



2022



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED  
ON JUNE 30, 2022





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FOR FISCAL YEAR ENDED  
ON JUNE 30, 2022

Prepared by:  
Department of Finance



**CITY OF SAN LUIS, ARIZONA**  
**Annual Comprehensive Financial Report**  
**for the Fiscal Year Ended June 30, 2022**

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## **INTRODUCTORY SECTION**



# Letter of Transmittal

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For the Fiscal Year Ended June 30, 2022



December 20, 2022

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. Laws of the State of Arizona require that all local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. According to that requirement, we hereby issue the annual comprehensive financial report of the City of San Luis for the fiscal year ended June 30, 2022.

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona, for the fiscal year ended June 30, 2022, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report.

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

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

## **Profile of the Government**

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

The City has experienced significant increases in population over the years. The 2000 census recorded the City of San Luis population at 15,400, and the 2020 census recorded the City of San Luis population at 35,257, a 128% increase from 2010. Today we estimate the City has 37,000 residents. The City of San Luis is listed in the top 10 cities with the most percentage growth in Arizona. Based on current projections, population growth trends are expected to continue at the same pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current level of services.

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

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

## **Financial information**

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

Budget Control: The City of San Luis, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City's expenditure limitation for the fiscal year 2022 was \$54.1 million.

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

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

## **Economic Condition and Outlook**

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

The City of San Luis' most significant revenue source is sales tax revenue, totaling \$16.9 million in the Fiscal Year 2022. Sales tax is generated from various business categories, including food stores, retail stores, restaurants, construction, and utilities. The City also receives a share of sales tax generated from the State of Arizona's (State) applied tax rate and from the City's own applied tax rate.

The City of San Luis is an agriculture community that is part of Yuma County's \$2.3 billion agriculture industry and provides 90% of the U.S. vegetables consumed in the U.S. As the economy continues to rebound from the unprecedented turmoil of the COVID pandemic, supply chain shortages and affordable housing were two of the greatest challenges the City faced in FY 2022. Looking ahead, ongoing interest rate increases by the Federal Reserve would likely cool the housing market. Still, they can increase the risk of a recession, bringing rising unemployment and diminished revenue. We will need to make smart choices in the coming months to support continued job growth in key sectors, improve public services, and patch holes in our safety net – all while thoughtfully managing the City's budget.

Despite the negative impacts of the pandemic, new residential development continues thriving. The real estate sector continued to experience substantial interest in developing new subdivisions. The City amended the General Plan for land use to address the housing demand and provide 600 acres for residential development. There are four subdivisions under construction and a multicomplex apartment for low-income families, which we expect to be completed by the end of January 2023. The City issued 414 building permits in the Fiscal Year 2022, a 14% decrease from last year due to shortages in Supply Chain construction materials and labor.

As the City of San Luis' needs grow and its population, our government works efficiently to meet those needs. Its citizens and municipal government are committed to creating a sustainable economy that will increase the quality of life for its residents and find solutions for the future. Several commercial projects were completed in the Fiscal Year 2022. This includes a Starbucks, a new bank, and a car wash.

Several businesses will complete construction in FY 2023; this includes a Burger King and Wendy's fast-food restaurant. Two new hotels from the Extended Stay America and Hilton Hampton Inn chains are going through the development process. The City projects that the construction will start within a year. In FY 2022, The City received a grant allocation from the State for 33 million for widening the Cesar Chavez Blvd. The widening of this street addresses the traffic issues in that sector of the City, provides alternative modes of transportation and enhances the safety of our residents. We expect to award the contract for the design by April 2023.

The medical mall constructed in FY 2021 is looking to expand to include a 15-bed community hospital representing a 55 million investment. The construction of this hospital will provide the residents with the healthcare they need without traveling outside the community. In the industrial sector, an investor purchased 88 acres of land. Improvements are undergoing for the development of an industrial subdivision.

To better serve our residents, we are completing the construction of a new Fire Station in the East area of the City. The new Fire Station is expected to be completed in the second quarter of next year. We have also started designing a new Police Station in the same area. Currently, the construction of three schools is undergoing, which will serve a combined total of 3000 children.

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

San Luis, I Port of Entry, is also an essential economic player in San Luis's economy. The federal government allocated \$268 million to modernize our port of entry proposing double vehicle and pedestrian lanes. The design building was awarded this year. The construction is expected to start in May 2023, with an estimated completion date of October 2026. The port of entry processes 8 million border crossers daily. Due to the pandemic, in San Luis, we had a reduction of 393,000 fewer pedestrians and a decrease of 1.2 million vehicles. The Mexican shopper contributes approximately 70% of the sales tax in San Luis.

### **Long-Term Financial Planning**

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

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

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

### **Certificates of Achievements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its ACFR for the fiscal year that ended June 30, 2021.

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

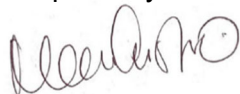
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgments**

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

Respectfully submitted,



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Monica Castro, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of San Luis  
Arizona**

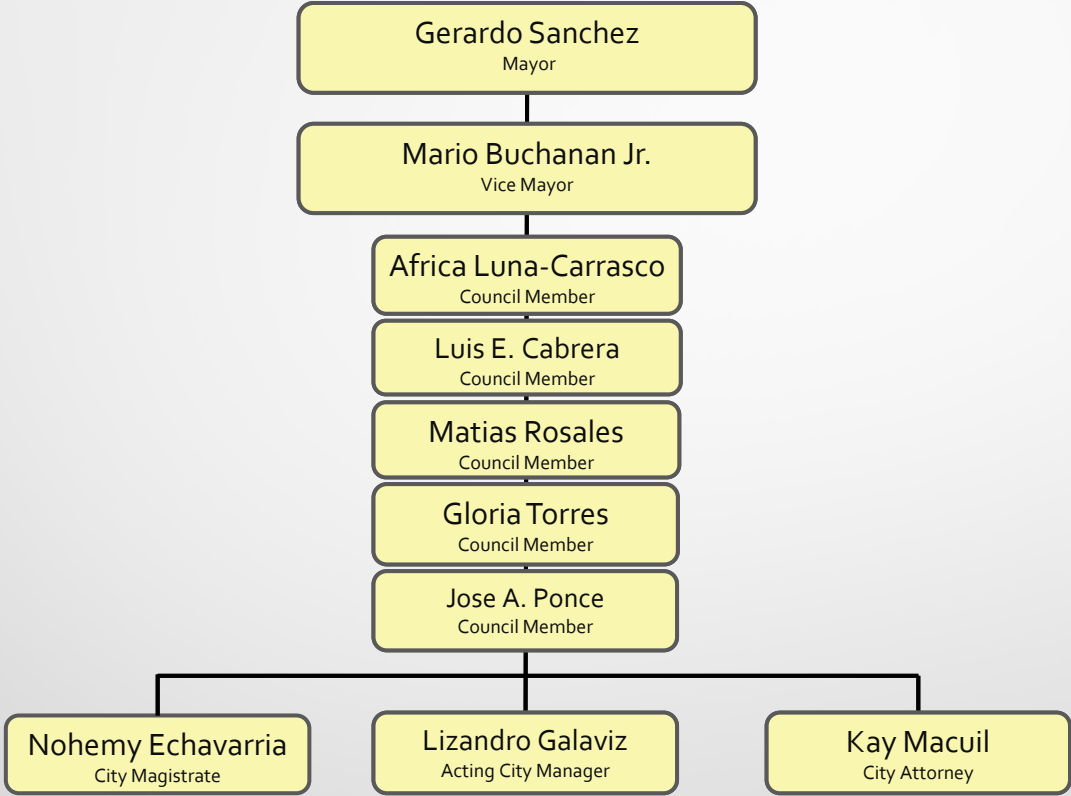
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# CITY COUNCIL



Elected officials

As of June 30, 2022

*Gerardo Sanchez*  
*Mayor*

*Matias Rosales*  
*Councilmember*  
*Luis Cabrera*  
*Councilmember*  
*Gloria Torres*  
*Councilmember*

*Mario Buchanan Jr.*  
*Vice Mayor*  
*Africa Luna-Carrasco*  
*Councilmember*  
*Jose Ponce*  
*Councilmember*



Appointed officials

*Lizandro Galaviz*  
*Acting City Manager*

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

*Kay Macuil*  
*Sonia Cornelio*  
*Jenny Torres*  
*Maria Angelica Roldan*  
*Monica Castro*  
*Angel Ramirez*  
*Richard Jessup*  
*Adela Cortez*  
*Derek Duenas*  
*Nohemy Echavarria*  
*Jose Guzman*  
*Eulogio Vera*  
*Maria Sabori*  
*Aracely DeLaHoya*  
*Edgar Esparza*

**FINANCIAL SECTION**



## Independent Auditor's Report

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

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information of the City of San Luis, Arizona (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Highway Users Fund and the Community Development Fund of the City of San Luis, Arizona, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

#### *Supplementary Information*

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

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

#### *Other Information*

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of City of San Luis, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of San Luis, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of San Luis, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 20, 2022



**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, 2022**

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, 2022. 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**

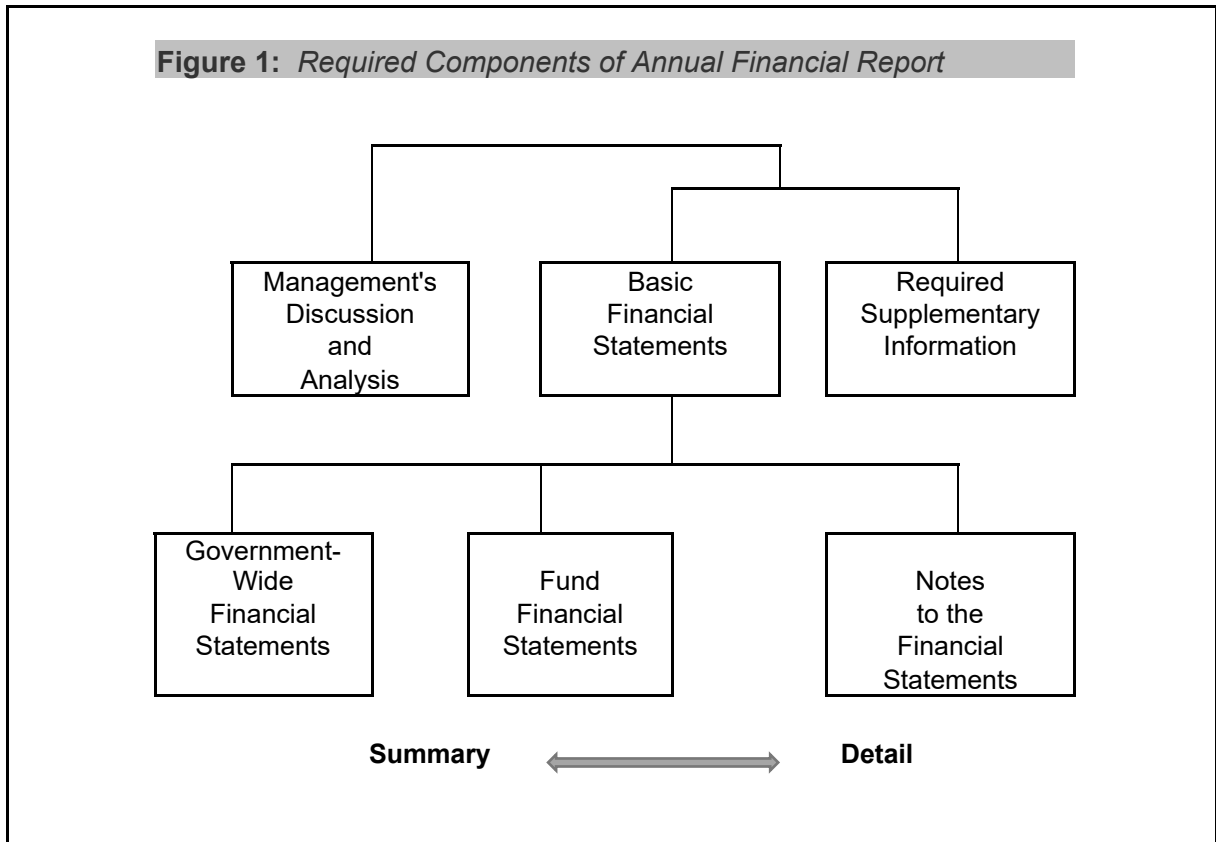
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$121.5 million.
- The City's net position of governmental activities increased approximately \$3.9 million to \$82.1 million, and business-type activities increased \$1.3 million to \$39.4 million representing 68 percent and 32 percent, respectively, of the total net position of \$121.5 million.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$35.5 million, an increase of \$2.1 million over the prior year. Approximately 18 percent of this amount, or \$6.3 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$29.3 million, or 130 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$24.5 million in revenues or 76 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7.9 million or 24 percent of total governmental activities. The City had \$14.1 million of program revenues related to business-type activities.
- The City had \$28.5 million in expenses related to governmental activities; of which \$7.9 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$24.5 million were adequate to provide for the costs of these programs. The City had \$12.8 million in expenses related to business-type activities that were offset by program specific charges for services or capital grants and contributions.
- Among major governmental funds, the general fund had \$25.3 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 \$22.5 million. The general fund's fund balance increased from \$28.5 million to \$29.5 million. The highway users fund had revenues of \$3.9 million, which consisted primarily of intergovernmental revenues, and expenditures of \$3.5 million. The community development fund had revenue of \$1.2 million, which consisted primarily of intergovernmental revenues, and expenditures of \$845,320.
- The City's total long-term liabilities decreased from \$76.9 million to \$63.6 million during the current fiscal year. This decrease was due primarily to the public safety pensions becoming fully funded due to significant excess contributions in the prior year.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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



