>4,818,413</u>	<u>825,398</u>	<u>108,233</u>
Fund balances (deficits), beginning of year	15,322,684	327,354	(178,384)
Fund balances (deficits), end of year	<u>\$ 20,141,097</u>	<u>\$ 1,152,752</u>	<u>\$ (70,151)</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 11,076,289
	1,053,843
2,536,130	14,810,304
158,616	426,442
482,034	482,034
1,001,761	1,057,353
	1,476,480
37,497	241,533
44,987	790,441
<u>4,261,025</u>	<u>31,414,719</u>
81,151	5,518,192
1,831,291	8,977,394
127,733	1,921,422
	230,695
232,113	2,610,929
360,592	1,308,828
700,103	2,954,479
	625,182
	675,923
<u>3,332,983</u>	<u>24,823,044</u>
<u>928,042</u>	<u>6,591,675</u>
263,346	1,979,037
(674,605)	(2,344,188)
	42,303
<u>(411,259)</u>	<u>(322,848)</u>
<u>516,783</u>	<u>6,268,827</u>
3,019,115	18,490,769
<u>\$ 3,535,898</u>	<u>\$ 24,759,596</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, 2020

Changes in fund balances - total governmental funds **\$ 6,268,827**

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	\$ 2,214,382	
Less current year depreciation	<u>(3,352,766)</u>	(1,138,384)

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	1,816,078	
Municipal court	(20,037)	
Intergovernmental	69,004	
Special assessments	(76,633)	
Other	<u>(28,558)</u>	1,759,854

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 capital lease	(42,303)	
Revenue bonds principal retirement	584,015	
Capital lease principal retirement	46,663	
Note payable principal retirement	<u>45,245</u>	633,620

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

Current year pension contributions	1,645,542	
Pension expense	<u>(1,674,511)</u>	(28,969)

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	(14,769)	
Amortization of deferred bond items	93,067	
Compensated absences	<u>(70,914)</u>	7,384

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.

842,367

Changes in net position in governmental activities **\$ 8,344,699**

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 9,169,020	\$ 9,169,020	\$ 11,076,289	\$ 1,907,269
Licenses and permits	837,000	837,000	1,053,843	216,843
Intergovernmental	9,194,980	9,194,980	9,267,561	72,581
Charges for services	77,000	77,000	55,592	(21,408)
Fines and forfeitures	231,800	231,800	267,826	36,026
Investment earnings	161,600	161,600	158,959	(2,641)
Rents	908,600	908,600	1,476,480	567,880
Other	110,600	110,600	92,639	(17,961)
Total revenues	20,690,600	20,690,600	23,449,189	2,758,589
Expenditures:				
Current -				
General government				
City council	1,391,850	1,288,420	801,754	486,666
City administration	709,180	712,260	460,547	251,713
City clerk	283,520	283,520	255,886	27,634
City attorney	440,430	440,430	379,476	60,954
City prosecutor	296,130	299,660	271,942	27,718
Finance	888,110	891,880	867,343	24,537
Human resources	506,070	506,070	410,439	95,631
Municipal court	716,240	716,240	687,012	29,228
Information technology	442,040	442,040	410,932	31,108
Facilities	433,280	433,280	418,701	14,579
Fleet services	177,830	178,750	165,785	12,965
Risk & property	128,190	129,350	48,890	80,460
Non departmental	280,510	281,680	258,334	23,346
Public safety				
Police Department	5,566,140	5,591,650	4,711,467	880,183
Fire Department	3,177,820	3,182,620	2,434,636	747,984
Health and welfare				
Senior Services	268,250	270,100	230,695	39,405
Culture and recreation				
Cultural center	276,470	276,890	248,869	28,021
Parks ground	1,330,330	1,335,110	1,276,635	58,475
Parks - recreation	454,910	455,330	400,067	55,263
Youth center	289,670	290,090	239,124	50,966
Aquatic center	300,710	301,130	214,121	87,009
Community development				
Development services	381,770	406,770	321,581	85,189
Building safety	377,990	377,990	347,922	30,068
Economic Development	327,290	327,290	278,733	48,557
Capital outlay	1,918,510	1,718,510	989,629	728,881
Debt service -				
Interest	130	130	971	(841)
Principal	133,420	133,420	91,908	41512
Total expenditures	21,496,790	21,270,610	17,223,399	4,047,211
Excess (deficiency) of revenues over expenditures	(806,190)	(580,010)	6,225,790	(1,288,622)
Other financing sources (uses):				
Transfers out	(2,046,280)	(2,064,180)	(1,449,680)	614,500
Capital lease agreements			42,303	42,303
Total other financing sources (uses):	(2,046,280)	(2,064,180)	(1,407,377)	656,803
Changes in fund balances	(2,852,470)	(2,644,190)	4,818,413	(631,819)
Fund balances, beginning of year	470,487	263,747	15,322,685	15,058,938
Fund balances, end of year	\$ (2,381,983)	\$ (2,380,443)	\$ 20,141,098	\$ 14,427,119

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USERS
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,760,000	\$ 2,760,000	\$ 3,006,613	\$ 246,613
Investment earnings	12,500	12,500	23,869	11,369
Other	358,400	358,400	652,815	294,415
Total revenues	<u>3,130,900</u>	<u>3,130,900</u>	<u>3,683,297</u>	<u>552,397</u>
Expenditures:				
Current -				
Public works and streets	2,223,830	2,240,620	1,793,689	446,931
Capital outlay	1,375,000	1,560,000	1,264,747	295,253
Total expenditures	<u>3,598,830</u>	<u>3,800,620</u>	<u>3,058,436</u>	<u>742,184</u>
Excess (deficiency) of revenues over expenditures	<u>(467,930)</u>	<u>(669,720)</u>	<u>624,861</u>	<u>1,294,581</u>
Other financing sources (uses):				
Transfers in	420,000	420,000	420,440	440
Transfers out	(200,000)	(200,000)	(219,903)	(19,903)
Total other financing sources (uses)	<u>220,000</u>	<u>220,000</u>	<u>200,537</u>	<u>(19,463)</u>
Changes in fund balances	<u>(247,930)</u>	<u>(449,720)</u>	<u>825,398</u>	<u>1,275,118</u>
Fund balances (deficits), beginning of year	(1,876,350)	(2,270,535)	327,354	2,597,889
Fund balances (deficits), end of year	<u>\$ (2,124,280)</u>	<u>\$ (2,720,255)</u>	<u>\$ 1,152,752</u>	<u>\$ 3,873,007</u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SAN LUIS, ARIZONA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

Enterprise Funds

	Water	Wastewater	Sanitation
ASSETS			
Current assets:			
Equity in pooled cash	\$ 472,234	\$ 370,898	\$ 109,188
Cash and cash equivalents	1,451,284		
Investments	7,912,183	5,451,936	
Accounts receivable (net)	579,187	156,205	41,589
Notes receivable	74,235		
Due from other funds			
Prepaid items and other assets	56,799	13,892	34,608
Total current assets	<u>10,545,922</u>	<u>5,992,931</u>	<u>185,385</u>
Noncurrent assets:			
Restricted investments	668,481		
Land	190,271	150,757	
Buildings and improvements		2,013,140	26,596
Infrastructure	25,040,530	34,363,792	
Machinery and equipment	2,436,913	2,107,124	2,217,831
Construction in progress	3,350	22,950	
Accumulated depreciation	(8,654,048)	(12,924,678)	(1,880,975)
Total noncurrent assets	<u>19,685,497</u>	<u>25,733,085</u>	<u>363,452</u>
Total assets	<u>30,231,419</u>	<u>31,726,016</u>	<u>548,837</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	68,088	89,785	30,784
Deferred loss on refunding			
Total deferred outflows of resources	<u>68,088</u>	<u>89,785</u>	<u>30,784</u>
LIABILITIES			
Current liabilities:			
Accounts payable	128,086	143,839	57,161
Estimated claims and judgments			
Accrued payroll and taxes	14,934	19,977	5,297
Customer deposits	446,796	6,700	
Retainage payable	101,317		
Due to other funds			
Accrued interest	232,119	270,420	
Current portion of long-term debt	388,579	492,714	59,027
Total current liabilities	<u>1,311,831</u>	<u>933,650</u>	<u>121,485</u>
Noncurrent liabilities:			
Pension	557,280	743,041	278,640
Non-current portion of long-term debt	10,227,779	12,051,192	141,972
Total noncurrent liabilities	<u>10,785,059</u>	<u>12,794,233</u>	<u>420,612</u>
Total liabilities	<u>12,096,890</u>	<u>13,727,883</u>	<u>542,097</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	35,805	47,740	17,902
Deferred gain on refunding	85,308	95,545	
Total deferred inflows of resources	<u>121,113</u>	<u>143,285</u>	<u>17,902</u>
NET POSITION			
Net investment in capital assets	8,337,398	14,363,620	177,114
Restricted for:			
Capital projects	172,819	1,412,654	
Employee benefits			
Unrestricted	9,571,287	2,168,359	(157,492)
Total net position	<u>\$ 18,081,504</u>	<u>\$ 17,944,633</u>	<u>\$ 19,622</u>

Enterprise Funds				Governmental Activities: Internal Service Funds
Business Incubator	Ambulance Services	Business Center	Totals	
\$	\$ 1,259,856	\$	\$ 2,212,176	\$
		124,131	1,575,415	3,888,816
744	597,614	50,000	13,364,119	55,840
			1,425,339	239,896
			74,235	
	74,000		179,299	
744	1,931,470	174,131	18,830,583	4,184,552
			668,481	
		344,211	685,239	
2,007,718		5,875,204	9,922,658	
			59,404,322	
136,264	857,431	2,663,944	10,419,507	
		7,472	33,772	
(256,458)	(233,010)	(4,954,753)	(28,903,922)	
1,887,524	624,421	3,936,078	52,230,057	
1,888,268	2,555,891	4,110,209	71,060,640	4,184,552
	384,132		572,789	
		996,768	996,768	
	384,132	996,768	1,569,557	
4,455	115,698	10,697	459,936	15,800
				250,660
592	35,544		76,344	
4,557			458,053	
			101,317	
588,424		943,039	1,531,463	
	5,084	145,713	653,336	
1,224	125,086	765,000	1,831,630	
599,252	281,412	1,864,449	5,112,079	266,460
	412,603		1,991,564	
373	113,454	9,241,018	31,775,788	
373	526,057	9,241,018	33,767,352	
599,625	807,469	11,105,467	38,879,431	266,460
	298,369		399,816	
			180,853	
	298,369		580,669	
1,887,524	441,828	(5,073,172)	20,134,312	
			1,585,473	
				3,918,092
(598,881)	1,392,357	(925,318)	11,450,312	
\$ 1,288,643	\$ 1,834,185	\$ (5,998,490)	\$ 33,170,097	\$ 3,918,092

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Water	Wastewater	Sanitation
Operating revenues:			
Charges for services	\$ 4,580,991	\$ 4,040,267	\$ 1,468,633
Rents			
Other	141,642	509	38,742
Total operating revenues	<u>4,722,633</u>	<u>4,040,776</u>	<u>1,507,375</u>
Operating expenses:			
Cost of sales and services	2,280,118	2,117,242	1,258,880
Insurance premiums/claims			
Depreciation	643,562	1,018,535	123,390
Total operating expenses	<u>2,923,680</u>	<u>3,135,777</u>	<u>1,382,270</u>
Operating income (loss)	<u>1,798,953</u>	<u>904,999</u>	<u>125,105</u>
Nonoperating revenues (expenses):			
Investment earnings	137,146	75,655	
Development fees	112,728	495,761	
Interest and fiscal charges	(417,758)	(491,133)	(9,744)
Total nonoperating revenues (expenses)	<u>(167,884)</u>	<u>80,283</u>	<u>(9,744)</u>
Income (loss) before transfers	<u>1,631,069</u>	<u>985,282</u>	<u>115,361</u>
Transfers in	399	161,392	330
Transfers out			
Capital contributions	<u>411,680</u>	<u>345,600</u>	
Changes in net position	<u>2,043,148</u>	<u>1,492,274</u>	<u>115,691</u>
Total net position, beginning of year	16,038,356	16,452,359	(96,069)
Total net position, end of year	<u>\$ 18,081,504</u>	<u>\$ 17,944,633</u>	<u>\$ 19,622</u>