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

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**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, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**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 \$121.5 million as of June 30, 2022. By far the largest portion of the City's net position (64 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 ten percent of the City's net position, \$12.0 million at June 30, 2022, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 26 percent at June 30, 2022, 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, 2022 and 2021.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$55,557,818	\$49,528,293	\$30,094,069	\$20,130,053	\$ 85,651,887	\$ 69,658,346
Capital assets, net	67,286,246	65,851,419	52,354,476	52,502,768	119,640,722	118,354,187
<b>Total Assets</b>	<b>122,844,064</b>	<b>115,379,712</b>	<b>82,448,545</b>	<b>72,632,821</b>	<b>205,292,609</b>	<b>188,012,533</b>
<b>Total Deferred Outflow of Resources</b>	<b>4,787,180</b>	<b>13,645,502</b>	<b>1,736,101</b>	<b>2,956,088</b>	<b>6,523,281</b>	<b>16,601,590</b>
Long-term liabilities	30,486,583	40,667,788	33,069,010	35,517,925	63,555,593	76,185,713
Other liabilities	9,149,699	9,098,041	1,620,074	1,575,890	10,769,773	10,673,931
<b>Total Liabilities</b>	<b>39,636,282</b>	<b>49,765,829</b>	<b>34,689,084</b>	<b>37,093,815</b>	<b>74,325,366</b>	<b>86,859,644</b>
<b>Total Deferred Inflow of Resources</b>	<b>5,873,338</b>	<b>1,056,974</b>	<b>10,096,919</b>	<b>434,672</b>	<b>15,970,257</b>	<b>1,491,646</b>
<b>Net Position</b>						
Net investment in capital assets	54,131,102	51,811,286	23,411,492	21,682,880	77,542,594	73,494,166
Restricted	9,971,478	9,947,936	1,985,219	1,662,459	11,956,697	11,610,395
Unrestricted	18,019,044	16,443,189	14,001,932	14,715,083	32,020,976	31,158,272
<b>Total net position</b>	<b>\$82,121,624</b>	<b>\$78,202,411</b>	<b>\$39,398,643</b>	<b>\$38,060,422</b>	<b>\$121,520,267</b>	<b>\$116,262,833</b>

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

**Changes in net position**

**Governmental Activities:** Net position in governmental activities saw an increase of \$3.9 million. The reasons for this change can be summarized as follows:

- Program revenues covered 28 percent of total governmental expenses, decreasing from 68 percent in the prior year. This is a 40 percent decrease in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$7.9 million, which was a decrease of \$10.4 million from the previous year due primarily to a one percent increase in charges for services, a 30 percent decrease in operating grants and a 80 percent decrease in capital grants. These decrease in operating grants and contributions reflects the City not utilizing as much COVID-19 funding from the federal government as in the prior year while the decrease in capital grants and contributions is due to the City receiving no donated infrastructure from developers during the year.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$491,497 totaling \$24.5 million. This amounts to an overall increase in general revenues of two percent, which is not significant.
- Expenses totaled \$28.5 million, a six percent increase compared to the previous year. This increase resulted from compensation increases and expanded positions within the police and fire departments.
- For governmental activities city sales taxes represents 37 percent of the total revenues, being the largest single source of funds, followed by state share revenues and operating grants and contributions representing 35 and 12 percent of total revenues, respectively.

**Business-type Activities:** Net position of the enterprise funds at the end of the year amounted to \$39.4 million. The Enterprise Funds had an increase in net position of \$1.3 million. Overall, total expenses exceeded revenues for all the proprietary funds, with the exception of water and sanitation.

Expenses totaled \$12.8 million, a four percent increase compared to prior year. This increase was the result of larger pension expenses allocated to the enterprise funds and wastewater repair and maintenance projects.

Capital grants and contributions decreased and charges for services increased in comparison with prior year by 89 percent and one percent respectively offset by a decrease in investment earnings. The decrease in capital grants and contributions is due to the City receiving no donated infrastructure from developers during the year.

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

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

For business-type activities, the largest part of the revenue is attributable to Charges for Services - Program Revenues, which is made up of 34 percent Water, 31 percent Wastewater, 18 percent Ambulance, and 12 percent Sanitation funds.

Figure 3	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$1,956,061	\$1,931,378	\$13,800,769	\$13,615,328	\$ 15,756,830	\$ 15,546,706
Operating grants and contributions	3,837,548	5,517,652			3,837,548	5,517,652
Capital grants and contributions	2,069,581	10,801,651	337,189	3,158,839	2,406,770	13,960,490
General Revenues:						
City sales taxes	11,954,405	12,128,587			11,954,405	12,128,587
Franchise taxes	459,210	445,924			459,210	445,924
Property taxes	591,017	491,053			591,017	491,053
State shared revenues	11,449,813	10,942,821			11,449,813	10,942,821
Investment earnings	68,556	23,119	6,255	22,992	74,811	46,111
<b>Total Revenues</b>	<b>32,386,191</b>	<b>42,282,185</b>	<b>14,144,213</b>	<b>16,797,159</b>	<b>46,530,404</b>	<b>59,079,344</b>
<b>Expenses</b>						
General Government	6,471,663	6,607,195			6,471,663	6,607,195
Public Safety	10,777,088	10,024,938			10,777,088	10,024,938
Public Works & Streets	4,935,627	5,078,056			4,935,627	5,078,056
Health and Welfare	455,673	394,653			455,673	394,653
Culture and Recreation	3,376,103	2,818,162			3,376,103	2,818,162
Community Development	1,782,982	1,490,104			1,782,982	1,490,104
Interest on Long-Term Debt	667,842	558,408			667,842	558,408
Water			3,478,927	3,445,313	3,478,927	3,445,313
Wastewater			4,536,975	4,012,743	4,536,975	4,012,743
Business Center			652,574	651,827	652,574	651,827
Sanitation			1,482,881	1,525,841	1,482,881	1,525,841
Business Incubator			206,348	189,976	206,348	189,976
Ambulance Services			2,448,287	2,464,088	2,448,287	2,464,088
<b>Total expenses</b>	<b>28,466,978</b>	<b>26,971,516</b>	<b>12,805,992</b>	<b>12,289,788</b>	<b>41,272,970</b>	<b>39,261,304</b>
Increase/(decrease) in net position	3,919,213	15,310,669	1,338,221	4,507,371	5,257,434	19,818,040
Transfer		(345,344)		345,344		
Net position – beginning	78,202,411	63,237,086	38,060,422	33,207,707	116,262,833	96,444,793
Net position - ending	\$82,121,624	\$78,202,411	\$39,398,643	\$38,060,422	\$121,520,267	\$116,262,833

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

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

- The cost of all governmental activities this year was \$28.5 million. The cost of all business-type activities this year was \$12.8 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 \$22.0 million.
- The net cost of governmental activities of \$20.6 million was financed by general revenues of \$24.5 million, which are primarily made up of sales taxes and state shared revenues.
- Business type activities showed an increase in changes to net position of \$1.3 million in the fiscal year ended June 30, 2022 as compared to the prior fiscal year. The ability of user fee charges over the past years have played a significant role in consistent increases to net position even if at a slower increase in the current year than in prior years. However, capital contributions received decreased in comparison with prior year due to the City receiving no donated infrastructure from developers during the year.

<b>Figure 4 - Activities</b>	Total Expenses	Net (Expense)/ Revenue
<b>General Government</b>		
Governmental Activities	\$ 6,471,663	\$(4,384,028)
Public Safety	10,777,088	(9,465,714)
Public Works and Streets	3,376,103	(1,019,613)
Health and Welfare	455,673	(360,421)
Culture and Recreation	4,935,627	(2,989,387)
Community Development	1,782,982	(1,716,783)
Interest on Long-Term Debt	667,842	(667,842)
<b>Total Expenses</b>	<b>28,466,978</b>	<b>(20,603,788)</b>
<b>Business-Type Activities</b>		
Water	3,478,927	1,397,932
Wastewater	4,536,975	(69,940)
Business Center	652,574	(19,178)
Sanitation	1,482,881	157,882
Business Incubator	206,348	(116,268)
Ambulance Services	2,448,287	(18,462)
<b>Total Expenses</b>	<b>12,805,992</b>	<b>1,331,966</b>
<b>Total</b>	<b>\$41,272,970</b>	<b>(\$19,271,822)</b>

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

**Discretely Component Unit**

The Detention Facility, which is a legally separate component unit within the financial statements of the City of San Luis, Arizona, presents at June 30, 2022 a positive net position of \$3.1 million. This is an increase of \$2.9 million when compared to the \$175,344 net position balance from last year. There were also increases in revenue and expenses due to increases in the populations residing within the facility. Revenues increased ten percent in comparison to prior year and expenses increased 14 percent.

**Financial Analysis of the City's Funds**

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

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

At June 30, 2022, the City's governmental funds reported combined fund balance of \$35.5 million, an increase of \$2.1 million from prior year.

The General Fund is the chief operating fund of the City. At the end of the current year fiscal year, the City's fund balance available in the general fund was \$29.5 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 130 percent of total general fund expenditures and total fund balance represents approximately 131 percent of that same amount. A fund balance percentage of 15 to 20 percent of expenditures is typically considered a sign of financial health.

The Highway Users Fund accounts for the revenues and expenditures dedicated to support the maintenance, repair and construction of streets. During the current year, fund balance increased \$467,258 to \$2.5 million due to revenues of \$3.9 million exceeding streets maintenance and improvement expenditures of \$3.5 million.

The Community Development Fund accounts for resources received under federal, state and local grants for community development projects. During the current year, fund balance increased \$482,419 to a deficit of \$95,188 due to receipt of late fiscal year 2021 grant reimbursements.

The Debt Service Fund accounts for the resources accumulated for payment of interest and principal on governmental activities debt backed by the City's excise taxes. During the current year, resources of \$1.6 million were transferred in from the General Fund for the annual principal and interest expenditures of \$1.6 million. Fund balance only increased \$1 during the fiscal year to \$264,995.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**BUDGETARY HIGHLIGHTS**

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

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

General Fund revenues for fiscal year 2022 were \$1.1 million more than projected. Key differences between final estimated revenues and actual revenues were due to continued strong sales taxes collections within San Luis and across Arizona generally.

General Fund expenditures were \$4.7 million less than the revised fiscal year 2022 budget due to the following:

- City of San Luis has struggled in filling its open positions in various departments creating positive variances in the operating budget.
- Construction of the East Fire Station did not start until the end of fiscal year 2021-22 leaving a majority of the budget for this item for the next fiscal year.
- Due to supply chain constraints, the City did not receive a fire truck budgeted and ordered before the end of fiscal year 2021-22.
- The City anticipated expending matching funds for certain grants in fiscal year 2021-22, but the grant awards were delayed into fiscal year 2022-23.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS**

As of June 30, 2022, the City had invested \$204.6 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets prior to depreciation. Total depreciation expense for the year was \$3.6 million for the governmental activities and \$2.2 million for the business-type-activities.

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2022 and 2021.