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
\$	\$	\$	\$	\$
39,481	2,078,455	582,560	12,168,346	2,801,692
2,225	27,977		622,041	
<u>41,706</u>	<u>2,106,432</u>	<u>582,560</u>	<u>13,001,482</u>	<u>2,801,692</u>
138,304	1,906,554	75,288	7,776,386	
47,232	79,941	193,490	2,106,150	1,967,377
<u>185,536</u>	<u>1,986,495</u>	<u>268,778</u>	<u>9,882,536</u>	<u>1,967,377</u>
<u>(143,830)</u>	<u>119,937</u>	<u>313,782</u>	<u>3,118,946</u>	<u>834,315</u>
		12,664	225,465	8,052
	(5,084)	(391,172)	608,489	
	<u>(5,084)</u>	<u>(378,508)</u>	<u>(1,314,891)</u>	<u>8,052</u>
<u>(143,830)</u>	<u>114,853</u>	<u>(64,726)</u>	<u>2,638,009</u>	<u>842,367</u>
81	211,288		373,490	
	(8,339)		(8,339)	
			<u>757,280</u>	
<u>(143,749)</u>	<u>317,802</u>	<u>(64,726)</u>	<u>3,760,440</u>	<u>842,367</u>
1,432,392	1,516,383	(5,933,764)	29,409,657	3,075,725
<u>\$ 1,288,643</u>	<u>\$ 1,834,185</u>	<u>\$ (5,998,490)</u>	<u>\$ 33,170,097</u>	<u>\$ 3,918,092</u>

CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Enterprise Funds	
	Water	Wastewater
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>		
Cash flows from operating activities:		
Cash received from customers	\$ 4,665,857	\$ 4,022,433
Cash payments to suppliers for goods and services	(1,581,387)	(1,310,364)
Cash payments to employees for services	(665,834)	(915,299)
Net cash provided by/ (used for) operating activities	2,418,636	1,796,770
Cash flows from noncapital and related financing activities:		
Transfers to/ (from) other funds	399	161,392
Change in interfund receivables/payables	(158,892)	-
Net cash provided by/ (used for) noncapital and related financing activities	(158,493)	161,392
Cash flows from capital and related financing activities:		
Development fees	112,728	495,761
Payments for capital acquisitions	-	(347,072)
Principal paid on long-term debt	(359,054)	(448,621)
Interest paid on long-term debt	(470,752)	(549,036)
Net cash provided by/ (used for) capital and related financing	(717,078)	(848,968)
Cash flows from investing activities:		
Investment income	137,146	67,852
Net cash provided by/ (used for) investing activities	137,146	67,852
Net increase/ (decrease) in cash and cash equivalents	1,680,211	1,177,046
Cash and investments, beginning of year	8,823,971	4,645,788
Cash and investments, end of year	\$ 10,504,182	\$ 5,822,834
 <u>Reconciliation of Operating Income (loss) to</u> <u>Net Cash Provided by/ (Used for) Operating Activities</u>		
Operating income (loss)	\$ 1,798,953	\$ 904,999
Adjustments to reconcile operating income (loss) to net cash provided by/ (used for) operating activities:		
Depreciation	643,562	1,018,535
Difference between pension expense and pension contributions	3,734	(88,678)
Change in assets and liabilities:		
(Increase)/ decrease in accounts receivable	(79,042)	(18,243)
(Increase)/ decrease in prepaid items and other assets	36,985	2,717
(Increase)/ decrease in notes receivable	(9,429)	-
Increase/ (decrease) in accounts payable	(13,944)	(38,081)
Increase/ (decrease) in customer deposits	31,695	(100)
Increase/ (decrease) in estimated claims and judgments	-	-
Increase/ (decrease) in accrued payroll and taxes	4,032	4,768
Increase/ (decrease) in compensated absences payable	2,090	10,853
Total adjustments	619,683	891,771
Net cash provided by/ (used for) operating activities	\$ 2,418,636	\$ 1,796,770

Enterprise Funds					Internal Service
Sanitation	Business Incubator	Ambulance Services	Business Center	Total	Insurance Fund
\$ 1,509,512	\$ 44,884	\$ 2,303,340	\$ 582,561	\$ 13,128,587	\$ 2,977,347
(994,170)	(95,700)	(492,987)	(64,666)	(4,539,274)	(1,985,340)
(299,815)	(40,906)	(1,359,346)	-	(3,281,200)	-
<u>215,527</u>	<u>(91,722)</u>	<u>451,007</u>	<u>517,895</u>	<u>5,308,113</u>	<u>992,007</u>
330	81	202,949	-	365,151	-
(39,494)	91,641	-	447,226	340,481	(239,896)
<u>(39,164)</u>	<u>91,722</u>	<u>202,949</u>	<u>447,226</u>	<u>705,632</u>	<u>(239,896)</u>
-	-	-	-	608,489	-
-	-	(321,045)	-	(668,117)	-
(57,430)	-	(79,775)	(755,000)	(1,699,880)	-
(9,745)	-	(8,226)	(297,520)	(1,335,279)	-
<u>(67,175)</u>	<u>-</u>	<u>(409,046)</u>	<u>(1,052,520)</u>	<u>(3,094,787)</u>	<u>-</u>
-	-	-	12,664	217,662	8,052
-	-	-	<u>12,664</u>	<u>217,662</u>	<u>8,052</u>
109,188	-	244,910	(74,735)	3,136,620	760,163
-	-	1,014,946	198,866	14,683,571	3,128,653
<u>\$ 109,188</u>	<u>\$ -</u>	<u>\$ 1,259,856</u>	<u>\$ 124,131</u>	<u>\$ 17,820,191</u>	<u>\$ 3,888,816</u>
<u>\$ 125,105</u>	<u>\$ (143,830)</u>	<u>\$ 119,937</u>	<u>\$ 313,782</u>	<u>\$ 3,118,946</u>	<u>\$ 834,315</u>
123,390	47,232	79,941	193,490	2,106,150	-
3,008	-	17,901	-	(64,035)	-
2,137	2,730	196,908	1	104,491	175,655
(21,578)	150	(54,542)	-	(36,268)	-
-	-	-	-	(9,429)	-
(19,936)	1,426	56,276	10,622	(3,637)	15,800
-	448	-	-	32,043	-
-	-	-	-	-	(33,763)
1,859	51	12,219	-	22,929	-
1,542	71	22,367	-	36,923	-
<u>90,422</u>	<u>52,108</u>	<u>331,070</u>	<u>204,113</u>	<u>2,189,167</u>	<u>157,692</u>
<u>\$ 215,527</u>	<u>\$ (91,722)</u>	<u>\$ 451,007</u>	<u>\$ 517,895</u>	<u>\$ 5,308,113</u>	<u>\$ 992,007</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations

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

The following are related organizations that are excluded from the reporting entity:

- San Luis Police Activities/Athletics League
- San Luis AZ Chamber of Commerce
- East San Luis Community Facility District

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

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

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

The City reports the following major governmental funds.

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

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

Debt Service – 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, 2020**

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
- Community Development
- 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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2018
Measurement Date:	June 30, 2019
Measurement Period:	July 1, 2017 to June 30, 2018

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, 2020**

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, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balances (Continued)

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

	<u>General Fund</u>	<u>Highway Users Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Non spendable:				
Prepaid items	\$ 44,445	\$	\$ 143	\$ 78,400
Inventory	20,513	119,221		
Restricted:				
HURF		1,033,531		
Assessment districts				329,190
Capital projects				2,883,548
Other purposes				305,689
Unassigned	20,076,139		(70,294)	(60,929)
Total fund balances	<u>\$ 20,141,097</u>	<u>\$ 1,152,752</u>	<u>\$ (70,151)</u>	<u>\$ 3,535,898</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, 2020**

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	\$ 7,571,615	\$ 2,212,176	\$	\$ 9,783,791
Cash and cash equivalents	3,888,816	1,575,415	2,084,482	7,548,713
Investments	12,881,305	13,364,119		26,245,424
Restricted assets:				
Cash and investments	2,251,562	668,481	5,631,340	8,551,383
Total	<u>\$ 26,593,298</u>	<u>\$ 17,820,191</u>	<u>\$ 7,715,822</u>	<u>\$ 52,129,311</u>

Cash and investments consisted of the following:

Cash on hand	\$ 5,100
Demand deposits	15,242,922
Investments	<u>34,796,807</u>
Total	<u>\$ 52,129,311</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 \$15,242,922 at June 30, 2020. Bank balances were \$15,474,645 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	\$ 10,635,865
State Treasurer	26,245,424	26,245,424
Total	<u>\$ 36,881,289</u>	<u>\$ 36,881,289</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, 2020**

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, 2020, City's investment in mutual funds were considered to be level one investments.

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, 2020, 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, 2020 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, 2020, the City had \$10,635,865 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, 2020, the City's investments included 29 percent invested in money market funds, and 71 percent invested in the State Treasurer's investment pool.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$1,425,339 for Proprietary Fund receivables and \$1,678,920 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	Debt Service Fund	Non-Major Governmental Funds	Internal Service - Insurance Fund	
Accounts receivables	\$ 899,726		\$ 12	\$ 12,698	\$ 55,840	\$ 968,276
Fines receivable	766,484					766,484
Due from governmental entities	1,538,924	223,262		1,673,061		3,435,247
Net total receivables	<u>\$ 3,205,134</u>	<u>\$ 223,262</u>	<u>\$ 12</u>	<u>\$ 1,685,759</u>	<u>\$ 55,840</u>	<u>\$ 5,170,007</u>

	Business-Type Activities						Total
	Water Fund	Wastewater Fund	Sanitation Fund	Business Incubator Fund	Business Center Fund	Ambulance Services Fund	
Accounts receivable	\$ 579,187	\$ 156,205	\$ 41,589	\$ 744	\$ 50,000	\$ 597,614	\$ 1,425,339
Notes receivable	74,235						74,235
Net total receivables	<u>\$ 653,422</u>	<u>\$ 156,205</u>	<u>\$ 41,589</u>	<u>\$ 744</u>	<u>\$ 50,000</u>	<u>\$ 597,614</u>	<u>\$ 1,499,574</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 \$1,148,338 consisted mostly of fines receivable reported in the General Fund.

NOTE 4- INTERFUND TRANSACTIONS

A. Due From and To Other Funds

Fund	Due from other Funds	Due to other Funds
General	\$ 4,536,212	\$ 239,896
Debt Service		1,426,766
Non-Major Governmental		1,577,983
Business Incubator		588,424
Business Center		943,039
Insurance	239,896	
Total	<u>\$ 4,776,108</u>	<u>\$ 4,776,108</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, 2020**

NOTE 4- INTERFUND TRANSACTIONS (CONTINUED)

B. Transfers

Transfers between funds of the primary government:

Transfers to:	Transfers from:				Total
	General Fund	Highway Users Fund	Non-Major Governmental Funds	Ambulance Services Fund	
Highway Users Fund	\$ 420,000	\$	\$ 440	\$	\$ 420,440
Debt Service Fund	995,251		300,000		1,295,251
Non-Major Governmental Funds	34,429	219,903	675	8,339	263,346
Water Fund			399		399
Wastewater Fund			161,392		161,392
Sanitation Fund			330		330
Business Incubator Fund			81		81
Ambulance Services Fund			211,288		211,288
Total	\$ 1,449,680	\$ 219,903	\$ 674,605	\$ 8,339	\$ 2,352,527

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, 2020 follows:

Governmental Activities	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,073,972	\$ 294,053	\$	\$ 2,368,025
Construction in progress	775,827	333,621	54,613	1,054,835
Total capital assets, not being depreciated	2,849,799	627,674	54,613	3,422,860
Capital assets, being depreciated:				
Buildings and improvements	24,956,639	242,430		25,199,069
Machinery and equipment	12,223,652	764,930	111,485	12,877,097
Infrastructure	61,300,702	2,450,039		63,750,741
Total capital assets being depreciated	98,480,993	3,457,399	111,485	101,826,907
Less accumulated depreciation for:				
Buildings and improvements	(9,454,360)	(714,183)		(10,168,543)
Machinery and equipment	(8,520,188)	(816,806)	(96,716)	(9,240,278)
Infrastructure	(24,694,138)	(1,821,777)		(26,515,915)
Total accumulated depreciation	(42,668,686)	(3,352,766)	(96,716)	(45,924,736)
Total capital assets, being depreciated, net	55,812,307	104,633	14,769	55,902,171
Governmental activities capital assets, net	<u>\$ 58,662,106</u>	<u>\$ 732,307</u>	<u>\$ 69,382</u>	<u>\$ 59,325,031</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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	107,468		73,696	33,772
Total capital assets, not being depreciated	<u>792,707</u>		<u>73,696</u>	<u>719,011</u>
Capital assets, being depreciated:				
Buildings and improvements	9,812,282	110,376		9,922,658
Machinery and equipment	10,090,660	328,847		10,419,507
Infrastructure	<u>58,336,651</u>	<u>1,067,671</u>		<u>59,404,322</u>
Total capital assets being depreciated	<u>78,239,593</u>	<u>1,506,894</u>		<u>79,746,487</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,599,954)	(308,829)		(2,908,783)
Machinery and equipment	(7,646,629)	(487,632)		(8,134,261)
Infrastructure	<u>(16,551,189)</u>	<u>(1,309,689)</u>		<u>(17,860,878)</u>
Total accumulated depreciation	<u>(26,797,772)</u>	<u>(2,106,150)</u>		<u>(28,903,922)</u>
Total capital assets, being depreciated, net	<u>51,441,821</u>	<u>(599,256)</u>		<u>50,842,565</u>
Business-type activities capital assets, net	<u>\$ 52,234,528</u>	<u>\$ (599,256)</u>	<u>\$ 73,696</u>	<u>\$ 51,561,576</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	<u>329,194</u>			<u>329,194</u>
Total capital assets being depreciated	<u>34,459,080</u>			<u>34,459,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,615,668)	(762,809)		(8,378,477)
Machinery and equipment	<u>(329,194)</u>			<u>(329,194)</u>
Total accumulated depreciation	<u>(7,944,862)</u>	<u>(762,809)</u>		<u>(8,707,671)</u>
Total capital assets, being depreciated, net	<u>26,514,218</u>	<u>(762,809)</u>		<u>25,751,409</u>
Discretely presented component unit capital assets, net	<u>\$ 27,175,577</u>	<u>\$ (762,809)</u>	<u>\$</u>	<u>\$ 26,412,768</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	Amount
General government	\$ 432,307
Public safety	532,548
Health and welfare	11,491
Culture and recreation	349,108
Community development	21,396
Public works and streets	2,005,916
Total depreciation expense	\$ 3,352,766
Business-type activities:	
Water	\$ 643,562
Wastewater	1,018,535
Business Center	193,490
Sanitation	123,390
Business Incubator	47,232
Ambulance Services	79,941
Total depreciation expense	\$ 2,106,150
Discretely presented Component Unit:	
Detention Facility	\$ 762,809
Total depreciation expense	\$ 762,809

NOTE 6- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for street projects (special revenue fund projects) and wastewater treatment projects totaling almost \$1.1 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2020. The remaining balance for work not yet complete at the end of the year is estimated at \$907,552 for governmental activities projects and \$4,478 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
2021	\$	600,000
2022		600,000
2023		600,000
2024		600,000
2025		600,000
2026-27		1,100,000
Total	\$	4,100,000

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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	\$ 352,478	\$ 442,890	\$ 795,368
Less: Accumulated Depreciation	82,578	183,525	266,103
Total	<u>\$ 269,900</u>	<u>\$ 259,365</u>	<u>\$ 529,265</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
2021	\$ 53,841	\$ 87,281	\$ 141,122
2022	53,841	87,281	141,122
2023	53,844	5,233	59,077
2024	51,002	5,233	56,235
2025	56,652	5,233	61,885
Total minimum lease payments	<u>269,181</u>	<u>190,260</u>	<u>459,441</u>
Less: amount representing interest	8,332	7,667	15,999
Present value of minimum lease payments	<u>260,849</u>	<u>182,593</u>	<u>443,442</u>
Due within one year	<u>\$ 51,859</u>	<u>\$ 82,196</u>	<u>\$ 134,055</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2020 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, 2020
Governmental activities	\$ 12,085,700	4.00-5.00%	7/1/20-38	\$ 10,263,979
Business-type activities	18,929,300	4.00-5.00%	7/1/20-38	16,076,021
Total				<u>\$ 26,340,000</u>

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2021	\$ 339,015	\$ 500,398	\$ 530,985	\$ 783,752
2022	356,551	483,009	558,449	756,516
2023	374,086	464,743	585,914	727,907
2024	391,621	445,600	613,379	697,925
2025	411,105	425,532	643,895	666,493
2026-30	2,369,210	1,810,595	3,710,789	2,835,855
2031-35	3,021,912	1,142,764	4,733,087	1,789,861
2036-39	3,000,479	309,303	4,699,521	484,447
Total	<u>\$ 10,263,979</u>	<u>\$ 5,581,944</u>	<u>\$ 16,076,019</u>	<u>\$ 8,742,756</u>

In October 2017, the City issued \$14,540,000 in Excise Tax Revenue Refunding Obligations 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, 2020
Governmental activities	\$ 2,825,000	4.00-5.00%	7/1/20-27	\$ 2,315,000
Business-type activities	11,715,000	2.00-3.50%	7/1/20-31	10,130,000
Total				<u>\$ 12,445,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2021	\$ 245,000	\$ 108,400	\$ 765,000	\$ 283,776
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
2026-30	975,000	74,625	4,545,000	656,119
2031-35			1,600,000	49,000
Total	<u>\$ 2,315,000</u>	<u>\$ 490,900</u>	<u>\$ 10,130,000</u>	<u>\$ 1,952,103</u>

The City has pledged to repay \$45,555,000 in Excise Tax Revenue Refunding Bonds issued in 2014 and 2018 and payable through 2038. 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 2020 the revenue pledged amounted to \$21.5 million. Principal and interest for the current year were \$1,880,000 and \$1,710,626 respectively. The coverage ratio (pledged revenues to debt service) for 2020 is 5.98. More in depth disclosures can be referenced from the statistical section, Table XII.

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, 2020
Business-type activities	\$ 6,580,000	3.80%	7/1/20-2033	\$ 5,475,000

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

	Business-Type Activities		
	Principal	Interest	Total
Year Ending June 30:			
2021	\$ 305,000	\$ 202,255	\$ 507,255
2022	315,000	190,475	505,475
2023	325,000	178,315	503,315
2024	340,000	165,680	505,680
2025	350,000	152,570	502,570
2026-30	1,975,000	547,675	2,522,675
2031-34	1,865,000	145,255	2,010,255
Total	<u>\$ 5,475,000</u>	<u>\$ 1,582,225</u>	<u>\$ 7,057,225</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

The City has pledged to repay \$6,580,000 in Utility Revenue Bonds issued in 2013, and payable through 2033. The bonds are collateralized by net operating revenues and investment income of the Water and Wastewater Enterprise Funds. In 2020 the revenue pledged amounted to \$4.6 million. Principal and interest for the current year were \$ 305,000 and \$208,050, respectively. The coverage ratio (pledged revenues to debt service) for 2020 is 8.91. More in depth disclosures can be referenced from the statistical section, Table XIII.

DISCRETELY PRESENTED COMPONENT UNIT

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

Purpose	Original Amount	Interest Rate	Maturity	Outstanding Principal June 30, 2020
Detention facility	\$ 26,090,000	5.70-7.25%	5/1/21-30	\$ 21,155,000
Detention facility	20,835,000	5.60-6.95%	5/1/21-27	13,835,000
Total				<u>\$ 34,990,000</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:				
2021	\$ 980,000	\$ 1,380,000	\$ 1,497,440	\$ 933,252
2022	1,035,000	1,460,000	1,439,620	853,212
2023	1,095,000	1,550,000	1,375,450	764,152
2024	1,175,000	1,660,000	1,298,800	646,428
2025	1,260,000	1,775,000	1,216,550	541,058
2026-30	15,610,000	6,010,000	4,244,402	703,688
Total	<u>\$ 21,155,000</u>	<u>\$ 13,835,000</u>	<u>\$ 11,072,262</u>	<u>\$ 4,451,790</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 2020 the revenue pledged amounted to \$24.4 million. Principal and interest for the current year were \$ 2,235,000 and \$2,535,764 respectively. The coverage ratio (pledged revenues to debt service) for 2020 is 5.14.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10- NOTE OBLIGATIONS

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

<u>Governmental activities</u>	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
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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.	\$	\$ 129,217	\$ 129,217
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<u>Business-type activities</u>	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
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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	\$ 47,788	\$ 138,550	\$ 186,338
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Debt service requirements on all debt to maturity are shown below.

	Business-Type Activities		
	Principal	Interest	Total
Year Ending June 30:			
2021	\$ 47,788	\$ 7,515	\$ 55,303
2022	50,014	5,288	55,302
2023	52,344	2,958	55,302
2024	36,192	626	36,818
Total	\$ 186,338	\$ 16,387	\$ 202,725

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 \$712,047 for governmental activities and \$131,304 for business-type activities at June 30, 2020 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, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 641,133	\$ 532,866	\$ 461,952	\$ 712,047	\$ 545,861
Revenue bonds payable	13,146,304		567,325	12,578,979	584,015
Revenue bonds premium	1,400,011		97,871	1,302,140	
Note payable	174,462		45,245	129,217	
Capital leases	265,209	42,303	46,663	260,849	51,859
Pension	11,892,898	2,030,613		13,923,511	
Governmental activities long-term liabilities	<u>\$ 27,520,017</u>	<u>\$ 2,605,782</u>	<u>\$1,219,056</u>	<u>\$ 28,906,743</u>	<u>\$1,181,735</u>
Business-type activities:					
Compensated absences	\$ 94,382	\$ 142,813	\$ 105,888	\$ 131,307	\$ 100,661
Revenue bonds payable	27,473,696		1,267,675	26,206,021	1,295,985
Revenue bonds premium	1,636,259		86,118	1,550,141	
Revenue bonds discount	(134,969)		(10,987)	(123,982)	
Direct placement revenue bonds	5,770,000		295,000	5,475,000	305,000
Note payable	243,768		57,430	186,338	47,788
Capital leases	262,368		79,775	182,593	82,196
Pension	1,861,624	129,940		1,991,564	
Business-type activities long-term liabilities	<u>\$ 37,207,128</u>	<u>\$272,753</u>	<u>\$1,880,899</u>	<u>\$ 35,598,982</u>	<u>\$1,831,630</u>
Discretely presented component units:					
Revenue bonds payable	\$ 37,225,000	\$	\$ 2,235,000	\$ 34,990,000	\$2,360,000
Revenue bonds discount	(737,023)		(74,952)	(662,071)	
Discretely presented component unit long-term liabilities	<u>\$ 36,487,977</u>	<u>\$</u>	<u>\$ 2,160,048</u>	<u>\$ 34,327,929</u>	<u>\$2,360,000</u>

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020; 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 2020, 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.

NOTE 13- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit /Net Position – At June 30, 2020, the following individual funds reported deficits in Net Position.

	Deficit
Governmental Funds:	
Debt Service	\$ (70,151)
Enterprise Funds:	
Business Center	(5,998,490)
Discretely resented component:	
Detention Facility	(3,290,089)

The fund balance deficit of the Debt Service Fund is expected to be subsidized through future interfund transfers from the General Fund.

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

The net position deficit of the Detention Facility is expected to be eliminated by additional revenues received during fiscal year 2020-21.

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 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, 2020**

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 stop loss amount of \$1.0 million. The City purchases commercial insurance for claims in excess of these specified amounts.

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

	Year Ended June 30, 2020	Year Ended June 30, 2019
Unpaid claims, beginning of fiscal year	\$ 284,423	\$ 158,401
Incurred claims (including IBNRs)	1,126,100	1,561,171
Claim payments	(1,159,863)	(1,435,149)
Unpaid claims, end of fiscal year	<u>\$ 250,660</u>	<u>\$ 284,423</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, 2020, 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	\$ 13,923,511	\$ 1,991,564	\$ 15,915,075
Deferred outflows of resources	4,127,158	572,789	4,699,947
Deferred inflows of resources	1,618,412	399,816	2,018,228
Pension expense	1,674,510	217,129	1,891,639

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

The City reported \$1,918,606 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, 2020**

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 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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, 2020 were \$848,424.