Figure 5	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 4,921,886	\$ 4,893,395	\$ 685,239	\$ 685,239	\$ 5,607,125	\$ 5,578,634
Construction in progress	3,360,415	887,866	638,784	84,105	3,999,199	971,971
Buildings and Improvements	26,694,230	26,174,854	10,035,381	10,023,090	36,729,611	36,171,348
Machinery and equipment	15,231,592	13,936,529	11,319,678	10,723,568	26,551,270	24,686,693
Infrastructure	69,630,178	69,227,271	62,126,618	62,013,930	131,756,796	131,241,201
Right-to-use leases			702,519		702,519	
Total	<u>\$119,838,301</u>	<u>\$115,119,915</u>	<u>\$85,508,219</u>	<u>\$83,529,932</u>	<u>\$205,346,520</u>	<u>\$198,649,847</u>

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

- Commencement of construction of a new fleet services building and fabrication of a new fire truck at a combined cost of \$1.8 million.
- Commencement of construction on a new community park at a cost of \$322,609.
- Improvements to the wastewater treatment plant of \$139,464.

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 \$49.0 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 financed purchases, leases, and notes are paid from user fees and charges and others.

Long-term debt decreased by \$78,979 due primarily to debt principal retirement.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**DEBT ADMINISTRATION (CONTINUED)**

The following schedule presents a summary of the City's outstanding long-term debt for the fiscal year ended June 30, 2022 and 2021.

**OUTSTANDING DEBT**

(Revenue Bonds, Financed Purchases, Leases, and Notes Payable)

Figure 6	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$20,697,655	\$21,429,405	\$30,684,638	\$30,415,890	\$51,382,293	\$51,845,295
Financed purchases	156,973	208,986	15,698	100,396	172,671	309,382
Leases payable			699,163		699,163	
Note payable	436,325	564,707	88,478	138,525	524,803	703,232
<b>Total</b>	<b>\$21,290,953</b>	<b>\$22,203,098</b>	<b>\$31,487,977</b>	<b>\$30,654,811</b>	<b>\$52,778,930</b>	<b>\$52,857,909</b>

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 number of visitors crossing the border in the City increased for private vehicles, pedestrians, and commercial crossings, which indicates the release of the border crossing restriction due to the COVID-19 pandemic. When comparing the current year to the previous year, daily averages of vehicles increased by 28%, pedestrians by 24%, and commercial crossing by 10%. The peak months for all crossings occur in December through May and hit the lowest point during the summer months of July and August. (Source: United States Department of Transportation).

Figure 7	BORDER CROSSING					
	Fiscal Year 2022			Fiscal Year 2021		
Class	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	745,901	628,300	22,240	627,543	423,155	17,387
Pedestrians	211,765	110,492	5,557	172,839	95,503	4,469
Commercial	12,389	6,825	275	12,095	5,476	251

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**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 49 percent of the \$25.3 million general revenues in fiscal year 2022. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications. Our retail sales decreased by 1.4 percent compared to last year since the stimulus money injected into the economy has worn off. We expect a slight increase in sales tax revenue through the fiscal year 2022-23 in construction, retail, and food industries compared to the fiscal year 2021-22 levels due to the substantial interest in developing new subdivisions and the rising cost of goods and services. However, increasing interest rates and inflation can also affect the acquisition power, resulting in a slight decrease or no change in the retail sales tax revenue in the next year.
- The City also receives significant revenue allocations from the State for income tax, sales tax, and motor vehicle tax. These revenue sources are placed in the City's General Fund to support the City's day-to-day activities.

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

Population and residential growth increased the demand for commercial development. Several commercial projects have already been completed, which include a Starbucks and a car wash. Several businesses will complete construction in fiscal year 2022-23, including a financial institution and two fast-food restaurants. In addition, the medical mall is planning to expand to include a 15-bed hospital, and two new hotels are currently in development.

To address the community's growing needs, the City expects to complete the construction of a new Fire Station in the East area of the City in the second quarter of next year. The City also started designing a new Police Station in the same area. Currently, the construction of three schools is undergoing, which will serve a combined total of 3000 children.

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

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



## **BASIC FINANCIAL STATEMENTS**



**CITY OF SAN LUIS, ARIZONA  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Detention Facility
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash	\$ 11,467,083	\$ 1,715,182	\$ 13,182,265	\$
Cash and investments	27,719,725	20,374,270	48,093,995	
Cash with trustee				849,457
Accounts receivable (net)	2,545,989	1,288,475	3,834,464	4,107,358
Property taxes receivable	16,325		16,325	
Internal balances	3,986,574	(3,986,574)		
Notes receivable		26,007	26,007	
Due from governmental entities	2,613,501		2,613,501	
Leases receivable	11,264	614,798	626,062	
Prepaid items	256,530	102,049	358,579	
Supplies inventory	127,765	313,394	441,159	
<b>Total current assets</b>	<b>48,744,756</b>	<b>20,447,601</b>	<b>69,192,357</b>	<b>4,956,815</b>
Noncurrent assets:				
Restricted cash and investments	2,465,615	677,325	3,142,940	6,726,347
Leases receivable	455,728	8,278,222	8,733,950	
Net pension assets	3,891,719	690,921	4,582,640	
Capital assets, not being depreciated	8,282,301	1,324,024	9,606,325	661,359
Capital assets, net of accumulated depreciation	59,003,945	51,030,452	110,034,397	24,225,792
<b>Total noncurrent assets</b>	<b>74,099,308</b>	<b>62,000,944</b>	<b>136,100,252</b>	<b>31,613,498</b>
<b>Total assets</b>	<b>122,844,064</b>	<b>82,448,545</b>	<b>205,292,609</b>	<b>36,570,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan items	4,713,610	915,988	5,629,598	
Deferred loss on refunding	73,570	820,113	893,683	272,571
<b>Total deferred outflows of resources</b>	<b>4,787,180</b>	<b>1,736,101</b>	<b>6,523,281</b>	<b>272,571</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,492,693	389,554	1,882,247	3,789,647
Estimated claims and judgments	658,196		658,196	
Accrued payroll and taxes	1,268,735	113,969	1,382,704	
Court bonds payable	34,071		34,071	
Customer deposits	725	512,169	512,894	
Accrued interest	370,988	604,382	975,370	356,600
Current portion of long-term liabilities	1,725,496	1,901,350	3,626,846	2,645,000
Unearned revenue	5,324,291		5,324,291	
<b>Total current liabilities</b>	<b>10,875,195</b>	<b>3,521,424</b>	<b>14,396,619</b>	<b>6,791,247</b>
Noncurrent liabilities:				
Non-current portion of long-term liabilities	28,761,087	31,167,660	59,928,747	26,977,698
<b>Total noncurrent liabilities</b>	<b>28,761,087</b>	<b>31,167,660</b>	<b>59,928,747</b>	<b>26,977,698</b>
<b>Total liabilities</b>	<b>39,636,282</b>	<b>34,689,084</b>	<b>74,325,366</b>	<b>33,768,945</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan items	5,266,622	1,098,577	6,365,199	
Deferred gain on refunding	145,605	160,773	306,378	
Leases	461,111	8,837,569	9,298,680	
<b>Total deferred inflows of resources</b>	<b>5,873,338</b>	<b>10,096,919</b>	<b>15,970,257</b>	
<b>NET POSITION</b>				
Net investment in capital assets	54,131,102	23,411,492	77,542,594	(4,462,977)
Restricted for:				
Debt service	264,996		264,996	5,673,858
Capital projects	2,224,138	1,985,219	4,209,357	
Special purposes	473,993		473,993	
HURF	2,494,718		2,494,718	
Employee benefits	3,784,038		3,784,038	
Other purposes	729,595		729,595	
Unrestricted	18,019,044	14,001,932	32,020,976	1,863,058
<b>Total net position</b>	<b>\$ 82,121,624</b>	<b>\$ 39,398,643</b>	<b>\$ 121,520,267</b>	<b>\$ 3,073,939</b>

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

**CITY OF SAN LUIS, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 6,471,663	\$ 1,793,937	\$ 197,842	\$ 95,856
Public safety	10,777,088	82,127	985,946	243,301
Public works and streets	4,935,627	37,442	2,503,371	1,375,201
Health and welfare	455,673		95,252	
Culture and recreation	3,376,103	42,555	36,041	308,120
Community development	1,782,982		19,096	47,103
Interest on long term debt	667,842			
Total governmental activities	<u>28,466,978</u>	<u>1,956,061</u>	<u>3,837,548</u>	<u>2,069,581</u>
Business-type activities:				
Water	3,478,927	4,746,978		129,881
Wastewater	4,536,975	4,259,727		207,308
Business center	652,574	633,396		
Sanitation	1,482,881	1,640,763		
Business incubator	206,348	90,080		
Ambulance services	2,448,287	2,429,825		
Total business-type activities	<u>12,805,992</u>	<u>13,800,769</u>		<u>337,189</u>
<b>Total primary government</b>	<u>\$ 41,272,970</u>	<u>\$ 15,756,830</u>	<u>\$ 3,837,548</u>	<u>\$ 2,406,770</u>
<b>Component Unit</b>				
Detention Facility	\$ 22,367,541	\$ 25,263,660		
<b>Total component unit</b>	<u>\$ 22,367,541</u>	<u>\$ 25,263,660</u>		

**General revenues:**

Taxes:

City sales taxes for general purposes

Franchise taxes

Property taxes

State shared revenue (not restricted)

Investment earnings

**Total general revenues and transfers**

**Changes in net position**

**Net position, beginning of year**

**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>
\$ (4,384,028)	\$	\$ (4,384,028)	\$
(9,465,714)		(9,465,714)	
(1,019,613)		(1,019,613)	
(360,421)		(360,421)	
(2,989,387)		(2,989,387)	
(1,716,783)		(1,716,783)	
(667,842)		(667,842)	
<u>(20,603,788)</u>		<u>(20,603,788)</u>	
	1,397,932	1,397,932	
	(69,940)	(69,940)	
	(19,178)	(19,178)	
	157,882	157,882	
	(116,268)	(116,268)	
	(18,462)	(18,462)	
	<u>1,331,966</u>	<u>1,331,966</u>	
<u>(20,603,788)</u>	<u>1,331,966</u>	<u>(19,271,822)</u>	
			\$ 2,896,119
			<u>\$ 2,896,119</u>
11,954,405		11,954,405	
459,210		459,210	
591,017		591,017	
11,449,813		11,449,813	
68,556	6,255	74,811	2,476
<u>24,523,001</u>	<u>6,255</u>	<u>24,529,256</u>	<u>2,476</u>
3,919,213	1,338,221	5,257,434	2,898,595
<u>78,202,411</u>	<u>38,060,422</u>	<u>116,262,833</u>	<u>175,344</u>
<u>\$ 82,121,624</u>	<u>\$ 39,398,643</u>	<u>\$ 121,520,267</u>	<u>\$ 3,073,939</u>



## **FUND FINANCIAL STATEMENTS**



## **GOVERNMENTAL FUNDS**

**CITY OF SAN LUIS, ARIZONA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General	Highway Users	Community Development
<b>ASSETS</b>			
Equity in pooled cash	\$ 5,383,955	\$	\$ 5,074,725
Cash and investments	16,457,559	4,339,462	
Restricted cash and investments			
Accounts receivable (net)	2,425,387	2,426	
Property taxes receivable			
Due from governmental entities	1,914,570	334,608	265,635
Due from other funds	7,169,737		
Leases receivable	466,992		
Prepaid items	176,737	1,250	78,400
Inventories	10,624	117,141	
<b>Total assets</b>	<b>\$ 34,005,561</b>	<b>\$ 4,794,887</b>	<b>\$ 5,418,760</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 841,886	\$ 608,287	\$ 7,448
Accrued payroll and taxes	1,239,017	28,776	942
Court bonds payable	34,071		
Customer deposits	725		
Due to other funds	246,171	1,663,106	
Bond interest payable			
Bonds payable			
Unearned revenue	1,331		5,322,960
<b>Total liabilities</b>	<b>2,363,201</b>	<b>2,300,169</b>	<b>5,331,350</b>
Deferred inflows of resources:			
Unavailable revenue - municipal court	777,975		
Unavailable revenue - intergovernmental			182,598
Unavailable revenue - property taxes			
Unavailable revenue - other	874,910		
Leases	461,111		
<b>Total deferred inflows of resources</b>	<b>2,113,996</b>		<b>182,598</b>
Fund balances (deficits):			
Nonspendable	187,361	118,391	78,400
Restricted		2,376,327	
Unassigned	29,341,003		(173,588)
<b>Total fund balances</b>	<b>29,528,364</b>	<b>2,494,718</b>	<b>(95,188)</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 34,005,561</b>	 <b>\$ 4,794,887</b>	 <b>\$ 5,418,760</b>