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 10.41 percent (10.29 for retirement, 0.05 percent for health insurance premium benefit, 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, 2020, the City reported a liability of \$9,288,007 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019.

The City's reported liability at June 30, 2020 increased by \$450,123 from the City's prior year liability of \$8,837,885 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)
\$ 9,288,008	0.064	0.000

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, 2019, was .0638 percent, which was an increase of .00004 from its proportion measured as of June 30, 2018.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2020, the City recognized pension expense for ASRS of \$897,425. At June 30, 2020, 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	\$ 167,790	\$ 1,746
Changes of assumptions or other inputs	39,261	369,867
Net difference between projected and actual earnings on pension investments		208,762
Changes in proportion and differences between contributions and proportionate share of contributions	43,971	16,374
Contributions subsequent to the measurement date	848,424	
Total	\$ 1,099,446	\$ 596,749

The \$848,424 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, 2021. 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:		
2021	\$	(134,950)
2022		(226,598)
2023		(40,091)
2024		55,912

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
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, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The 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%	6.09%
Credit	20	5.36
Interest rate sensitive bonds	10	1.62
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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Rate			
Net liability	\$ 13,218,986	\$ 9,288,008	\$ 6,002,721

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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). 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:	
	Tier 1	Tier 2
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	
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, 2020**

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, 2020, 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	1	4
Active members	30	28
Total	<u>40</u>	<u>35</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, 2020, 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	22.62% to 24.85%	12.81% to 17.09%

For the agent plans, the City's contributions to the pension plan for the year ended June 30, 2020, were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension contributions	\$ 625,122	\$ 398,198

During fiscal year 2020, the City paid for PSPRS pension contributions as follows: 87 percent from the General Fund, and 13 percent from the Ambulance Services Fund.

Pension Liability – At June 30, 2020, the City reported the following net pension liabilities:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Net Pension (Assets)		
Liabilities	\$ 4,581,493	\$ 1,208,951

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2019. The total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liability as of June 30, 2019, reflects changes of actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016, including decreasing the investment rate of return from 7.4 percent to 7.3 percent and an update to mortality rates.

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

Actuarial valuation date	June 30, 2019
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, 2019 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
Short-term investments	2%	0.25%
Risk parity	4	4.01
Fixed income	5	3.00
Real assets	9	6.75
GTS	12	4.01
Private credit	16	5.36
Real estate	10	4.50
Private equity	12	8.40
Non-U.S. equity	14	5.00
U.S. equity	16	4.75
Total	<u>100%</u>	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

Pension Discount Rates – At June 30, 2019, the discount rate used to measure the total pension liability was 7.3 percent, which was a decrease of 0.1 percent from the discount rate used as of June 30, 2018.

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, 2019	\$ 9,734,876	\$ 6,176,082	\$ 3,558,794
Changes for the year:			
Service cost	420,691		420,691
Interest on the total pension liability	736,413		736,413
Differences between expected and actual experience			
in the measurement of the pension liability	705,904		705,904
Changes of assumptions or other inputs	265,067		265,067
Contributions – employer		573,259	(573,259)
Contributions – employee		198,310	(198,310)
Net investment income		342,633	(342,633)
Benefit payments, including refunds of employee contributions	(408,087)	(408,087)	
Administrative expense		(6,945)	6,945
Other changes		(1,881)	1,881
Net changes	1,719,988	697,289	1,022,699
Balances at June 30, 2020	<u>\$ 11,454,864</u>	<u>\$ 6,873,371</u>	<u>\$ 4,581,493</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15- RETIREMENT PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Fire			
Balances at June 30, 2019	\$ 6,364,801	\$ 5,549,414	\$ 815,387
Changes for the year:			
Service cost	370,521		370,521
Interest on the total pension liability	494,466		494,466
Differences between expected and actual experience			
in the measurement of the pension liability	122,327		122,327
Changes of assumptions or other inputs	168,975		168,975
Contributions – employer		315,972	(315,972)
Contributions – employee		146,801	(146,801)
Net investment income		308,103	(308,103)
Benefit payments, including refunds of employee contributions	(106,693)	(106,693)	
Administrative expense		(6,342)	6,342
Other changes		(1,809)	1,809
Net changes	1,049,596	656,032	393,564
Balances at June 30, 2020	\$ 7,414,397	\$ 6,205,446	\$ 1,208,951

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	\$ 6,520,692	\$ 4,581,493	\$ 3,046,624
PSPRS - Fire			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 2,590,014	\$ 1,208,951	\$ 115,524

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, the City recognized the following pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 732,918	\$ 423,477

Pension Deferred Outflows/Inflows of Resources - At June 30, 2020, 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	\$ 859,757	\$ 514,789
Changes of assumptions or other inputs	625,930	
Net difference between projected and actual earnings on pension plan investments	102,618	
Contributions subsequent to the measurement date	625,122	
Total	\$ 2,213,427	\$ 514,789
PSPRS - Fire		
Differences between expected and actual experience	\$ 136,696	\$ 874,237
Changes of assumptions or other inputs	498,941	
Net difference between projected and actual earnings on pension plan investments	91,694	
Contributions subsequent to the measurement date	398,198	
Total	\$ 1,125,529	\$ 874,237

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020**

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 a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2021	\$ 241,404	\$ 22,581
2022	155,293	(38,098)
2023	148,402	(98)
2024	173,172	(4,971)
2025	119,954	(28,070)
Thereafter	235,291	(98,249)

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, 2020**

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on 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, 2020**

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, 2020, 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 49.49 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, 2020, were \$55,682.

During fiscal year 2020, the City paid for EORP pension contributions from the General Fund.

Pension Liability - At June 30, 2020, 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	\$ 836,624
State's proportionate share of the EORP net pension liability associated with the City	<u>78,634</u>
Total	<u><u>\$ 915,258</u></u>

The net asset and net liability were measured as of June 30, 2019, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes to decrease the investment rate of return to from 7.4 percent to 7.3 percent and updating mortality assumptions.

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, 2019. The City's proportion measured as of June 30, 2019, was 0.13 percent, which was an increase of .05 percent from its proportion measured as of June 30, 2018.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 15 - RETIREMENT PLANS (CONTINUED)

Pension Expense - For the year ended June 30, 2020, the City recognized pension expense for EORP of \$ (162,181).

Pension Deferred Outflows/Inflows of Resources - At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,653	\$ 793
Changes of assumptions or other inputs	181,518	31,660
Net difference between projected and actual earnings on pension plan investments	5,692	
Contributions subsequent to the measurement date	55,682	
Total	\$ 261,545	\$ 32,453

The \$55,682 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:	Pension
2021	\$ 171,798
2022	(1,452)
2023	1,589
2024	1,475

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

EORP

Actuarial valuation date	June 30, 2019
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, 2020**

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 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
Short-term investments	2%	0.25%
Risk parity	4	4.01
Fixed income	5	3.00
Real assets	9	6.75
GTS	12	4.01
Private credit	16	5.36
Real estate	10	4.50
Private equity	12	8.40
Non-U.S. equity	14	5.00
U.S. equity	16	4.75
Total	<u>100%</u>	

Discount Rate - At June 30, 2019, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. 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, 2020**

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	\$ 958,060	\$ 836,624	\$ 733,193

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 net position do not agree to the prior year financial statements due to a correction of an error. The City reduced the useful lives estimates for certain capital assets to align more closely with actual useful lives experience.

	Governmental Activities
Net position/fund balance, June 30, 2019, as previously reported	\$ 63,339,161
Correction of error	(8,409,164)
Net position/fund balance, July 1, 2019, as restated	\$ 54,929,997

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 17- TAX ABATEMENTS

In June 2017, as amended in March 2020, the City entered into a tax abatement agreement with San Luis Commercial Holdings, LLC for multi-use sites, which creates significant benefits to the City by providing for the acquisition of infrastructure as part of the development, increasing tax and other revenue to the City as a result of the improvements constructed on the property, and additional employment through development of the property. The agreement is effective until the sum of all abated taxes is equal to \$1,822,680. The City anticipates that it will take approximately 15 years from the start of construction to reach the cap. The agreement was entered into under a Resolution adopted by the Mayor and City Council in June 2017. The Resolution allows for 50% of all transaction privilege taxes of the City as generated from businesses established on the Project Site to be rebated to the Developer or its nominee or assignee until the sum of \$1,822,680 is paid. The ordinance established the following condition that must be met by the developer to qualify for the tax abatement; this retail tax incentive agreement will be conditioned upon the development of and the opening of the businesses (hotels and restaurants) by January 1, 2023.

During the fiscal year, no transaction privilege taxes were abated under the San Luis Commercial Holdings, LLC agreement. The City anticipates construction will begin in the first quarter of calendar year 2021.

NOTE 18- SUBSEQUENT EVENTS

On December 1, 2020, the City entered into a direct borrowing agreement (note payable) with First Bank Yuma in the amount of \$508,980 to complete the acquisition of land for a future community park. The note will be repaid in 60 monthly installments at an interest rate of 3.8 percent with development fee revenues from the Capital Outlay Reserve Fund.



REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's proportion of the net pension (assets) liability	0.06%	0.06%	0.06%	0.06%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 9,288,007	\$ 8,837,885	\$ 9,873,369	\$ 10,475,512	\$ 9,932,851
City's covered payroll	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839	\$ 5,914,065
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	138.04%	139.04%	160.41%	174.63%	167.95%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%

2015

Measurement date	June 30, 2014
City's proportion of the net pension (assets) liability	0.06%
City's proportionate share of the net pension (assets) liability	\$ 9,246,398
City's covered payroll	\$ 5,299,698
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	174.47%
Plan fiduciary net position as a percentage of the total pension liability	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 FOUR FISCAL YEARS**

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

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

See accompanying notes to this schedule.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Total pension liability			
Service cost	\$ 420,691	\$ 365,220	\$ 449,219
Interest	736,413	721,974	647,619
Changes of benefit terms			162,160
Differences between expected and actual experience	705,904	(461,278)	385,365
Changes of assumptions or other inputs	265,067		121,338
Benefit payments, including refunds of employee contributions	(408,087)	(929,669)	(274,770)
Net change in total pension liability	1,719,988	(303,753)	1,490,931
Total pension liability—beginning	9,734,876	10,038,629	8,547,698
Total pension liability—ending	<u>\$ 11,454,864</u>	<u>\$ 9,734,876</u>	<u>\$ 10,038,629</u>
Plan fiduciary net position			
Contributions—employer	\$ 573,259	\$ 258,678	\$ 393,486
Contributions—employee	198,310	178,569	231,348
Net investment income	342,633	414,905	640,556
Benefit payments, including refunds of employee contributions	(408,087)	(929,669)	(274,770)
Administrative expense	(6,945)	(7,015)	(6,068)
Other	(1,881)	72	68
Net change in plan fiduciary net position	697,289	(84,460)	984,620
Plan fiduciary net position—beginning	6,176,082	6,260,542	5,275,922
Plan fiduciary net position—ending	<u>\$ 6,873,371</u>	<u>\$ 6,176,082</u>	<u>\$ 6,260,542</u>
Net pension (assets) liability—ending	<u>\$ 4,581,493</u>	<u>\$ 3,558,794</u>	<u>\$ 3,778,087</u>
Plan fiduciary net position as a percentage of the total pension liability	60.00%	63.44%	62.36%
Covered payroll	\$ 2,353,202	\$ 1,728,405	\$ 2,081,175
Net pension (assets) liability as a percentage of covered payroll	194.69%	205.90%	181.54%

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>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
\$ 350,332	\$ 306,944	\$ 282,241
562,087	555,140	466,641
512,893		91,936
(58,955)	(423,441)	(9,596)
362,672		606,442
(333,006)	(410,680)	(234,608)
<u>1,396,023</u>	<u>27,963</u>	<u>1,203,056</u>
<u>7,151,675</u>	<u>7,123,712</u>	<u>5,920,656</u>
<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>	<u>\$ 7,123,712</u>
\$ 351,711	\$ 248,515	\$ 264,741
207,745	182,813	165,787
30,048	179,881	580,609
(333,006)	(410,680)	(234,608)
(4,724)	(4,770)	(4,714)
(99,246)	(3,823)	2,155
<u>152,528</u>	<u>191,936</u>	<u>773,970</u>
<u>5,123,394</u>	<u>4,931,458</u>	<u>4,157,488</u>
<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>	<u>\$ 4,931,458</u>
<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>	<u>\$ 2,192,254</u>
61.72%	71.64%	69.23%
\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
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 SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Total pension liability			
Service cost	\$ 370,521	\$ 344,233	\$ 429,788
Interest	494,466	463,118	433,198
Changes of benefit terms			88,014
Differences between expected and actual experience	122,327	(487,056)	(519,052)
Changes of assumptions or other inputs	168,975		200,618
Benefit payments, including refunds of employee contributions	(106,693)	(83,463)	(131,347)
Net change in total pension liability	<u>1,049,596</u>	<u>236,832</u>	<u>501,219</u>
Total pension liability—beginning	<u>6,364,801</u>	<u>6,127,969</u>	<u>5,626,750</u>
Total pension liability—ending	<u><u>\$ 7,414,397</u></u>	<u><u>\$ 6,364,801</u></u>	<u><u>\$ 6,127,969</u></u>
Plan fiduciary net position			
Contributions—employer	\$ 315,972	\$ 143,184	\$ 241,876
Contributions—employee	146,801	149,282	195,123
Net investment income	308,103	352,682	517,876
Benefit payments, including refunds of employee contributions	(106,693)	(83,463)	(131,347)
Administrative expense	(6,342)	(6,068)	(4,982)
Other	(1,809)	58	(92,419)
Net change in plan fiduciary net position	<u>656,032</u>	<u>555,675</u>	<u>726,127</u>
Plan fiduciary net position—beginning	<u>5,549,414</u>	<u>4,993,739</u>	<u>4,267,612</u>
Plan fiduciary net position—ending	<u><u>\$ 6,205,446</u></u>	<u><u>\$ 5,549,414</u></u>	<u><u>\$ 4,993,739</u></u>
Net pension (assets) liability—ending	<u><u>\$ 1,208,951</u></u>	<u><u>\$ 815,387</u></u>	<u><u>\$ 1,134,230</u></u>
Plan fiduciary net position as a percentage of the total pension liability	83.69%	87.19%	81.49%
Covered payroll	\$ 1,998,964	\$ 1,769,302	\$ 1,778,902
Net pension (assets) liability as a percentage of covered payroll	60.48%	46.09%	63.76%

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>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
\$ 335,758	\$ 296,352	\$ 294,507
347,995	308,046	275,282
588,157		(8,383)
(33,940)	51,216	(184,049)
264,127		77,627
<u>(281,063)</u>	<u>(51,738)</u>	<u>(25,329)</u>
1,221,034	603,876	429,655
4,405,716	3,801,840	3,372,185
<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>	<u>\$ 3,801,840</u>
\$ 253,312	\$ 208,243	\$ 199,532
207,731	173,223	157,403
23,851	138,174	416,103
(281,063)	(51,738)	(25,329)
(3,832)	(3,755)	(3,378)
(26,171)	(2,750)	8,528
<u>173,828</u>	<u>461,397</u>	<u>752,859</u>
4,093,784	3,632,387	2,879,528
<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>	<u>\$ 3,632,387</u>
<u>\$ 1,359,138</u>	<u>\$ 311,932</u>	<u>\$ 169,453</u>
75.85%	92.92%	95.54%
\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
85.26%	20.19%	11.52%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 848,424	\$ 752,249	\$ 692,826	\$ 663,522
Contributions in relation to the actuarially determined contribution	848,424	752,249	692,826	663,522
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121
Contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%
Elected Officials Retirement Plan:				
Actuarially determined contribution	\$ 55,682	\$ 54,965	\$ 20,495	\$ 16,112
Contributions in relation to the actuarially determined contribution	55,682	54,965	20,495	16,112
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 93,350	\$ 110,239	\$ 87,213	\$ 68,562
Contributions as a percentage of covered payroll	59.65%	49.86%	23.50%	23.50%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 625,122	\$ 525,830	\$ 435,558	\$ 400,210
Contributions in relation to the actuarially determined contribution	625,122	525,830	435,558	400,210
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,683,494	\$ 2,353,202	\$ 1,728,405	\$ 2,081,175
Contributions as a percentage of covered payroll	23.30%	22.35%	25.20%	19.23%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 398,198	\$ 382,197	\$ 347,491	\$ 233,214
Contributions in relation to the actuarially determined contribution	398,198	382,197	347,491	233,214
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,401,633	\$ 1,998,964	\$ 1,769,302	\$ 1,778,902
Contributions as a percentage of covered payroll	16.58%	19.12%	19.64%	13.11%

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 2011 is not available for the EORP plan.

See accompanying notes to this schedule.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 650,874	\$ 644,042	\$ 584,114	\$ 543,219
650,874	644,042	584,114	543,219
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 5,998,839	\$ 5,914,065	\$ 5,299,698	\$ 5,209,366
10.85%	10.89%	11.02%	10.43%
\$ 352,801	\$ 281,218	\$ 272,789	\$ 242,295
352,801	281,218	272,789	242,295
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,794,507	\$ 1,799,219	\$ 1,663,348	\$ 1,571,304
19.66%	15.63%	16.40%	15.42%
\$ 203,572	\$ 188,635	\$ 180,241	\$ 169,598
203,572	188,635	180,241	169,598
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,594,143	\$ 1,544,922	\$ 1,471,355	\$ 1,481,205
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, 2018 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, 2019 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. The total liabilities as of June 30, 2019 reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

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, 2020

	Special Revenue		
	Police Grants and Special Revenues	Community Development	Judicial Collection Enhancement
ASSETS			
Equity in pooled cash	\$ 3,040	\$ 104,796	\$ 189,649
Investments			
Accounts receivable (net)			858
Due from governmental entities	1,496,099	176,962	
Prepaid items		78,400	
Total assets	\$ 1,499,139	\$ 360,158	\$ 190,507
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,433	\$ 258,092	\$ 6,400
Accrued payroll and taxes		441	
Due to other funds	1,410,124		
Unearned revenue		15,150	
Total liabilities	1,412,557	273,683	6,400
Deferred inflows of resources:			
Unavailable revenue - intergovernmental		69,004	
Unavailable revenue - special assessments			
Total deferred inflows of resources		69,004	
Fund balances (deficits):			
Nonspendable		78,400	
Restricted	86,582		184,107
Unassigned		(60,929)	
Total fund balances	86,582	17,471	184,107
Total liabilities, deferred inflows of resources and fund balances	\$ 1,499,139	\$ 360,158	\$ 190,507

<u>Special Revenue</u>		<u>Capital Projects</u>	
<u>SL Community Facilities District</u>	<u>Assesment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$ 35,000	\$ 322,447	\$ 3,101,099	\$ 654,932
	11,840		3,101,099
			12,698
			1,673,061
			78,400
<u>\$ 35,000</u>	<u>\$ 334,287</u>	<u>\$ 3,101,099</u>	<u>\$ 5,520,190</u>
\$	\$	\$ 49,692	\$ 316,617
		167,859	441
			1,577,983
			15,150
		<u>217,551</u>	<u>1,910,191</u>
			69,004
	5,097		5,097
	<u>5,097</u>		<u>74,101</u>
			78,400
35,000	329,190	2,883,548	3,518,427
			(60,929)
<u>35,000</u>	<u>329,190</u>	<u>2,883,548</u>	<u>3,535,898</u>
<u>\$ 35,000</u>	<u>\$ 334,287</u>	<u>\$ 3,101,099</u>	<u>\$ 5,520,190</u>

CITY OF SAN LUIS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue		
	Police Grants and Special Revenues	Community Development	Judicial Collection Enhancement
Revenues:			
Intergovernmental	\$ 2,070,229	\$ 462,470	\$ 3,431
Fines and forfeitures	44,223		114,393
Special assessments			
Charges for services			
Investment earnings			
Other	2,701	39,786	
Total revenues	2,117,153	502,256	117,824
Expenditures:			
Current -			
General government			77,735
Public safety	1,831,291		
Public works and streets			
Culture and recreation		232,113	
Community development			
Capital outlay	125,752	398,407	10,478
Total expenditures	1,957,043	630,520	88,213
Excess (deficiency) of revenues over expenditures	160,110	(128,264)	29,611
Other financing sources (uses):			
Transfers in		263,346	
Transfers out	(177,931)	(196,674)	
Total other financing sources (uses)	(177,931)	66,672	
Changes in fund balances	(17,821)	(61,592)	29,611
Fund balances, beginning of year	104,403	79,063	154,496
Fund balances, end of year	\$ 86,582	\$ 17,471	\$ 184,107

<u>Special Revenue</u>		<u>Capital Projects</u>	
<u>SL Community Facilities District</u>	<u>Assesment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$	\$	\$
	482,034		2,536,130
		1,001,761	158,616
		37,497	482,034
2,500			1,001,761
<u>2,500</u>	<u>482,034</u>	<u>1,039,258</u>	<u>44,987</u>
			4,261,025
		3,416	81,151
	127,733		1,831,291
	360,592		127,733
		165,466	232,113
	<u>488,325</u>	<u>168,882</u>	<u>360,592</u>
			700,103
2,500	<u>(6,291)</u>	<u>870,376</u>	<u>3,332,983</u>
			928,042
			263,346
		<u>(300,000)</u>	<u>(674,605)</u>
		<u>(300,000)</u>	<u>(411,259)</u>
2,500	<u>(6,291)</u>	<u>570,376</u>	<u>516,783</u>
32,500	335,481	2,313,172	3,019,115
<u>\$ 35,000</u>	<u>\$ 329,190</u>	<u>\$ 2,883,548</u>	<u>\$ 3,535,898</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, 2020

	Police Grants and Special Revenues		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,322,274	\$ 2,070,229	\$ (252,045)
Fines and forfeitures	140,100	44,223	(95,877)
Special assessments			
Other		2,701	2,701
Total revenues	2,462,374	2,117,153	(345,221)
Expenditures:			
Current -			
General government			
Public safety	2,276,956	1,831,291	445,665
Public works and streets			
Culture and recreation			
Community development			
Capital outlay	125,418	125,752	(334)
Total expenditures	2,402,374	1,957,043	445,331
Excess (deficiency) of revenues over expenditures	60,000	160,110	100,110
Other financing sources (uses):			
Transfers in			
Transfers out		(177,931)	(177,931)
Total other financing sources (uses)		(177,931)	(177,931)
Changes in fund balances	60,000	(17,821)	(77,821)
Fund balances (deficits), beginning of year	92,837	104,403	11,566
Fund balances (deficits), end of year	\$ 152,837	\$ 86,582	\$ (66,255)

Community Development			Judicial Collection Enhancement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 988,820	\$ 462,470	\$ (526,350)	\$ 4,600	\$ 3,431	\$ (1,169)
			128,700	114,393	(14,307)
49,500	39,786	(9,714)			
<u>1,038,320</u>	<u>502,256</u>	<u>(536,064)</u>	<u>133,300</u>	<u>117,824</u>	<u>(15,476)</u>
			97,300	77,735	19,565
308,780	232,113	76,667			
1,147,440	398,407	749,033	11,600	10,478	1,122
<u>1,456,220</u>	<u>630,520</u>	<u>825,700</u>	<u>108,900</u>	<u>88,213</u>	<u>20,687</u>
(417,900)	(128,264)	289,636	24,400	29,611	5,211
417,900	263,346	(154,554)			
	(196,674)	(196,674)			
<u>417,900</u>	<u>66,672</u>	<u>(351,228)</u>			
	(61,592)	(61,592)	24,400	29,611	5,211
143,742	79,063	(64,679)	(25,236)	154,496	179,732
<u>\$ 143,742</u>	<u>\$ 17,471</u>	<u>\$ (126,271)</u>	<u>\$ (836)</u>	<u>\$ 184,107</u>	<u>\$ 184,943</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, 2020

	SL Community Facilities District		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Fines and forfeitures			
Special assessments			
Other	2,500	2,500	
Total revenues	2,500	2,500	
Expenditures:			
Current -			
General government			
Public safety			
Public works and streets			
Culture and recreation			
Community development			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures	2,500	2,500	
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	2,500	2,500	
Fund balances (deficits), beginning of year	5,000	32,500	27,500
Fund balances (deficits), end of year	\$ 7,500	\$ 35,000	\$ 27,500