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

<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 1,008,403	\$ 11,467,083
	2,835,861	23,632,882
2,465,615		2,465,615
4,355	3,148	2,435,316
	16,325	16,325
	98,688	2,613,501
		7,169,737
		466,992
143		256,530
		127,765
<u>\$ 2,470,113</u>	<u>\$ 3,962,425</u>	<u>\$ 50,651,746</u>

\$	\$ 35,072	\$ 1,492,693
		1,268,735
		34,071
		725
931,567	587,037	3,427,881
370,988		370,988
902,562		902,562
		5,324,291
<u>2,205,117</u>	<u>622,109</u>	<u>12,821,946</u>

		777,975
	18,155	200,753
	8,906	8,906
		874,910
		461,111
	<u>27,061</u>	<u>2,323,655</u>

143		384,295
264,853	3,313,255	5,954,435
		29,167,415
<u>264,996</u>	<u>3,313,255</u>	<u>35,506,145</u>

<u>\$ 2,470,113</u>	<u>\$ 3,962,425</u>	<u>\$ 50,651,746</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, 2022**

**Total governmental fund balances** **\$ 35,506,145**

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	\$ 119,838,301	
Less accumulated depreciation	<u>(52,552,055)</u>	67,286,246

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

Municipal court	777,975	
Intergovernmental	200,753	
Property taxes	8,906	
Other	<u>874,910</u>	1,862,544

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (72,035)

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	4,713,610	
Deferred inflows of resources related to pensions	<u>(5,266,622)</u>	(553,012)

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. 3,784,038

The net pension assets are not a current financial resource and, therefore, are not reported in the funds. 3,891,719

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

Compensated absences payable	(880,412)	
Note payable	(436,325)	
Net pension liability	(8,315,218)	
Financed purchases	(156,973)	
Bonds payable	<u>(19,795,093)</u>	<u>(29,584,021)</u>

**Net position of governmental activities** **\$ 82,121,624**

**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, 2022**

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>
<b>Revenues:</b>			
Taxes	\$ 12,413,615	\$	\$
Licenses and permits	739,854		
Intergovernmental	11,432,094	3,376,414	1,141,628
Fines and forfeitures	259,621		
Property taxes			
Charges for services	70,020		
Rents	187,744		
Investment earnings	44,556	6,329	
Other	119,304	37,442	42,555
Development fees		473,868	
<b>Total revenues</b>	<u>25,266,808</u>	<u>3,894,053</u>	<u>1,184,183</u>
<b>Expenditures:</b>			
Current -			
General government	5,629,683		92,017
Public safety	9,211,142		276,422
Public works and streets		2,561,741	78,134
Health and welfare	283,308		113,164
Culture and recreation	2,858,847		57,592
Community development	1,261,698		19,636
Capital outlay	3,190,915	932,891	208,355
Debt service -			
Interest	1,280		
Principal	84,273		
<b>Total expenditures</b>	<u>22,521,146</u>	<u>3,494,632</u>	<u>845,320</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,745,662</u>	<u>399,421</u>	<u>338,863</u>
<b>Other financing sources (uses):</b>			
Transfers in		149,178	143,556
Transfers out	(1,671,724)	(81,341)	
<b>Total other financing sources (uses)</b>	<u>(1,671,724)</u>	<u>67,837</u>	<u>143,556</u>
<b>Changes in fund balances</b>	<u>1,073,938</u>	<u>467,258</u>	<u>482,419</u>
<b>Fund balances (deficits), beginning of year</b>	28,454,426	2,027,460	(577,607)
<b>Fund balances (deficits), end of year</b>	<u>\$ 29,528,364</u>	<u>\$ 2,494,718</u>	<u>\$ (95,188)</u>

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

<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 199,801	\$ 12,613,416
		739,854
	585,679	16,535,815
	146,844	406,465
	584,631	584,631
		70,020
	2,500	190,244
5,879	7,587	64,351
	13,046	212,347
	601,513	1,075,381
<u>5,879</u>	<u>2,141,601</u>	<u>32,492,524</u>
	71,866	5,793,566
	557,897	10,045,461
	62,412	2,702,287
		396,472
		2,916,439
	428,567	1,709,901
	700,750	5,032,911
743,647	15,958	760,885
902,562	96,122	1,082,957
<u>1,646,209</u>	<u>1,933,572</u>	<u>30,440,879</u>
<u>(1,640,330)</u>	<u>208,029</u>	<u>2,051,645</u>
1,640,331		1,933,065
	(180,000)	(1,933,065)
<u>1,640,331</u>	<u>(180,000)</u>	<u></u>
1	28,029	2,051,645
264,995	3,285,226	33,454,500
<u>\$ 264,996</u>	<u>\$ 3,313,255</u>	<u>\$ 35,506,145</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, 2022**

**Changes in fund balances - total governmental funds** **\$ 2,051,645**

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	\$ 5,024,346	
Less current year depreciation	<u>(3,648,573)</u>	1,375,773

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

Donated capital assets	59,054	
Municipal court	3,886	
Intergovernmental	(530,828)	
Property taxes	6,386	
Other	<u>333,245</u>	(128,257)

The repayments of long term debt principal are expenditures in the governmental funds. However, this transaction has no effect on net position.

Revenue bonds principal retirement	902,562	
Financed purchase principal retirement	52,013	
Notes payable principal retirement	<u>128,382</u>	1,082,957

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	1,420,040	
Pension expense	<u>(1,469,509)</u>	(49,469)

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.

Amortization of deferred bond items	93,043	
Compensated absences	<u>1,501</u>	94,544

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.

(507,980)

**Changes in net position in governmental activities** **\$ 3,919,213**

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, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 12,034,330	\$ 12,034,330	\$ 12,413,615	\$ 379,285
Licenses and permits	974,220	974,220	739,854	(234,366)
Intergovernmental	10,294,803	10,294,803	11,432,094	1,137,291
Charges for services	44,650	44,650	70,020	25,370
Fines and forfeitures	198,740	198,740	259,621	60,881
Investment earnings	16,100	16,100	44,556	28,456
Rents	517,700	517,700	187,744	(329,956)
Other	77,900	77,900	119,304	41,404
<b>Total revenues</b>	<b>24,158,443</b>	<b>24,158,443</b>	<b>25,266,808</b>	<b>1,108,365</b>
<b>Expenditures:</b>				
Current -				
General government				
City council	1,390,510	1,303,270	784,221	519,049
City administration	1,116,576	569,011	386,501	182,510
City clerk	254,520	263,410	222,000	41,410
City attorney	257,344	289,754	253,756	35,998
City prosecutor	334,052	348,372	337,479	10,893
Finance	512,110	551,990	433,909	118,081
Human resources	420,698	429,198	250,659	178,539
Municipal court	835,820	841,720	706,172	135,548
Information technology	599,036	666,826	576,808	90,018
Facilities	517,431	550,541	510,318	40,223
Fleet services	233,282	234,542	221,970	12,572
Risk and property	475,046	568,136	346,337	221,799
Billing and collections	34,938	65,282	28,229	37,053
Non departmental	361,731	519,521	571,324	(51,803)
Public safety				
Police department	6,203,560	6,514,760	6,125,268	389,492
Fire department	3,257,915	3,397,695	3,085,874	311,821
Health and welfare				
Senior services	296,500	320,920	283,308	37,612
Culture and recreation				
Cultural center	223,300	231,770	196,005	35,765
Parks ground	1,487,910	1,576,620	1,509,868	66,752
Parks - recreation	754,160	441,200	664,851	(223,651)
Youth center	254,520	620,300	245,539	374,761
Aquatic center	262,660	262,870	242,584	20,286
Community development				
Development services	536,295	536,295	406,443	129,852
Building safety	545,650	545,650	469,811	75,839
Economic development	375,588	409,608	385,444	24,164
Capital outlay	3,643,380	5,094,465	3,190,915	1,903,550
Debt service -				
Interest	1,290	1,290	1,280	10
Principal	78,020	78,020	84,273	(6,253)
<b>Total expenditures</b>	<b>25,263,842</b>	<b>27,233,036</b>	<b>22,521,146</b>	<b>4,711,890</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,105,399)</b>	<b>(3,074,593)</b>	<b>2,745,662</b>	<b>5,820,255</b>
<b>Other financing sources (uses):</b>				
Transfers out	(4,749,490)	(4,749,490)	(1,671,724)	3,077,766
<b>Changes in fund balances</b>	<b>(5,854,889)</b>	<b>(7,824,083)</b>	<b>1,073,938</b>	<b>8,898,021</b>
<b>Fund balances, beginning of year</b>	<b>(5,112,415)</b>	<b>(1,960,847)</b>	<b>28,454,426</b>	<b>30,415,273</b>
<b>Fund balances, end of year</b>	<b>\$ (10,967,304)</b>	<b>\$ (9,784,930)</b>	<b>\$ 29,528,364</b>	<b>\$ 39,313,294</b>

**CITY OF SAN LUIS, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
HIGHWAY USERS  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,965,580	\$ 2,965,580	\$ 3,376,414	\$ 410,834
Investment earnings	1,050	1,050	6,329	5,279
Other	250,000	250,000	37,442	(212,558)
Development fees	406,800	406,800	473,868	67,068
<b>Total revenues</b>	<u>3,623,430</u>	<u>3,623,430</u>	<u>3,894,053</u>	<u>270,623</u>
<b>Expenditures:</b>				
Current -				
Public works and streets	2,685,499	2,898,254	2,561,741	336,513
Capital outlay	2,865,870	2,312,470	932,891	1,379,579
<b>Total expenditures</b>	<u>5,551,369</u>	<u>5,210,724</u>	<u>3,494,632</u>	<u>1,716,092</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,927,939)</u>	<u>(1,587,294)</u>	<u>399,421</u>	<u>1,986,715</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,180,000	1,180,000	149,178	(1,030,822)
Transfers out	(516,160)	(516,160)	(81,341)	434,819
<b>Total other financing sources (uses)</b>	<u>663,840</u>	<u>663,840</u>	<u>67,837</u>	<u>(596,003)</u>
<b>Changes in fund balances</b>	<u>(1,264,099)</u>	<u>(923,454)</u>	<u>467,258</u>	<u>1,390,712</u>
<b>Fund balances (deficits), beginning of year</b>	<u>(2,130,027)</u>	<u>(2,076,002)</u>	<u>2,027,460</u>	<u>4,103,462</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ (3,394,126)</u>	<u>\$ (2,999,456)</u>	<u>\$ 2,494,718</u>	<u>\$ 5,494,174</u>