Assesment Districts			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
432,260	482,034	49,774	3,315,694	2,536,130	(779,564)
			268,800	158,616	(110,184)
			432,260	482,034	49,774
			52,000	44,987	(7,013)
<u>432,260</u>	<u>482,034</u>	<u>49,774</u>	<u>4,068,754</u>	<u>3,221,767</u>	<u>(846,987)</u>
			97,300	77,735	19,565
			2,276,956	1,831,291	445,665
134,210	127,733	6,477	134,210	127,733	6,477
			308,780	232,113	76,667
298,050	360,592	(62,542)	298,050	360,592	(62,542)
			1,284,458	534,637	749,821
<u>432,260</u>	<u>488,325</u>	<u>(56,065)</u>	<u>4,399,754</u>	<u>3,164,101</u>	<u>1,235,653</u>
	(6,291)	(6,291)	(331,000)	57,666	388,666
			417,900	263,346	(154,554)
				(374,605)	(374,605)
			<u>417,900</u>	<u>(111,259)</u>	<u>(529,159)</u>
	(6,291)	(6,291)	86,900	(53,593)	(140,493)
319,991	335,481	15,490	536,334	705,943	169,609
<u>\$ 319,991</u>	<u>\$ 329,190</u>	<u>\$ 9,199</u>	<u>\$ 623,234</u>	<u>\$ 652,350</u>	<u>\$ 29,116</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, 2020

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 22,100	\$ 21,208	\$ (892)
Total revenues	22,100	21,208	(892)
Expenditures:			
Debt service -			
Interest	639,460	624,211	15,249
Principal	567,330	584,015	(16,685)
Total expenditures	1,206,790	1,208,226	(1,436)
Excess (deficiency) of revenues over expenditures	(1,184,690)	(1,187,018)	(2,328)
Other financing sources (uses):			
Transfers in	1,184,690	1,295,251	110,561
Total other financing sources (uses)	1,184,690	1,295,251	110,561
Changes in fund balances		108,233	108,233
Fund balances (deficits), beginning of year	(2,269,595)	(178,384)	2,091,211
Fund balances (deficits), end of year	\$ (2,269,595)	\$ (70,151)	\$ 2,199,444

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

	Capital Outlay Reserve		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Charges for services	\$ 848,300	\$ 1,001,761	\$ 153,461
Investment earnings	35,900	37,497	1,597
Total revenues	884,200	1,039,258	155,058
Expenditures:			
Current -			
General government	347,860	3,416	344,444
Capital outlay	236,340	165,466	70,874
Total expenditures	584,200	168,882	415,318
Excess (deficiency) of revenues over expenditures	300,000	870,376	570,376
Other financing sources (uses):			
Transfers out	(300,000)	(300,000)	
Total other financing sources (uses)	(300,000)	(300,000)	
Changes in fund balances		570,376	570,376
Fund balances, beginning of year	1,117,729	2,313,172	1,195,443
Fund balances, end of year	\$ 1,117,729	\$ 2,883,548	\$ 1,765,819

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNIT
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2020**

<u>ASSETS</u>	<u>Detention Facility</u>
Current assets:	
Cash held with trustee	\$ 2,084,482
Accounts receivable (net)	811,381
	<u>2,895,863</u>
Non-current assets:	
Restricted investments	5,631,340
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	<u>(8,707,671)</u>
Total noncurrent assets	<u>32,044,108</u>
Total assets	<u>34,939,971</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow on refundings	<u>385,307</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	3,882,323
Accrued interest	405,115
Current portion of Long Term Debt	<u>2,360,000</u>
Total current liabilities	<u>6,647,438</u>
Non current liabilities	
Non current portion of long term debt	<u>31,967,929</u>
Total non current liabilities	<u>31,967,929</u>
Total Liabilities	<u>38,615,367</u>
<u>NET POSITION</u>	
Net Investment in capital assets	(7,529,854)
Restricted	5,226,225
Unrestricted	<u>(986,460)</u>
Total Net Position	<u>\$ (3,290,089)</u>

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNIT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Detention Facility
Operating Revenues	
Charges for services	\$ 24,383,945
Total operating revenues	24,383,945
 Operating Expenses	
General operations	22,870,053
Depreciation	762,809
Total operating expenses	23,632,862
Operating Income (loss)	751,083
 Non-Operating Revenues (Expenses)	
Investment earnings	112,125
Interest expense	(2,667,151)
Total non-operating revenue (expenses)	(2,555,026)
Change in net position	(1,803,943)
Net Position - Beginning	(1,486,146)
Net Position - Ending	\$ (3,290,089)

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNIT
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2020**

<u>Increase/ (decrease) In Cash and Cash Equivalents</u>	<u>Detention Facility</u>
Cash flows from operating activities:	
Cash received from customers	\$ 26,517,115
Cash payments to suppliers for goods and services	<u>(23,176,317)</u>
Net cash provided by/ (used for) operating activities	<u>3,340,798</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(2,235,000)
Interest paid on long-term debt	<u>(2,556,778)</u>
Net cash provided by/ (used for) capital and related financing activities	<u>(4,791,778)</u>
Cash flows from investing activities:	
Investment income	<u>112,125</u>
Net cash provided by/ (used for) investing activities	<u>112,125</u>
Net decrease/increase in cash and cash equivalents	(1,338,855)
Cash and cash equivalents, beginning of year	9,054,677
Cash and cash equivalents, end of year	<u><u>\$ 7,715,822</u></u>
<u>Reconciliation of Operating Income to Net Cash provided by/ (used for) Operating Activities</u>	
Operating income	\$ 751,083
Adjustments to reconcile operating income to net cash provided by/ (used for) operating activities:	
Depreciation	762,809
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	2,133,170
Increase/ (decrease) in accounts payable	<u>(306,264)</u>
Total adjustments	<u>2,589,715</u>
Net cash provided by/ (used for) operating activities	<u><u>\$ 3,340,798</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>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>	<u>2011</u>
Governmental Activities										
Net investment in capital assets	\$ 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	\$33,676,211
Restricted	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	1,671,594
Unrestricted	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	10,053,672
Total governmental activities net position	<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>	<u>\$45,401,477</u>
Business-type Activities										
Net investment in capital assets	\$ 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	\$11,335,286
Restricted	1,585,473	978,691	284,192		7,214,146	8,444,571	9,905,406	4,052,098	3,872,154	3,741,669
Unrestricted	10,450,312	9,244,818	7,892,361	7,368,823	(3,637,294)	(6,706,347)	(5,047,319)	2,101,534	1,908,868	2,045,658
Total business-type activities net position	<u>\$ 32,170,097</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>	<u>\$17,122,613</u>
Primary Government										
Net investment in capital assets	\$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	\$45,011,497
Restricted	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	5,413,263
Unrestricted	20,052,698	17,388,188	9,975,639	7,900,604	(1,575,667)	(3,650,301)	6,321,194	13,020,217	11,721,802	12,099,330
Total primary government net position	<u>\$95,444,793</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>	<u>\$62,524,090</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:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
General Government	\$ 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	\$4,096,333
Public Safety	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	6,086,718
Health and Welfare	334,338	183,081	213,634	222,820	235,413	226,788	168,499	168,025	197,462	213,814
Culture and Recreation	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	1,855,966
Community Development	1,313,645	1,035,590	987,340	945,698	906,408	703,901	691,362	550,348	585,843	698,776
Public Works & Streets	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	2,270,980
Interest on Long-Term Debt	532,115	550,817	541,343	649,618	658,670	1,367,055	830,808	891,737	912,848	970,092
Total Governmental activities	\$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	\$16,192,679
Business-type activities										
Water	\$ 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	\$2,642,458
Wastewater	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	2,544,486
Business Center	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	1,390,561
Sanitation	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	1,008,757
Business Incubator	185,536	182,586	173,272	163,062	144,578	56,534	-	-	-	-
Ambulance Services	1,991,579	1,721,285	1,946,014	1,049,335	-	-	-	-	-	-
Total business-type activities	\$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	\$7,586,262
Total expenses	\$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	\$23,778,941
Program revenues										
Governmental activities										
Charges for services										
General Government	\$ 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	\$ 531,031
Public Safety	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226	686,632
Health and Welfare	-	371,427	-	-	-	-	-	-	-	-
Culture and Recreation	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797	264,622
Community Development	-	-	-	-	594,182	385,797	432,936	497,921	334,557	318,051
Public Works & Streets	-	-	187,408	342,089	62,642	62,640	51,595	50,530	49,978	49,368
Operating Grants and Contributions	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	2,715,700
Capital Grants and Contributions	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614	1,314,549
Total Governmental activities	\$ 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	\$ 5,879,953
Business-type activities										
Charges for services										
Water	\$ 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	\$ 2,547,790
Wastewater	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	1,537,835
Business Center	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	1,507,375	38,869	29,999	3,471	-	-	-	-	-	-
Sanitation	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	1,047,317
Ambulance Services	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-
Capital Grants and Contributions	1,365,769	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452	481,955	-	-
Total business activities	\$ 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	\$ 5,762,207
Total program revenues	\$ 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	\$ 11,642,160

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									
	<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>	<u>2011</u>
Net (Expense)/Revenue										
Governmental Activities:	\$ (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)	\$ (10,312,726)
Business-type activities	3,169,824	3,166,394	3,180,839	2,375,170	3,108,220	969,937	1,331,423	(261,942)	(804,293)	(1,824,055)
Total primary government net (expense) revenue	<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>	<u>(\$12,136,781)</u>
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 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	\$ 5,659,566
Franchise taxes	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532	381,836
Other taxes	-	-	-	-	-	122,163	-69,355	1,296	95,172	32,715
State shared Revenues	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	4,840,064
Investment Earnings	249,585	296,968	182,505	56,947	26,179	19,300	16,064	28,197	12,341	12,032
Miscellaneous	-	-	-	-	624,606	246,626	213,640	321,613	79,471	189,377
Transfer in (out)	(365,151)	(364,030)	(407,435)	(394,435)	(391,967)	(100,841)	-	-	-	-
Total general revenues and transfers	<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>	<u>\$ 11,115,590</u>
Business-type activities										
Investment Earnings	\$225,465	\$285,755	\$74,278	\$55,487	\$24,708	\$21,667	\$13,909	\$20,935	\$10,130	\$10,194
Miscellaneous	-	552,832	-	-	(48,015)	-	\$0	(\$19,999)	2,417	-
Transfer in (out)	365,151	364,030	407,435	394,435	391,967	100,841	-	-	-	-
Total Business-type activities	<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>	<u>\$ 10,194</u>
<i>Total primary government</i>	<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>	<u>\$ 11,125,784</u>
Change in net Position										
Governmental Activities	\$ 8,344,699	\$ 10,687,806	\$ 3,656,449	\$ 1,296,718	\$ 6,189,036	\$ 621,694	\$ 962,511	\$ 2,386,157	\$ (141,617)	\$ 802,864
Business-type activities	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)	(1,813,861)
Total Changes in Net Position	<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>	<u>\$ (1,010,997)</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>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>	<u>2011</u>
General Fund										
Nonspendable	\$64,958	\$77,075	\$80,392	\$118,243	\$128,035	\$42,831	\$56,719	\$99,774	\$211,131	\$1,218,352
Committed	-	-	-	-	106,785	106,624	106,465	106,250	106,250	-
Unassigned	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	5,314,536
Total General Fund	<u>\$20,141,097</u>	<u>\$15,322,684</u>	<u>\$11,939,597</u>	<u>\$9,976,477</u>	<u>\$9,442,248</u>	<u>\$10,155,437</u>	<u>\$9,224,512</u>	<u>\$7,345,372</u>	<u>\$5,917,080</u>	<u>\$6,532,888</u>
All other governmental funds										
Nonspendable	\$ 197,764	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175	\$ 167,914	\$ 190,319	\$ 147,511	\$ 65,677	\$ 31,625
Restricted	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	383,351
Assigned	-	-	-	-	2,591,330	2,648,759	2,776,109	3,158,888	3,227,193	3,532,974
Unassigned	(131,223)	(179,241)	(9,234)	-	(715,933)	(951,255)	272,948	-	-	-
Total all other governmental funds	<u>\$ 4,618,499</u>	<u>\$ 3,168,085</u>	<u>\$ 2,931,765</u>	<u>\$ 2,978,996</u>	<u>\$ 2,797,737</u>	<u>\$ 3,046,478</u>	<u>\$ 4,701,037</u>	<u>\$ 4,530,312</u>	<u>\$ 3,781,832</u>	<u>\$ 3,947,950</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$24,759,596</u>	<u>\$ 18,490,769</u>	<u>\$ 14,871,362</u>	<u>\$ 12,955,473</u>	<u>\$ 12,239,985</u>	<u>\$ 13,201,915</u>	<u>\$ 13,925,549</u>	<u>\$ 11,875,684</u>	<u>\$ 9,698,912</u>	<u>\$ 10,480,838</u>