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  
COMMUNITY DEVELOPMENT  
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 5,710,170	\$ 5,710,170	\$ 1,141,628	\$ (4,568,542)
Other	13,230	13,230	42,555	29,325
<b>Total revenues</b>	<u>5,723,400</u>	<u>5,723,400</u>	<u>1,184,183</u>	<u>(4,539,217)</u>
<b>Expenditures:</b>				
Current -				
General government	4,000,000	982,000	92,017	889,983
Public safety			276,422	(276,422)
Public works and streets			78,134	(78,134)
Health and welfare	103,230	118,756	113,164	5,592
Culture and recreation	20,000	20,000	57,592	(37,592)
Community development			19,636	(19,636)
Capital outlay	4,074,490	5,493,089	208,355	5,284,734
<b>Total expenditures</b>	<u>8,197,720</u>	<u>6,613,845</u>	<u>845,320</u>	<u>5,768,525</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,474,320)</u>	<u>(890,445)</u>	<u>338,863</u>	<u>1,229,308</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,474,320	2,474,320	143,556	(2,330,764)
<b>Total other financing sources (uses)</b>	<u>2,474,320</u>	<u>2,474,320</u>	<u>143,556</u>	<u>(2,330,764)</u>
<b>Changes in fund balances</b>		<u>1,583,875</u>	<u>482,419</u>	<u>(1,101,456)</u>
<b>Fund balances (deficits), beginning of year</b>	143,742	143,742	(577,607)	(721,349)
<b>Fund balances (deficits), end of year</b>	<u>\$ 143,742</u>	<u>\$ 1,727,617</u>	<u>\$ (95,188)</u>	<u>\$ (1,822,805)</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, 2022**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash	\$ 2,500	\$ 363,451	\$ 203,002
Cash and investments	12,634,400	6,381,295	
Accounts receivable (net)	515,053	101,722	25,503
Notes receivable	26,007		
Due from other funds			
Leases receivable			
Prepaid items and other assets	230,712	81,514	28,820
Total current assets	<u>13,408,672</u>	<u>6,927,982</u>	<u>257,325</u>
Noncurrent assets:			
Restricted cash and investments	677,325		
Leases receivable			
Net pension assets			
Capital assets, not being depreciated	348,627	468,176	124,032
Capital assets, net of accumulated depreciation	19,481,760	24,845,620	191,562
Total noncurrent assets	<u>20,507,712</u>	<u>25,313,796</u>	<u>315,594</u>
<b>Total assets</b>	<u>33,916,384</u>	<u>32,241,778</u>	<u>572,919</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	148,970	202,334	55,882
Deferred loss on refunding			
<b>Total deferred outflows of resources</b>	<u>148,970</u>	<u>202,334</u>	<u>55,882</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	81,545	189,445	48,039
Estimated claims and judgments			
Accrued payroll and taxes	18,962	28,781	9,683
Customer deposits	494,900	10,850	
Due to other funds	3,080		
Accrued interest	214,503	249,019	
Current portion of long-term liabilities	425,141	536,019	63,135
Total current liabilities	<u>1,238,131</u>	<u>1,014,114</u>	<u>120,857</u>
Noncurrent liabilities:			
Non-current portion of long-term liabilities	9,891,266	11,694,357	219,698
Total noncurrent liabilities	<u>9,891,266</u>	<u>11,694,357</u>	<u>219,698</u>
<b>Total liabilities</b>	<u>11,129,397</u>	<u>12,708,471</u>	<u>340,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	171,277	228,370	57,092
Deferred gain on refunding	75,836	84,937	
Leases			
<b>Total deferred inflows of resources</b>	<u>247,113</u>	<u>313,307</u>	<u>57,092</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,004,115	14,663,301	227,116
Restricted for:			
Capital projects	504,322	1,480,897	
Employee benefits			
Unrestricted	12,180,407	3,278,136	4,038
<b>Total net position</b>	<u>\$ 22,688,844</u>	<u>\$ 19,422,334</u>	<u>\$ 231,154</u>

Enterprise Funds				Governmental Activities: Internal Service Funds
Business Incubator	Ambulance Services	Business Center	Totals	
\$	\$ 1,146,229	\$	\$ 1,715,182	\$
2,360	638,385	1,358,575	20,374,270	4,086,843
		5,452	1,288,475	110,673
			26,007	
76,101		538,697	614,798	246,171
	74,397		415,443	
<u>78,461</u>	<u>1,859,011</u>	<u>1,902,724</u>	<u>24,434,175</u>	<u>4,443,687</u>
			677,325	
396,610		7,881,612	8,278,222	
	690,921		690,921	
	31,506	351,683	1,324,024	
<u>2,483,361</u>	<u>830,725</u>	<u>3,197,424</u>	<u>51,030,452</u>	
<u>2,879,971</u>	<u>1,553,152</u>	<u>11,430,719</u>	<u>62,000,944</u>	
<u>2,958,432</u>	<u>3,412,163</u>	<u>13,333,443</u>	<u>86,435,119</u>	<u>4,443,687</u>
	508,802		915,988	
		820,113	820,113	
<u>-</u>	<u>508,802</u>	<u>820,113</u>	<u>1,736,101</u>	
314	58,625	11,586	389,554	
				658,196
987	55,556		113,969	
6,419			512,169	
778,094		3,205,400	3,986,574	1,453
	10,597	130,263	604,382	
<u>1,566</u>	<u>80,489</u>	<u>795,000</u>	<u>1,901,350</u>	
<u>787,380</u>	<u>205,267</u>	<u>4,142,249</u>	<u>7,507,998</u>	<u>659,649</u>
<u>699,606</u>	<u>974,742</u>	<u>7,687,991</u>	<u>31,167,660</u>	
<u>699,606</u>	<u>974,742</u>	<u>7,687,991</u>	<u>31,167,660</u>	
<u>1,486,986</u>	<u>1,180,009</u>	<u>11,830,240</u>	<u>38,675,658</u>	<u>659,649</u>
	641,838		1,098,577	
			160,773	
<u>445,204</u>		<u>8,392,365</u>	<u>8,837,569</u>	
<u>445,204</u>	<u>641,838</u>	<u>8,392,365</u>	<u>10,096,919</u>	
1,784,198	846,533	(4,113,771)	23,411,492	
			1,985,219	
				3,784,038
<u>(757,956)</u>	<u>1,252,585</u>	<u>(1,955,278)</u>	<u>14,001,932</u>	
<u>\$ 1,026,242</u>	<u>\$ 2,099,118</u>	<u>\$ (6,069,049)</u>	<u>\$ 39,398,643</u>	<u>\$ 3,784,038</u>

**CITY OF SAN LUIS, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<b>Operating revenues:</b>			
Charges for services	\$ 4,628,184	\$ 4,252,663	\$ 1,605,233
Rents			
Other	118,794	7,064	35,530
<b>Total operating revenues</b>	4,746,978	4,259,727	1,640,763
<b>Operating expenses:</b>			
Cost of sales and services	2,453,342	3,040,895	1,403,417
Insurance premiums/claims			
Depreciation and amortization	643,045	1,047,734	74,208
<b>Total operating expenses</b>	3,096,387	4,088,629	1,477,625
<b>Operating income (loss)</b>	1,650,591	171,098	163,138
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	(11,072)	17,009	
Interest and fiscal charges	(382,540)	(448,346)	(5,256)
<b>Total nonoperating revenues (expenses)</b>	(393,612)	(431,337)	(5,256)
<b>Income (loss)</b>	1,256,979	(260,239)	157,882
<b>Capital contributions</b>	129,881	207,308	
<b>Changes in net position</b>	1,386,860	(52,931)	157,882
<b>Total net position, beginning of year</b>	21,301,984	19,475,265	73,272
<b>Total net position, end of year</b>	\$ 22,688,844	\$ 19,422,334	\$ 231,154

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
\$	\$ 2,428,820	\$	\$ 12,914,900	\$ 2,962,413
86,805		534,673	621,478	
3,275	1,005	98,723	264,391	
<u>90,080</u>	<u>2,429,825</u>	<u>633,396</u>	<u>13,800,769</u>	<u>2,962,413</u>
136,935	2,272,782	99,254	9,406,625	
59,450	154,312	193,481	2,172,230	3,474,599
<u>196,385</u>	<u>2,427,094</u>	<u>292,735</u>	<u>11,578,855</u>	<u>3,474,599</u>
<u>(106,305)</u>	<u>2,731</u>	<u>340,661</u>	<u>2,221,914</u>	<u>(512,186)</u>
		318	6,255	4,206
<u>(9,963)</u>	<u>(21,193)</u>	<u>(359,839)</u>	<u>(1,227,137)</u>	<u>4,206</u>
<u>(9,963)</u>	<u>(21,193)</u>	<u>(359,521)</u>	<u>(1,220,882)</u>	<u>4,206</u>
<u>(116,268)</u>	<u>(18,462)</u>	<u>(18,860)</u>	<u>1,001,032</u>	<u>(507,980)</u>
			337,189	
<u>(116,268)</u>	<u>(18,462)</u>	<u>(18,860)</u>	<u>1,338,221</u>	<u>(507,980)</u>
1,142,510	2,117,580	(6,050,189)	38,060,422	4,292,018
<u>\$ 1,026,242</u>	<u>\$ 2,099,118</u>	<u>\$ (6,069,049)</u>	<u>\$ 39,398,643</u>	<u>\$ 3,784,038</u>

**CITY OF SAN LUIS, ARIZONA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Enterprise Funds	
	Water	Wastewater
<b><u>Increase/(Decrease) In Cash and Cash Equivalents</u></b>		
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,807,840	\$ 4,240,782
Cash payments to suppliers for goods and services	(2,032,766)	(1,967,544)
Cash payments to employees for services	(657,787)	(957,780)
<b>Net cash provided by/ (used for) operating activities</b>	<b>2,117,287</b>	<b>1,315,458</b>
<b>Cash flows from noncapital and related financing activities:</b>		
Interfund borrowing	(906,959)	(66,551)
<b>Net cash provided by/ (used for) noncapital and related financing</b>	<b>(906,959)</b>	<b>(66,551)</b>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions from development fees	129,881	207,308
Payments for capital acquisitions	(467,736)	(459,214)
Principal paid on long-term obligations	(388,735)	(484,714)
Interest paid on long-term obligations	(438,017)	(508,975)
<b>Net cash provided by/ (used for) capital and related financing</b>	<b>(1,164,607)</b>	<b>(1,245,595)</b>
<b>Cash flows from investing activities:</b>		
Investment income	(11,072)	17,009
<b>Net cash provided by/ (used for) investing activities</b>	<b>(11,072)</b>	<b>17,009</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>34,649</b>	<b>20,321</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,279,576</b>	<b>6,724,425</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,314,225</b>	<b>\$ 6,744,746</b>
<b><u>Cash and cash equivalents at the end of the year includes:</u></b>		
Equity in pooled cash	\$ 2,500	\$ 363,451
Cash and investments	12,634,400	6,381,295
Restricted cash and investments	677,325	
<b>Total cash and cash equivalents</b>	<b>13,314,225</b>	<b>6,744,746</b>
<b><u>Reconciliation of Operating Income (loss) to Net Cash Provided by/ (Used for) Operating Activities</u></b>		
<b>Operating income (loss)</b>	<b>\$ 1,650,591</b>	<b>\$ 171,098</b>
Adjustments to reconcile operating income (loss) to net cash provided by/ (used for) operating activities:		
Depreciation/Amortization	643,045	1,047,734
Difference between pension expense and pension contributions	9,288	109,397
Difference between lease revenue and cash payments		
Change in assets and liabilities:		
(Increase)/ decrease in accounts receivable	(17,944)	(22,145)
(Increase)/ decrease in prepaid items and other assets	(169,378)	(67,418)
(Increase)/ decrease in notes receivable	50,381	
Increase/ (decrease) in accounts payable	(79,558)	71,813
Increase/ (decrease) in customer deposits	28,425	3,200
Increase/ (decrease) in estimated claims and judgments		
Increase/ (decrease) in accrued payroll and taxes	146	4,599
Increase/ (decrease) in compensated absences payable	2,291	(2,820)
<b>Total adjustments</b>	<b>466,696</b>	<b>1,144,360</b>
<b>Net cash provided by/ (used for) operating activities</b>	<b>\$ 2,117,287</b>	<b>\$ 1,315,458</b>

Enterprise Funds					Internal Service
Sanitation	Business Incubator	Ambulance Services	Business Center	Total	Insurance Fund
\$ 1,634,520	\$ 66,977	\$ 2,521,368	\$ 650,000	\$ 13,921,487	\$ 2,962,574
(1,204,983)	(105,060)	(613,482)	(89,907)	(6,013,742)	(3,003,504)
(307,097)	(34,719)	(1,613,698)		(3,571,081)	-
122,440	(72,802)	294,188	560,093	4,336,664	(40,930)
	86,122		1,138,231	250,843	(8,379)
	86,122		1,138,231	250,843	(8,379)
				337,189	
(122,912)		(271,556)		(1,321,418)	
(50,047)	(3,357)	(87,369)	(780,000)	(1,794,222)	
(5,256)	(9,963)	(18,067)	(268,325)	(1,248,603)	
(178,215)	(13,320)	(376,992)	(1,048,325)	(4,027,054)	
			318	6,255	4,206
			318	6,255	4,206
(55,775)	-	(82,804)	650,317	566,708	(45,103)
258,777	-	1,229,033	708,258	22,200,069	4,131,946
\$ 203,002	\$ -	\$ 1,146,229	\$ 1,358,575	\$ 22,766,777	\$ 4,086,843
\$ 203,002	\$ -	\$ 1,146,229	\$ -	\$ 1,715,182	\$ -
			1,358,575	20,374,270	4,086,843
				677,325	
203,002		1,146,229	1,358,575	22,766,777	4,086,843
\$ 163,138	\$ (106,305)	\$ 2,731	\$ 340,661	\$ 2,221,914	\$ (512,186)
74,208	59,450	154,312	193,481	2,172,230	
(94,448)		(29,989)		(5,752)	
	(27,507)		(27,944)	(55,451)	
(6,243)	2,109	91,543	44,548	91,868	161
(4,757)		34,694		(206,859)	
				50,381	
(8,338)	(3,290)	25,113	9,347	15,087	
	2,295			33,920	
					471,095
1,738	34	13,681		20,198	
(2,858)	412	2,103		(872)	
(40,698)	33,503	291,457	219,432	2,114,750	471,256
\$ 122,440	\$ (72,802)	\$ 294,188	\$ 560,093	\$ 4,336,664	\$ (40,930)



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

During the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Beginning balances of leases receivables and deferred inflows of resources for leases were restated each by \$478,622 and \$9,159,765 for governmental and business-type activities, respectively. Beginning balances of leases payables and intangible-right-to-use assets were restated each by \$702,519 for business-type activities. The result is no net effect on beginning balances reported in the financial statements due to the implementation of this standard.