Source: Balance Sheet - Governmental Funds

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

Table IV

	Fiscal Year									
	<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>	<u>2011</u>
Revenues:										
Taxes	\$ 11,076,289	\$ 10,158,495	\$ 9,414,511	\$ 8,095,930	\$ 7,884,709	\$ 7,885,491	\$ 7,108,962	\$ 6,965,446	\$ 6,566,515	\$ 6,074,117
Special Assessments	482,034	335,006	\$345,509	\$302,546	302,865	374,470	282,484	218,171	290,987	267,579
Licenses and permits	1,053,843	843,768	\$3,236,021	\$734,502	528,034	483,218	431,909	389,295	349,777	355,759
Interest earnings	241,533	291,947	\$179,601	\$54,631	24,445	17,057	13,322	24,266	11,437	12,032
Fines and forfeits	426,442	494,828	\$519,153	\$577,989	541,336	611,178	687,319	792,994	523,053	491,230
Intergovernmental	14,810,304	12,636,697	8,828,680	11,705,819	10,159,135	10,098,225	9,895,694	9,030,736	7,605,264	8,763,843
Charges for user services	1,057,353	865,730	526,714	778,835	432,193	376,938	218,807	214,180	160,919	151,474
Rents	1,476,480	1,358,079	\$424,340	\$268,690	339,119	761,335	811,666	674,019	659,222	712,121
Others	790,441	678,463	\$187,987	\$408,006	624,606	529,759	418,940	577,687	140,909	167,388
Total revenues	\$ 31,414,719	\$ 27,663,013	\$ 23,662,516	\$ 22,926,948	\$ 20,836,442	\$ 21,137,671	\$ 19,869,103	\$ 18,886,794	\$ 16,308,083	\$ 16,995,543
Expenditures:										
General government	\$ 5,518,192	\$ 5,419,958	\$ 5,463,647	\$ 5,236,772	\$ 5,037,910	\$ 4,652,111	\$ 4,546,198	\$ 4,251,259	\$ 4,032,759	\$ 3,636,045
Public safety	8,977,394	8,221,406	\$7,073,034	\$7,587,098	7,328,654	6,688,960	6,519,780	6,194,930	6,089,036	5,695,080
Public works & streets	1,921,422	1,695,053	\$1,831,640	\$1,832,799	1,673,193	1,636,602	1,506,770	1,276,486	1,238,738	1,403,846
Community, recreational, and cultural	3,919,757	3,638,348	\$3,345,062	\$3,445,381	3,001,225	2,768,148	2,615,816	2,254,791	2,198,001	2,239,756
Health and welfare	230,695	258,917	\$209,748	\$213,543	210,378	205,049	149,367	141,225	165,387	187,211
Capital outlay	2,954,479	2,518,160	\$2,691,771	\$2,402,247	2,771,769	3,843,180	1,348,004	1,280,367	921,671	1,649,441
Debt service/authorities:										
Interest	625,182	643,859	\$626,133	\$713,695	722,772	1,168,906	839,755	859,513	880,623	928,920
Principal	675,923	708,590	\$398,030	\$385,490	660,504	391,834	331,242	445,229	477,261	492,044
Bond issue costs			\$87,664		-	238,101				
Total expenditures	\$ 24,823,044	\$ 23,104,293	\$ 21,726,729	\$ 21,817,025	\$ 21,406,405	\$ 21,592,891	\$ 17,856,932	\$ 16,703,800	\$ 16,003,476	\$ 16,232,343
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,591,675	\$ 4,558,720	\$ 1,935,787	\$ 1,109,923	\$ (569,963)	\$ (455,220)	\$ 2,012,171	\$ 2,182,994	\$ 304,607	\$ 763,200
OTHER FINANCING SOURCES (USES)										
Premium on debt issued	\$ -	\$ -	\$ 428,870	\$ -	\$ -	\$ 1,296,704	\$ -	\$ -	\$ -	\$ -
Debt issued	-	-	2,825,000	-	-	12,085,699	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(3,164,208)	-	-	(13,850,916)	-	-	-	-
Notes Issued	-	-	-	-	-	300,939	37,693	-	-	-
Capital leases	42,303	12,302	297,873	-	-	-	-	-	-	-
Transfer from Other Funds	1,979,037	1,436,164	1,014,000	1,060,544	1,462,992	1,426,905	1,739,361	1,359,172	1,198,137	1,153,242
Transfer to Other Funds	(2,344,188)	(1,800,194)	(1,421,435)	(1,454,979)	(1,854,959)	(1,527,746)	(1,739,361)	(1,359,172)	(2,284,670)	(1,153,242)
Total other financing sources (Uses)	\$ (322,848)	\$ (351,728)	\$ (19,900)	\$ (394,435)	\$ (391,967)	\$ (268,415)	\$ 37,693	\$ -	\$ (1,086,533)	\$ -
NET CHANGE IN FUND BALANCES	\$ 6,268,827	\$ 4,206,992	\$ 1,915,887	\$ 715,488	\$ (961,930)	\$ (723,635)	\$ 2,049,864	\$ 2,182,994	\$ (781,926)	\$ 763,200
Debt Services as a percentage of noncapital expenditures	5.75%	9.37%	9.01%	5.66%	7.16%	8.55%	6.56%	8.42%	8.95%	9.68%

Source: City financial records and reports

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

	Fiscal Year									
	<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>	<u>2011</u>
Governmental Activities:										
Charges for service										
General Government	\$ 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	\$ 531,031
Public Safety	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899	677,226	686,632
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142	284,797	264,622
Community Development	-	-	-	-	594,182	385,797	432,936	497,921	334,557	318,051
Public Works & Streets	-	371,427	187,408	342,089	62,642	62,640	51,595	50,530	49,978	49,368
Operating grants and contributions	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	2,715,700
Capital grants and contributions	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390	122,614	1,314,549
<i>Total governmental activities</i>	<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>	<u>\$5,879,953</u>
Business-type activities										
Charges for service										
Water	\$ 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	\$ 2,547,790
Wastewater	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	1,537,835
Business Center	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	41,706	38,869	29,999	3,471	-	-	-	-	-	-
Sanitation	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	1,047,317
Ambulance Services	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	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>\$ 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>	<u>\$ 5,762,207</u>
Total primary government	<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>	<u><u>\$ 11,642,160</u></u>

Source: City financial records and reports
Statement of Activities

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

	Fiscal Year									
	<u>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>	<u>2011</u>
Governmental Activities										
General Government	\$ 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	\$ 554,389
Public Safety	2,618,495	936,173	631,996	964,958	932,208	1,990,965	1,653,703	2,184,656	1,746,600	1,746,918
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	876,495	272,468	150,537	211,126	197,593	489,099	368,966	302,596	343,483	320,814
Community Development	355,948	268,570	275,175	202,706	594,182	385,797	432,936	497,921	334,557	1,529,630
Public Works & Streets	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	1,728,202
Unallocated General Revenues	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	11,115,590
Total Governmental Activities	\$ 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	\$ 16,995,543
Business-type activities										
Water	\$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	\$2,547,790
Wastewater	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	1,537,835
Business Center	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265	629,265	629,265
Business Incubator	41,706	38,869	29,999	3,471	-	1,156,793	-	-	-	-
Sanitation	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	1,047,317
Ambulance Services	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-	-	-
Industrial Park	-	-	-	-	-	-	-	-	-	-
Unallocated General Revenues	590,016	1,202,616	481,713	449,922	-	122,508	13,909	936	12,547	12,547
Total Business Activities	\$ 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	\$ 5,774,754

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>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>	<u>2011</u>
City Sales Tax	\$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	\$5,659,566
State Sales taxes	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	1,771,253
Franchise Tax	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371	397,532	381,836
Special Districts	482,034	335,006	345,509	302,546	302,865	374,470	282,484	218,171	290,987	267,579
Others	117,824	131,423	129,514	-	-	122,163	(69,355)	1,296	95,172	32,715
Total tax revenues	<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>	<u>\$8,112,949</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>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>	<u>2011</u>
State Shared Sales Tax	\$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	\$1,771,253
Urban Revenue Sharing	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	2,231,840
Highway Users	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	1,678,834
Auto-in-lieu	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	836,971
Federal	2,536,130	1,140,890	40,939	1,139,781	673,284	615,896	634,216	1,130,716	1,004,693	2,177,538
Others	64,175	82,600	14,010	64,356	123,047	419,754	-	133,216	40,643	67,407
Total revenues	<u>\$14,874,779</u>	<u>\$12,636,697</u>	<u>\$11,113,828</u>	<u>\$11,735,820</u>	<u>\$10,159,135</u>	<u>\$10,098,225</u>	<u>\$9,895,694</u>	<u>\$9,030,736</u>	<u>\$7,605,264</u>	<u>\$8,763,843</u>

Source: Statement of Activities
Finance Records

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

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

	Fiscal Year									
	<u>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>	<u>2011</u>
Retail Sales	\$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	\$2,901,155
Contracting	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	1,413,388
Rentals	398,642	456,557	360,153	333,635	407,570	356,150	324,795	297,456	280,163	244,048
Communications/Utilities	992,652	92,458	123,547	947,825	1,174,550	1,044,285	1,053,760	959,929	624,166	570,915
Restaurant/Bar	652,531	604,790	611,999	456,027	422,284	417,278	363,027	371,107	342,810	309,338
Use	491,719	314,662	221,860	356,078	129,156	121,091	109,195	84,108	131,100	83,071
Other	44,469	1,112,100	1,175,444	18,855	69,312	45,339	64,415	61,346	74,436	137,650
	<u>\$10,660,531</u>	<u>\$9,720,729</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>	<u>\$5,659,566</u>
% Growth by year										
Retail Sales	18.1%	-3.9%	13.1%	25.8%	0.3%	6.3%	6.4%	8.0%	5.0%	3.1%
Contracting	0.8%	71.5%	33.8%	-43.5%	-4.9%	23.8%	-9.0%	-6.7%	11.4%	-57.9%
Rentals	-12.7%	26.8%	7.9%	-18.1%	14.4%	9.7%	9.2%	6.2%	14.8%	-11.2%
Utilities	973.6%	-25.2%	-87.0%	-19.3%	12.5%	-0.9%	9.8%	53.8%	9.3%	-2.4%
Restaurant/Bar	7.9%	-1.2%	34.2%	8.0%	1.2%	14.9%	-2.2%	8.3%	10.8%	5.2%
Use	56.3%	41.8%	-37.7%	175.7%	6.7%	10.9%	29.8%	-35.8%	57.8%	-25.1%
Other	-96.0%	-5.4%	6134.3%	-72.8%	52.9%	-29.6%	5.0%	-17.6%	-45.9%	107.8%
	<u>948.0%</u>	<u>104.5%</u>	<u>6098.7%</u>	<u>55.7%</u>	<u>83.1%</u>	<u>96.6%</u>	<u>60.2%</u>	<u>16.0%</u>	<u>63.3%</u>	<u>19.5%</u>

Note: Includes governmental fund types

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

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

	2020				2011			
	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	782	33.97%	\$6,023,773	56.51%	453	27.13%	\$2,909,492	38.80%
Construction, MFG & Wholesale	795	34.54%	2,056,745	19.29%	595	35.63%	2,776,765	37.03%
Rentals	147	6.39%	398,642	3.74%	123	7.37%	299,948	4.00%
Communications/Utilities	60	2.61%	992,652	9.31%	55	3.29%	554,903	7.40%
Restaurant/Bar	32	1.39%	652,531	6.12%	39	2.34%	247,457	3.30%
Use/Services	317	13.77%	491,719	4.61%	167	10.00%	599,895	8.00%
Other	169	7.34%	44,469	0.42%	238	14.25%	110,231	1.47%
	2,302	100%	\$10,660,531	100%	1,670	100%	\$7,498,691	100.00%