Below are the City’s more significant accounting policies.

**A. Reporting Entity**

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

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

Blended Component Units

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

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

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

Discretely Presented Component 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

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. Complete financial statements of the GYPA may be obtained from the GYPA's office at P.O. Box 4601, San Luis, AZ 85349.

Related Organizations

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

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

- East San Luis Community Facility District

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

The City reports the following major governmental funds.

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

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

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

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

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

**Special Revenue Funds**

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

**Capital Projects Funds**

- 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The City reports the following proprietary funds:

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

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

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

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

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

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

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

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

**C. Cash, Cash Equivalents and Investments**

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

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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Cash, Cash Equivalents and Investments (Continued)**

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

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

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

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

**D. Restricted Cash and Investments with Fiscal Agents**

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

**E. Investment Income**

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

**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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	30-50
Buildings and improvements	45
Improvements other than buildings	10-30
Machinery, and equipment	5-15
Intangible right-to-use assets	58

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

- A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual experience related is recorded as a deferred inflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan as described further in Note 15.
- A deferred inflow from leases is recorded at the inception of a lease in which the City is the lessor. The inflow of resources is recognized ratably over the term of the lease.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Leases**

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

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

**N. 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2022.

**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.

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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. 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.

**S. 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Fund Balances (Continued)**

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

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

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

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

	General Fund	Highway Users Fund	Community Development Fund	Debt Service Fund	Non-Major Governmental Funds
Fund Balances:					
Non spendable:					
Prepaid items	\$ 176,737	\$ 1,250	\$ 78,400	\$ 143	
Inventory	10,624	117,141			
Restricted:					
HURF		2,376,327			
Special purposes					465,087
Capital projects					2,224,138
Debt service				264,853	
Other purposes					624,030
Unassigned	29,341,003		(173,588)		
Total fund balances	\$ 29,528,364	\$ 2,494,718	\$ (95,188)	\$ 264,996	\$ 3,313,255

**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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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	\$ 11,467,083	\$ 1,715,182	\$	\$ 13,182,265
Cash and cash equivalents	4,086,843	2,808,229		6,895,072
Investments	23,632,882	17,566,041		41,198,923
Restricted assets:				
Cash and investments	2,465,615	677,325	7,575,804	10,718,744
Total	\$ 41,652,423	\$ 22,766,777	\$ 7,575,804	\$ 71,995,004

Cash and investments consisted of the following:

Cash on hand	\$ 5,500
Demand deposits	20,921,294
Investments	51,068,210
Total	\$ 71,995,004

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 2- CASH AND INVESTMENTS (CONTINUED)**

*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 \$20,921,294 at June 30, 2022. Bank balances were \$22,592,419 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions not in the City's name.

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

	Fair Value	Investment Maturities (in years) <u>Less than 1</u>
Money Market	\$ 9,869,287	\$ 9,869,287
State Treasurer	41,198,923	41,198,923
Total	\$ 51,068,210	\$ 51,068,210

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

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

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

At June 30, 2022, City's investment in mutual funds were considered to be level one investments.

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

*Credit Risk.* Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to repay the holder at the maturity date. This is generally measured by the assignment of a rating by a nationally recognized statistical organization. However, some issuers do not seek a credit rating. The City has no investment policy that would further limit its investment choices. As of June 30, 2022, the City's investment in the State Treasurer's Government Investment Pool (LGIP) were rated AAAs by Standard and Poor's Corporation.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 2- CASH AND INVESTMENTS (CONTINUED)**

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](http://www.aztreasury.gov) or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1<sup>st</sup> Floor, Phoenix, AZ 85007. The City's position in the LGIP at June 30, 2022 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, 2022, the City had \$9,369,287 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, 2022, the City's investments included 19 percent invested in money market funds, and 81 percent invested in the State Treasurer's investment pool.

**NOTE 3- RECEIVABLES**

Receivables are reported net of allowance for uncollectible of \$3,951,157 for proprietary fund receivables and \$360,488 for governmental funds receivable of which the majority relates to court fines.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unavailable revenue of \$1,862,544 consisted mostly of fines and detention center issuer fees receivable reported in the General Fund ; unearned revenue of \$5,324,291 consisted of federal grant revenue not yet spent from the Community Development Fund.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 4- LEASES RECEIVABLE**

The City leases land for a cell tower, office space, and industrial building space under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$11,630, \$534,673, and \$59,298 is recorded as rents revenue in the General, Business Center, and Business Incubator Funds, respectively, while related interest revenue of \$3,250, \$65,327, \$2,201 is recorded as other revenue in those same funds, respectively.

Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2023	\$ 15,176	\$ 678,294
2024	15,476	689,044
2025	15,784	700,781
2026	16,097	701,282
2027	16,416	700,207
2028-32	87,168	3,009,532
2033-37	96,232	2,899,999
2038-42	106,268	
2043-47	117,333	
2048-49	33,243	
Total	<u>\$ 519,193</u>	<u>\$ 9,379,139</u>

**NOTE 5- INTERFUND TRANSACTIONS**

**A. Due From and To Other Funds**

<u>Fund</u>	<u>Due from other Funds</u>	<u>Due to other Funds</u>
General	\$ 7,169,737	\$ 246,171
Highway Users		1,663,106
Debt Service		931,567
Non-Major Governmental		587,037
Water		3,080
Business Incubator		778,094
Business Center		3,205,400
Insurance	246,171	1,453
Total	<u>\$ 7,415,908</u>	<u>\$ 7,415,908</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, 2022**

**NOTE 5- INTERFUND TRANSACTIONS (CONTINUED)**

**B. Transfers**

Transfers between funds of the primary government:

	Transfers out			Total
	General Fund	Highway Users Fund	Non-Major Governmental Funds	
Transfers in:				
Highway Users Fund	\$ 149,178	\$	\$	\$ 149,178
Community Development Fund	62,215	81,341		143,556
Debt Service Fund	1,460,331		180,000	1,640,331
Total	<u>\$ 1,671,724</u>	<u>\$ 81,341</u>	<u>\$ 180,000</u>	<u>\$ 1,933,065</u>

Transfers are used (1) to move receipts restricted for debt service from the collecting funds to the funds obligated to pay debt service payments (2) to meet local match requirements for federal 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 6- CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2022 follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 4,893,395	\$ 28,491	\$	\$ 4,921,886
Construction in progress	887,866	2,619,197	146,648	3,360,415
Total capital assets, not being depreciated	<u>5,781,261</u>	<u>2,647,688</u>	<u>146,648</u>	<u>8,282,301</u>
Capital assets, being depreciated:				
Buildings and improvements	26,174,854	519,376		26,694,230
Machinery and equipment	13,936,529	1,660,077	365,014	15,231,592
Infrastructure	69,227,271	402,907		69,630,178
Total capital assets being depreciated	<u>109,338,654</u>	<u>2,582,360</u>	<u>365,014</u>	<u>111,556,000</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,851,657)	(708,862)		(11,560,519)
Machinery and equipment	(9,962,840)	(901,408)	(365,014)	(10,499,234)
Infrastructure	(28,453,999)	(2,038,303)		(30,492,302)
Total accumulated depreciation	<u>(49,268,496)</u>	<u>(3,648,573)</u>	<u>(365,014)</u>	<u>(52,552,055)</u>
Total capital assets, being depreciated, net	<u>60,070,158</u>	<u>(1,066,213)</u>		<u>59,003,945</u>
Governmental activities capital assets, net	<u>\$ 65,851,419</u>	<u>\$ 1,581,475</u>	<u>\$ 146,648</u>	<u>\$ 67,286,246</u>

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 6- 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	84,105	566,970	12,291	638,784
Total capital assets, not being depreciated	<u>769,344</u>	<u>566,970</u>	<u>12,291</u>	<u>1,324,023</u>
Capital assets, being depreciated:				
Buildings and improvements	10,023,090	12,291		10,035,381
Machinery and equipment	10,723,568	641,760	45,650	11,319,678
Infrastructure	62,013,930	112,688		62,126,618
Total capital assets being depreciated	<u>82,760,588</u>	<u>766,739</u>	<u>45,650</u>	<u>83,481,677</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,221,772)	(317,965)		(3,539,737)
Machinery and equipment	(8,598,100)	(463,570)	(45,650)	(9,016,020)
Infrastructure	(19,207,292)	(1,378,477)		(20,585,769)
Total accumulated depreciation	<u>(31,027,164)</u>	<u>(2,160,012)</u>	<u>(45,650)</u>	<u>(33,141,526)</u>
Total capital assets, being depreciated, net	<u>51,733,424</u>	<u>(1,393,273)</u>		<u>50,340,151</u>
Intangible right-to-use assets:				
Leased land	702,519			702,519
Less accumulated amortization		(12,218)		(12,218)
Total intangible right-to-use assets, net	<u>702,519</u>	<u>(12,218)</u>		<u>690,301</u>
Business-type activities capital assets, net	<u>\$ 53,205,287</u>	<u>\$ (838,521)</u>	<u>\$ 12,291</u>	<u>\$ 52,354,475</u>

<u>Discretely Presented Component Unit</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 661,359	\$	\$	\$ 661,359
Total capital assets, not being depreciated	<u>661,359</u>			<u>661,359</u>
Capital assets, being depreciated:				
Buildings and improvements	34,129,886			34,129,886
Machinery and equipment	329,194			329,194
Total capital assets being depreciated	<u>34,459,080</u>			<u>34,459,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,141,285)	(762,809)		(9,904,094)
Machinery and equipment	(329,194)			(329,194)
Total accumulated depreciation	<u>(9,470,479)</u>	<u>(762,809)</u>		<u>(10,233,288)</u>
Total capital assets, being depreciated, net	<u>24,988,601</u>	<u>(762,809)</u>		<u>24,225,792</u>
Discretely presented component unit capital assets, net	<u>\$ 25,649,960</u>	<u>\$ (762,809)</u>	<u>\$</u>	<u>\$ 24,887,151</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 6- CAPITAL ASSETS (CONTINUED)**

Depreciation and amortization expense were charged to governmental functions as follows:

Governmental activities:	Amount
General government	\$ 454,286
Public safety	530,950
Health and welfare	47,584
Culture and recreation	393,703
Community development	30,003
Public works and streets	2,192,047
Total depreciation expense	\$ 3,648,573
Business-type activities:	
Water	\$ 643,045
Wastewater	1,047,734
Sanitation	74,208
Business Incubator	59,450
Ambulance Services	154,312
Business Center	193,481
Total depreciation/amortization expense	\$ 2,172,230
Discretely presented Component Unit:	
Detention Facility	\$ 762,809
Total depreciation expense	\$ 762,809

**NOTE 7- CONSTRUCTION COMMITMENTS**

The City entered into several construction contracts for street projects (special revenue fund projects) and wastewater treatment projects totaling \$4.0 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2022. The remaining balance for work not yet complete at the end of the year is estimated at \$3.6 million for governmental activities projects and \$1.2 million for business-type activities projects.

**NOTE 8- LEASES PAYABLE**

The City has acquired the use of land for the Business Incubator under the provisions of a contract classified as a lease. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Business Incubator Fund, a major proprietary fund, are used to pay the lease obligation. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 8- LEASES PAYABLE**

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2023	\$ 35	\$ 13,284
2024	36	13,283
2025	37	13,282
2026	37	13,282
2027	38	13,281
2028-32	5,009	66,248
2033-37	12,957	65,426
2038-42	22,437	63,781
2043-47	33,681	61,159
2048-52	46,947	57,378
2053-57	62,519	52,239
2058-62	80,733	45,502
2063-67	101,955	36,903
2068-72	126,608	26,134
2073-77	155,165	12,854
2078-79	50,969	850
Total	<u>\$ 699,163</u>	<u>\$ 554,886</u>

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

	Governmental Activities
Asset:	
Land	\$ 702,519
Less: Accumulated amortization	12,218
Total	<u>\$ 690,301</u>

**NOTE 9- FINANCED PURCHASES PAYABLE**

The City has acquired portable radios, two vehicles, a copier, and two ambulances under the provisions of contracts classified as financed purchases payables. In accordance with GASB Statement No. 87 *Leases*, contracts previously recorded as capital leases have been reclassified as financed purchases payable in the fiscal year. Revenues from the General Fund and the Ambulance Services Fund are used to repay the obligations.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 9- FINANCED PURCHASES PAYABLE (CONTINUED)**

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 52,176	\$ 1,668	\$ 5,233	\$
2024	49,410	1,592	5,233	
2025	55,385		5,233	
Total	<u>\$ 156,971</u>	<u>\$ 3,260</u>	<u>\$ 15,699</u>	<u>\$</u>

**NOTE 10- REVENUE BONDS PAYABLE**

**PRIMARY GOVERNMENT**

Revenue bonds payable at June 30, 2022 consisted of the outstanding revenue bonds presented below. The bonds are generally not 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, 2022
Governmental activities	\$ 12,085,700	4.00-5.00%	7/1/22-38	\$ 9,568,413
Business-type activities	18,929,300	4.00-5.00%	7/1/22-38	14,986,587
Total				<u>\$ 24,555,000</u>

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

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 374,086	\$ 464,743	\$ 585,914	\$ 727,907
2024	391,621	445,600	613,379	697,925
2025	411,105	425,532	643,895	666,493
2026	432,537	406,604	677,463	636,846
2027	450,072	386,701	704,928	605,674
2028-32	2,606,910	1,564,146	4,083,090	2,449,854
2033-37	3,327,805	852,522	5,212,195	1,265,978
2038-39	1,574,277	79,688	2,465,723	124,812
Total	<u>\$ 9,568,413</u>	<u>\$ 4,625,536</u>	<u>\$ 14,986,587</u>	<u>\$ 7,175,489</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 10- REVENUE BONDS PAYABLE (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2022
Governmental activities	\$ 2,825,000	5.00%	7/1/22-27	\$ 1,815,000
Business-type activities	11,715,000	2.00-3.50%	7/1/22-31	8,585,000
Total				<u>\$ 10,400,000</u>

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 265,000	\$ 84,125	\$ 795,000	\$ 251,582
2024	280,000	70,500	815,000	232,450
2025	295,000	56,125	830,000	210,850
2026	310,000	41,000	860,000	186,538
2027	325,000	25,125	880,000	160,438
2028-32	340,000	8,500	4,405,000	358,143
Total	<u>\$ 1,815,000</u>	<u>\$ 285,375</u>	<u>\$ 8,585,000</u>	<u>\$ 1,400,001</u>

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2022
Governmental activities	\$ 8,230,172	0.34-2.92%	7/1/22-38	\$ 8,207,844
Business-type activities	984,828	0.34-2.92%	7/1/22-38	982,157
Total				<u>\$ 9,190,001</u>

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 263,476	\$ 176,684	\$ 31,524	\$ 21,140
2024	379,584	175,309	45,416	20,976
2025	477,829	172,609	57,171	20,652
2026	482,295	167,928	57,705	20,092
2027	486,761	161,597	58,239	19,335
2028-32	2,572,240	659,631	307,760	78,923
2033-37	2,911,633	306,410	348,367	36,661
2038-39	634,026	9,268	75,975	1,109
Total	<u>\$ 8,207,844</u>	<u>\$ 1,829,436</u>	<u>\$ 982,157</u>	<u>\$ 218,888</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 10- REVENUE BONDS PAYABLE (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

The City has pledged to repay \$54,770,000 in Excise Tax Revenue Bonds and Refunding Bonds issued in 2014, 2018, and 2021 and payable through 2039. Pledged revenues on the bonds include excise taxes, state shared revenues, permit fees, and franchise taxes. Excise taxes are defined to include the transaction privilege tax and business taxes, which the City imposes. A portion of the debt service is funded by the revenues directly or indirectly derived from the operation and use of the water system. However, that does not relieve the aforementioned revenues to be pledged. In 2022, the revenue pledged amounted to \$24.7 million. Principal and interest for the current year were \$2,315,000 and \$1,766,249 respectively. The coverage ratio (pledged revenues to debt service) for 2022 is 6.04. 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, 2022
Business-type activities	\$ 6,580,000	3.80%	7/1/22-33	\$ 4,855,000

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

Year Ending June 30:	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 325,000	\$ 178,315	\$ 503,315
2024	340,000	165,680	505,680
2025	350,000	152,570	502,570
2026	365,000	138,985	503,985
2027	380,000	124,830	504,830
2028-32	2,125,000	391,875	2,516,875
2033-34	970,000	37,240	1,007,240
Total	<u>\$ 4,855,000</u>	<u>\$ 1,189,495</u>	<u>\$ 6,044,495</u>

The City has pledged to repay \$6,580,000 in Utility Revenue Bonds issued in 2013, and payable through 2034. The bonds are collateralized by net operating revenues and investment income of the Water and Wastewater Enterprise Funds. In 2022, the net revenue pledged amounted to \$3.5 million. Principal and interest for the current year were \$325,000 and \$184,490, respectively. The coverage ratio (pledged revenues to debt service) for 2022 is 6.89. More in depth disclosures can be referenced from the statistical section, Table XIII.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 10- REVENUE BONDS PAYABLE (CONTINUED)**

**DISCRETELY PRESENTED COMPONENT UNIT**

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

Purpose	Original Amount	Interest Rate	Maturity	Outstanding Principal June 30, 2022
Detention facility	\$ 26,090,000	6.20-7.25%	5/1/23-30	\$ 19,140,000
Detention facility	20,835,000	6.10-6.95%	5/1/23-27	10,995,000
Total				<u>\$ 30,135,000</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:				
2023	\$ 1,095,000	\$ 1,550,000	\$ 1,375,450	\$ 764,152
2024	1,175,000	1,660,000	1,298,800	656,428
2025	1,260,000	1,775,000	1,216,550	541,058
2026	1,350,000	1,895,000	1,128,350	417,696
2027	1,440,000	4,115,000	1,033,850	285,992
2028-30	12,820,000		2,082,202	
Total	<u>\$ 19,140,000</u>	<u>\$ 10,995,000</u>	<u>\$ 8,135,202</u>	<u>\$ 2,665,326</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 2022, the revenue pledged amounted to \$25.3 million. Principal and interest for the current year were \$2,495,000 and \$2,267,294 respectively. The coverage ratio (pledged revenues to debt service) for 2022 is 5.3.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 11- NOTE OBLIGATIONS**

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

<u>Governmental activities</u>	<b>CURRENT PORTION</b>	<b>LONG TERM PORTION</b>	<b>TOTAL</b>
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.	\$	\$ 70,200	\$ 70,200

Note payable to 1st Bank Yuma issued on December 2, 2020 for the purchase of park land for the amount of \$508,980 with an interest rate 3.8% payable in 5 years.	\$ 99,708	\$ 266,417	\$ 366,125
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<u>Business-type activities</u>	<b>CURRENT PORTION</b>	<b>LONG TERM PORTION</b>	<b>TOTAL</b>
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 5 years.	\$ 52,344	\$ 36,134	\$ 88,478

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

		Governmental Activities		
		Principal	Interest	Total
Year Ending June 30:				
2023	\$	99,708	\$ 12,372	\$ 112,080
2024		103,597	8,483	112,080
2025		107,681	4,399	112,080
2026		55,139	627	55,766
Total	\$	366,125	\$ 25,881	\$ 392,006

		Business-Type Activities		
		Principal	Interest	Total
Year Ending June 30:				
2023	\$	52,344	\$ 2,958	\$ 55,302
2024		36,134	626	36,760
Total	\$	88,478	\$ 3,584	\$ 92,062

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 12- 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 \$880,412 for governmental activities and \$139,463 for business-type activities at June 30, 2022 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, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 881,913	\$ 584,352	\$ 585,853	\$ 880,412	\$ 671,050
Revenue bonds payable	20,225,136		633,879	19,591,257	902,562
Revenue bonds premium	1,204,269		97,871	1,106,398	
Note payable	564,707		128,382	436,325	99,708
Financed purchases payable	208,986		52,013	156,973	52,176
Pension	17,582,777		9,267,559	8,315,218	
Governmental activities long-term liabilities	<u>\$ 40,667,788</u>	<u>\$ 584,352</u>	<u>\$10,765,557</u>	<u>\$ 30,486,583</u>	<u>\$ 1,725,496</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 140,335	\$ 123,377	\$ 124,246	\$ 139,466	\$ 106,300
Revenue bonds payable	25,894,864		1,341,120	24,553,744	1,412,438
Revenue bonds premium	1,464,022		86,119	1,377,903	
Revenue bonds discount	(112,996)		(10,987)	(102,009)	
Direct placement revenue bonds	5,170,000		315,000	4,855,000	325,000
Note payable	138,525		50,047	88,478	52,344
Leases payable	702,519		3,356	699,163	35
Financed purchases payable	100,396		84,698	15,698	5,233
Pension	2,722,779		1,281,212	1,441,567	
Business-type activities long-term liabilities	<u>\$ 36,220,444</u>	<u>\$ 123,377</u>	<u>\$ 3,274,811</u>	<u>\$ 33,069,010</u>	<u>\$ 1,901,350</u>
<b>Discretely presented component units:</b>					
Revenue bonds payable	\$ 32,630,000	\$	\$ 2,495,000	\$ 30,135,000	\$ 2,645,000
Revenue bonds discount	(587,187)		(74,885)	(512,302)	
Discretely presented component unit long-term liabilities	<u>\$ 32,042,813</u>	<u>\$</u>	<u>\$ 2,420,115</u>	<u>\$ 29,622,698</u>	<u>\$ 2,645,000</u>

**CITY OF SAN LUIS, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 13- 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, 2022; 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 and May 2022, the City Council guaranteed loans of \$1.0 million and \$2.2 million, respectively, of the GYPA in accordance with A.R.S. Repayments of the first loan are made monthly through June 29, 2025 and calculated using a four percent interest rate. Repayments of the second loan are made annually through May 16, 2032 and calculated using a five and a half percent interest rate. In the event that the GYPA defaults on the loans, the City will be responsible for 33 percent of the payments not satisfied by the liquidation of collateral pledged for the loans.

**Incentive Fees** – The City’s contract with the operator of the Detention Center includes a provision for variable incentive fees that are calculated based on average daily inmate counts at the facility. The fees are accumulated but only distributed if excess project revenues exist. At year end, \$4.2 million of variable incentive fees had been accumulated but not recognized as expenses due to disbursement being improbable.

**NOTE 14- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Individual Deficit /Net Position** – At June 30, 2022, the following individual funds reported deficits in Net Position.

	Deficit
Governmental Funds:	
Community Development	\$ 95,188
Enterprise Funds:	
Business Center	6,069,049

The fund balance deficit of the Community Development Fund is expected to be eliminated when grant reimbursements are received during fiscal year 2022-23.

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

**NOTE 15- RISK MANAGEMENT**

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 15- RISK MANAGEMENT (CONTINUED)**

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

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

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

	Year Ended June 30, 2022	Year Ended June 30, 2021
Unpaid claims, beginning of fiscal year	\$ 187,101	\$ 250,660
Incurred claims (including IBNRs)	3,945,694	2,556,941
Claim payments	3,474,599	2,620,500
Unpaid claims, end of fiscal year	<u>\$ 658,196</u>	<u>\$ 187,101</u>

**NOTE 16- 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, 2022, 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 assets	\$ 3,891,719	\$ 690,921	\$ 4,582,640
Net pension liabilities	8,315,218	1,441,567	9,756,785
Deferred outflows of resources	4,713,610	915,988	5,629,598
Deferred inflows of resources	5,266,622	1,098,577	6,365,199
Expense	1,487,227	269,540	1,756,767
Contributions	1,420,040	275,292	1,695,332

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

The City reported \$1,695,332 of pension contributions as expenditures in the governmental funds or as deferred outflows of resources in the proprietary funds related to all plans to which it contributes.

**Arizona State Retirement System**

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

	<b>ASRS Retirement</b>	
	<b>Initial membership date:</b>	
	<b>Before July 1, 2011</b>	<b>On or after July 1, 2011</b>
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, 2022**

**NOTE 16- 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 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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, 2022 were \$941,261.