Note: Includes governmental fund types

Source: AZ Department of Revenues
City financial Records and reports

CITY OF SAN LUIS, ARIZONA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Municipal Bonds	Notes Payable	Capital Leases	Municipal Bonds/Loans	Notes Payable	Capital Leases			
2020	\$ 13,881,119	\$ 129,217	\$ 260,849	\$ 33,107,180	\$ 186,338	\$ 182,593	\$ 47,747,296	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
2011	15,292,656	3,970,481	305,037	34,565,602	866,495	173,673	54,653,849	6.40%	2,102

Note: See Table XV 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
PLEDGED REVENUE COVERAGE - EXCISE TAX REVENUE BONDS
LAST TEN FISCAL YEARS**

		Excise Tax Revenue Bonds									
		<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>	<u>2011</u>
Pledged revenues	(1)	\$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	\$11,341,493
Debt service requirements											
Principal		\$1,880,000	\$1,915,000	\$1,035,000	\$995,000	\$1,690,001	\$1,020,000	\$785,000	\$755,000	\$725,000	\$700,000
Interest		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	2,814,803
Total Annual Requirements		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	3,514,803
Estimated Coverage		5.98	5.37	6.88	4.67	3.88	3.38	4.29	3.78	3.35	3.23

(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 SEVEN FISCAL YEARS**

Water and Wastewater Utility Revenue Bonds							
(3)	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Gross Revenues	(1) 8,976,213	8,598,226	8,232,732	\$8,086,255	\$7,506,930	\$7,011,185	\$6,045,693
Operating Expenses	(2) 4,405,164	4,059,728	3,363,861	5,027,804	4,388,160	5,387,500	4,315,552
Net Revenues Available	4,571,049	\$4,538,498	\$4,868,871	\$3,058,451	\$3,118,770	\$1,623,685	\$1,730,141
Debt Service Requirements							
Principal	305,000	295,000	280,000	\$270,000	\$260,000		
Interest	208,050	219,260	229,900	240,160	250,040	250,040	159,053
	513,050	514,260	509,900	510,160	510,040	250,040	159,053
Estimated Coverage	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 seven 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, ARIZONA
Computation of Direct and Overlapping Debt*
June 30, 2020

<u>Jurisdiction</u>	<u>Net Assessed Value</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of San Luis: General Obligation	\$ 82,474,442	\$ 129,217	100.00%	\$ 129,217
City of San Luis: Revenue Bond	82,474,442	12,578,980	100.00%	12,578,980
City of San Luis: Premiums	82,474,442	1,302,140	100.00%	1,302,140
City of San Luis: Capital Leases	82,474,442	<u>260,847</u>	100.00%	<u>260,847</u>
		<u>\$ 14,271,184</u>		<u>\$ 14,271,184</u>
As presented fiscal year ended June 30, 2020				
Arizona Western College	\$ 1,243,308,079	\$ 45,865,000	100.00% (1)	\$ 45,865,000
Somerton Elementary School District No. 11	73,438,845	800,220	5.91%	47,293
Crane Elementary Shool District No. 13	235,810,331	9,390,000	18.97%	1,781,283
Antelope Union High School District No. 50	108,623,237	405,000	8.74%	35,397
Yuma Union High School District No 70	<u>1,134,684,842</u>	<u>54,969,631</u>	91.26% (2)	<u>50,165,285</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 111,429,851</u>		<u>\$ 97,894,258</u>
Total Direct and Ovelapping General Obligation Bonded Debt				<u><u>\$ 112,165,442</u></u>

Sources: YUMA County Finance Department

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

(2) Total Net Debt Outstanding from FY19 Report of Bonded Indebtedness, AZ Financial Transparency Portal

(3) City Records

* County records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

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

Fiscal Year	Population	Personal Income	Labor force	Employment	Unemployment	Unemployment rate percentage
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%
2011	26,000	32,828	15,896	5,489	10,407	65.5%

Data Source:

Greater Yuma Economic Development Corporation

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

Employer	2020			2013		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	943	1	27.82%	800	2	22.75%
Gadsen Unified School District	835	2	24.63%	845	3	24.03%
ACT Call Center	554	3	16.34%	812	1	23.09%
Factor Sales	415	4	12.24%	403		11.46%
City of San Luis	285	5	8.41%	237	5	6.74%
Walmart	196	6	5.78%	290	4	8.25%
San Luis Detention Center	162	7	4.78%	130	7	3.70%
Basha's/Food City	-	-	0.00%	-	6	0.00%
Total Employees	3,390		100.00%	3,517		100.00%

Source: Greater Yuma Economic Development Corporation

Notes:

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

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

Permanent Position by Function	Fiscal Year									
	<u>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>	<u>2011</u>
General Fund										
General Government	91	89	79	56	58	55	57	57	54	52
Public Safety	80	83	96	89	94	85	90	90	87	86
Health and Welfare	4	4	4	3	4	4	2	2	2	2
Culture and Recreation	23	47	23	35	47	37	36	36	28	22
Community Development	12	12	10	9	9	8	9	9	9	9
Sub total General Fund	210	235	212	192	212	189	194	194	180	171
General Fund	210	235	212	192	212	189	194	194	180	171
Public Works & Streets	20	15	17	18	15	16	11	11	13	15
Enterprise Funds	40	30	53	50	32	32	32	32	26	30
Total Permanent Positions	270	280	282	260	259	237	237	237	219	216

Source: City Payroll

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

	Utility Rate Increases & Average Bill									
	<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>	<u>2011</u>
Water										
Average bill	\$48.84	\$48.28	\$48.16	\$48.45	\$48.03	\$46.59	\$45.05	\$41.72	\$38.31	\$36.56
% Increase	1.16%	0.25%	-0.60%	0.88%	3.09%	3.41%	7.98%	8.89%	4.80%	7.78%
Wastewater										
Average bill	\$43.65	\$44.56	\$44.60	\$51.57	\$48.40	\$46.30	\$37.33	\$31.57	\$29.41	\$23.24
% Increase	-2.04%	-0.09%	-13.52%	6.56%	4.52%	24.03%	18.25%	7.34%	26.53%	5.19%
Residential Solid Waste										
Average bill	\$17.51	\$17.64	\$17.82	\$17.03	\$16.95	\$16.86	\$16.89	\$17.11	\$16.45	\$15.89
% Increase	-0.74%	-1.01%	4.64%	0.47%	0.52%	-0.15%	-1.32%	4.07%	3.51%	-9.74%

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>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>	<u>2011</u>
Water										
Number of Accounts	7,614	7,194	6,828	6,669	6,384	6,190	6,023	5,890	6,036	5,701
% Increase	5.84%	5.36%	2.38%	4.46%	3.13%	2.77%	2.26%	-2.42%	5.88%	-2.80%
Wastewater										
Number of Accounts	7,383	7,027	6,618	6,495	6,216	5,990	5,827	5,688	5,597	5,514
% Increase	5.07%	6.18%	1.89%	4.49%	3.77%	2.80%	2.44%	1.63%	1.51%	0.42%
Residential Solid Waste										
Number of Accounts	6,983	6,620	6,222	6,113	5,825	5,643	5,549	5,366	5,249	5,172
% Increase	5.48%	6.40%	1.78%	4.94%	3.23%	1.69%	3.41%	2.23%	1.49%	-2.96%

Source: City Customer Service and Billing records

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

		Building Permits									
		Fiscal Year									
		<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>	<u>2011</u>
Commercial											
	Number of Permits	6	1	1	6	16	16	16	16	16	13
	Value	\$ 17,447	\$ 10	\$568	\$7,091	\$51	\$128	\$2,181	\$204	\$5,773	\$7,560
Residential											
	Number of Dwelling Units	355	340	193	267	169	159	112	120	85	68
	Value	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908	\$ 20,166	\$ 13,147	\$ 11,078
Other											
	Number of Permits	390	352	404	480	523	318	200	138	161	134
	Value	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089	\$ 3,649	\$ 1,157	\$ 1,554
		Single Family Housing Sales									
		Calendar Year									
		<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>	<u>2011</u>
	New units sold	317	314	258	228	175	88	56	118	114	63

Source: City Development Services

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

	<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>	<u>2011</u>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	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	1,122,644
Avg gallons/account/month	13,671	13,261	13,254	13,340	13,590	13,786	14,956	13,621	14,158	16,410
Avg gallons/account/year	164,049	159,132	159,048.33	160,082	163,080	165,427	179,477	163,452	169,899	196,920
Avg. daily demand (MGD)	3.53	3.23	3.23	445	453	460	499	454	472	547
Peak demand (MGD)	4.74	3.81	3.81	3.81	3.43	3.43	3.43	3.43	3.43	3.43
Number of wells in system	12	12	12	12	12	12	12	12	12	12
Available storage capacity (million Gallons)	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025
Miscellaneous data on wastewater utility										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual wastewater treated (000's)	613,095	586,810	514,839	458,763	465,867	471,403	463,767	457,864	437,574	445,704
Average daily flow (000's)	1,679	1,608	10,740	1,286	1,340	1,340	1,340	1,340	1,340	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	12,300	12,046	11,719	10,740	10,306	9,681	10,610	9,013	9,523	9,066

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>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>	<u>2011</u>
Commercial											
	Number of Permits	6	1	1	6	16	16	16	16	16	13
	Value	\$ 17,447	\$ 10	\$568	\$7,091	\$51	\$128	\$2,181	\$204	\$5,773	\$7,560
Residential											
	Number of Dwelling Units	355	340	193	267	169	159	112	120	85	68
	Value	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908	\$ 20,166	\$ 13,147	\$ 11,078
Other											
	Number of Permits	390	352	404	480	523	318	200	138	161	134
	Value	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089	\$ 3,649	\$ 1,157	\$ 1,554
		Single Family Housing Sales									
		Calendar Year									
		<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>	<u>2011</u>
New units sold		317	314	258	228	175	88	56	118	114	63

Source: City Development Services

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	2,630	2,749	2,200	3,317	3,734	3,989	4,630	7,214	4,449	3,385
Charges dismissed	761	1,014	754	1,037	841	938	1,019	8,469	690	847
<i>Human Resources</i>										
# of employment Applications Processed	2,683	1,816	2,829	3,047	1,643	750	530	601	44*	40*
<i>Finance</i>										
# of Accounts Payable checks issued	4,456	4,780	4,721	4,785	4,264	4,201	3,848	3,739	3,723	3,929
# of Claims filed, injured or ill workers	221	33	27	16	13	29	27	18	16	**
# of electrical inspections performed	3	4	**	**	3	1	8	10	6	1
Notice of claims	14	7	14	3	2	4	1	6	6	**
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	5,556	7,276	5,467	4,889	5,920	5,483	5,694	5,046	**	**
# of Traffic Stops	4,147	5,463	4,786	5,220	4,681	6,393	6,834	9,439	**	**
# of Arrests on Warrants	360	396	374	468	439	**	**	**	**	**
<i>Fire</i>										
# of Ambulance Transport Services	3,341	2,972	2,699	2,767	2,665	2,476	2,318	2,169	1,912	1,620
# of Fire & Hazmat Incidents	50	61	63	41	57	28	78	62	69	72
HEALTH AND WELFARE										
# of Meals served - Food Assistance	5,590	4,787	5,783	7,791	8,869	7,963	9,604	9,296	7,677	9,239
# of citywide transit ridership	4,797	6,157	6,166	9,538	10,661	8,136	9,243	8,378	6,323	5,190

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>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>	<u>2011</u>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	37	34	33	31	26	26	18	18	18	17
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	71	72	70	69	70	70	57	57	53	50
Culture & Recreation										
Building	3	3	3	3	3	3	3	3	3	3
Equipment	41	38	37	39	33	33	23	23	22	19
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	2	2	2	3	3	3	5	5	6	6
Public Works and streets										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	28	28	28	27	26	26	18	18	17	17
Enterprise										
Building	4	4	4	4	4	4	3	3	3	3
Equipment	68	67	61	61	51	51	44	44	49	47

Source: City records Finance Department