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 10.22 percent (10.13 for retirement and 0.09 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, 2022, the City reported a liability of \$9,009,794 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The City's proportion of the net liability was based on the City's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

The City's reported liability at June 30, 2022 decreased by \$2,640,559 from the City's prior year liability of \$11,650,353 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)
\$ 9,009,794	0.069	0.001

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, 2021, was .0686 percent, which was an increase of 0.0133 from its proportion measured as of June 30, 2020.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

**Pension Expense and Deferred Outflows/Inflows of Resources** – For the year ended June 30, 2022, the City recognized pension expense for ASRS of \$1,109,787. At June 30, 2022, 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	\$ 137,346	\$
Changes of assumptions or other inputs	1,172,697	
Net difference between projected and actual earnings on pension investments		2,854,620
Changes in proportion and differences between contributions and proportionate share of contributions	293,751	
Contributions subsequent to the measurement date	941,261	
Total	\$ 2,545,055	\$ 2,854,620

The \$941,261 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, 2023. 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:	
2023	\$ 266,252
2024	95,942
2025	(629,297)
2026	(983,723)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not applicable

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

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

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

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%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	100%	

**Discount Rate.** The discount rate used to measure the ASRS total pension liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 14,171,651	\$ 9,009,794	\$ 4,706,233

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- 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](http://www.azasrs.gov).

**Public Safety Personnel Retirement System**

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

The PSPRS issue publicly available financial reports that include their financial statements and required supplemental information. The reports are available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

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

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

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- 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, 2022, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Retirees and beneficiaries	9	3
Inactive, non-retired members	2	4
Active members	25	30
Total	<u>36</u>	<u>37</u>

**Contributions** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2022, 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	25.55%	20.92%
Health insurance		0.37%

For the agent plans, the City's contributions to the pension plan for the year ended June 30, 2022, were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension contributions	\$ 316,368	\$ 381,729

During fiscal year 2022, the City paid for PSPRS pension contributions as follows: 67.3 percent from the General Fund, and 32.7 percent from the Ambulance Services Fund.

**Pension Liability** – At June 30, 2022, the City reported the following net pension liabilities:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Net Pension (Assets)		
Liabilities	\$ (2,467,880)	\$ (2,114,760)

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

The net pension assets/liabilities were measured as of June 30, 2021. The total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2021
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, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. public equity	24%	4.08%
International public equity	16	5.20
Global private equity	20	7.67
Other assets (capital appreciation)	7	5.43
Core bonds	2	0.42
Private credit	20	5.74
Diversifying strategies	10	3.99
Cash – Mellon	1	-0.31
Total	100%	

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

**Pension Discount Rates** – At June 30, 2021, the discount rate used to measure the total pension liability was 7.3 percent.

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
<b>PSPRS - Police</b>			
Balances at June 30, 2021	\$ 12,548,722	\$ 7,179,429	\$ 5,369,293
Changes for the year:			
Service cost	374,421		374,421
Interest on the total pension liability	926,693		926,693
Changes of benefit terms	(236,221)		(236,221)
Contributions – employer		6,309,302	(6,309,302)
Contributions – employee		179,082	(179,082)
Net investment income		2,424,785	(2,424,785)
Benefit payments, including refunds of employee contributions	(457,446)	(457,446)	
Administrative expense		(11,103)	11,103
Net changes	607,447	8,444,620	(7,837,173)
Balances at June 30, 2022	<u>\$ 13,156,169</u>	<u>\$ 15,624,049</u>	<u>\$ (2,467,880)</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
<b>PSPRS - Fire</b>			
Balances at June 30, 2021	\$ 9,177,094	\$ 6,704,834	\$ 2,472,260
Changes for the year:			
Service cost	431,341		431,341
Interest on the total pension liability	696,458		696,458
Differences between expected and actual experience in the measurement of the pension liability	(470,260)		(470,260)
Contributions – employer		3,004,520	(3,004,520)
Contributions – employee		161,015	(161,015)
Net investment income		2,088,614	(2,088,614)
Benefit payments, including refunds of employee contributions	(135,819)	(135,819)	
Administrative expense		(9,590)	9,590
Net changes	521,720	5,108,740	(4,587,020)
Balances at June 30, 2022	<u>\$ 9,698,814</u>	<u>\$ 11,813,574</u>	<u>\$ (2,114,760)</u>

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

	1% Decrease	Current Discount Rate	1% Increase
<b>PSPRS - Police:</b>			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ (280,417)	\$ (2,467,880)	\$ (4,207,440)
<b>PSPRS - Fire</b>			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ (390,205)	\$ (2,114,760)	\$ (3,487,375)

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- 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](http://www.psprs.com).

**Pension Expense**-For the year ended June 30, 2022, the City recognized the following pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 362,542	\$ 239,436

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Police:</b>		
Differences between expected and actual experience	\$ 855,599	\$ 462,417
Changes of assumptions or other inputs	291,980	
Contributions subsequent to the measurement date	316,368	\$1,035,634
Total	\$ 1,463,947	\$ 1,498,051
 <b>PSPRS - Fire</b>		
Differences between expected and actual experience	\$ 813,210	\$ 1,056,546
Changes of assumptions or other inputs	362,395	
Net difference between projected and actual earnings on pension plan investments		\$907,983
Contributions subsequent to the measurement date	381,729	
Total	\$ 1,557,334	\$ 1,964,529

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as an increase in the net pension assets or a reduction of the net pension liabilities in the year ended June 30, 2023. 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
2023	\$ (92,857)	\$ (177,447)
2024	(68,087)	(182,320)
2025	(121,305)	(205,419)
2026	(211,380)	(273,343)
2027	132,264	20,063
Thereafter	10,893	29,542

**PSPDCRP Plan.** Public safety employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute. For the year ended June 30, 2022, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the City was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The pension plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2022, the City recognized pension expense of \$5,555.

**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](http://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, 2022**

**NOTE 16- 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:

<b>EORP</b>	<b>Initial membership date:</b>	
<b>Retirement and disability</b>	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012</b>
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
<b>Survivor benefit</b>		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

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

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

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16- 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, 2022, statute required active EORP members to contribute seven or 13 percent of the members' annual covered payroll, and the City to contribute 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 49.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members. In addition, statute required the City to contribute 48.58 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, 2022, were \$55,704.

During fiscal year 2022, the City paid for EORP pension contributions from the General Fund.

**Pension Liability** - At June 30, 2022, 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	\$	746,991
State's proportionate share of the EORP net pension liability associated with the City		75,085
Total	\$	822,076

The net asset and net liability were measured as of June 30, 2021, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on the City's actual contributions to the pension plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2021. The City's proportion measured as of June 30, 2021, was 0.12 percent, which was the same proportion measured as of June 30, 2019.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 16 - RETIREMENT PLANS (CONTINUED)**

**Pension Expense** - For the year ended June 30, 2022, the City recognized pension expense for EORP of \$44,743.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 9,941
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,285	
Net difference between projected and actual earnings on pension investments		38,058
Contributions subsequent to the measurement date	55,704	
Total	\$ 62,989	\$ 47,999

The \$55,704 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, 2023. 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
2023	\$ (10,469)
2024	(7,925)
2025	(9,360)
2026	(12,959)

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

**EORP**

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.30%
Wage inflation	3.75%
Price 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, 2022**

**NOTE 16- RETIREMENT PLANS (CONTINUED)**

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash-Mellon	1%	-.31%
Core bonds	2	.42
Diversifying Strategies	10	3.99
Private credit	20	5.74
Other Assets (capital appreciation)	7	5.43
Global private equity	20	7.67
International public equity	16	5.20
U.S. public equity	24	4.08
Total	<u>100%</u>	

**Discount Rate** - At June 30, 2021, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was the same discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the EORP net pension liability to changes in the discount rate** -The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.3 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	\$ 858,350	\$ 746,991	\$ 651,418

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City's proportion of the net pension (assets) liability	0.07%	0.07%	0.06%	0.06%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 9,009,794	\$ 11,650,354	\$ 9,288,007	\$ 8,837,885	\$ 9,873,369
City's covered payroll	\$ 7,835,768	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202	\$ 6,155,121
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	114.98%	157.23%	138.04%	139.04%	160.41%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014		
City's proportion of the net pension (assets) liability	0.06%	0.06%	0.06%		
City's proportionate share of the net pension (assets) liability	\$ 10,475,512	\$ 9,932,851	\$ 9,246,398		
City's covered payroll	\$ 5,998,839	\$ 5,914,065	\$ 5,299,698		
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	174.63%	167.95%	174.47%		
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%		

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

**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 SIX FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City's proportion of the net pension (assets) liability	0.12%	0.12%	0.13%	0.08%	0.09%
City's proportionate share of the net pension (assets) liability	\$ 746,991	\$ 813,649	\$ 836,624	\$ 542,454	\$ 1,157,339
State's proportionate share of the net pension (assets) liability	<u>\$ 75,085</u>	<u>\$ 77,331</u>	<u>\$ 78,634</u>	<u>\$ 92,946</u>	<u>\$ 374,681</u>
Total	<u>\$ 822,076</u>	<u>\$ 890,980</u>	<u>\$ 915,258</u>	<u>\$ 635,400</u>	<u>\$ 1,532,020</u>
City's covered payroll	\$ 92,800	\$ 93,350	\$ 110,239	\$ 87,213	\$ 68,562
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	804.95%	871.61%	758.92%	621.99%	1688.02%
Plan fiduciary net position as a percentage of the total pension liability	36.28%	29.80%	30.14%	30.40%	19.66%

**2017**

Measurement date	June 30, 2016
City's proportion of the net pension (assets) liability	0.11%
City's proportionate share of the net pension (assets) liability	\$ 1,008,290
State's proportionate share of the net pension (assets) liability	<u>\$ 208,166</u>
Total	<u>\$ 1,216,456</u>
City's covered payroll	\$ 132,685
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	759.91%
Plan fiduciary net position as a percentage of the total pension liability	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 EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019
<b>Total pension liability</b>			
Service cost	\$ 374,421	\$ 403,478	\$ 420,691
Interest	926,693	846,911	736,413
Changes of benefit terms			
Differences between expected and actual experience	(236,221)	357,114	705,904
Changes of assumptions or other inputs			265,067
Benefit payments, including refunds of employee contributions	(457,446)	(513,645)	(408,087)
<b>Net change in total pension liability</b>	607,447	1,093,858	1,719,988
<b>Total pension liability—beginning</b>	12,548,722	11,454,864	9,734,876
<b>Total pension liability—ending</b>	<u>\$ 13,156,169</u>	<u>\$ 12,548,722</u>	<u>\$ 11,454,864</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 6,309,302	\$ 576,635	\$ 573,259
Contributions—employee	179,082	194,076	198,310
Net investment income	2,424,785	88,327	342,633
Benefit payments, including refunds of employee contributions	(457,446)	(513,645)	(408,087)
Administrative expense	(11,103)	(7,202)	(6,945)
Other		(32,133)	(1,881)
<b>Net change in plan fiduciary net position</b>	8,444,620	306,058	697,289
<b>Plan fiduciary net position—beginning</b>	7,179,429	6,873,371	6,176,082
<b>Plan fiduciary net position—ending</b>	<u>\$ 15,624,049</u>	<u>\$ 7,179,429</u>	<u>\$ 6,873,371</u>
<b>Net pension (assets) liability—ending</b>	<u>\$ (2,467,880)</u>	<u>\$ 5,369,293</u>	<u>\$ 4,581,493</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	118.76%	57.21%	60.00%
<b>Covered payroll</b>	\$ 1,935,995	\$ 2,683,494	\$ 2,353,202
<b>Net pension (assets) liability as a percentage of covered payroll</b>	(127.47)%	200.09%	194.69%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 365,220	\$ 449,219	\$ 350,332	\$ 306,944	\$ 282,241
721,974	647,619	562,087	555,140	466,641
	162,160	512,893		91,936
(461,278)	385,365	(58,955)	(423,441)	(9,596)
	121,338	362,672		606,442
(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
(303,753)	1,490,931	1,396,023	27,963	1,203,056
10,038,629	8,547,698	7,151,675	7,123,712	5,920,656
<u>\$ 9,734,876</u>	<u>\$ 10,038,629</u>	<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>	<u>\$ 7,123,712</u>
\$ 258,678	\$ 393,486	\$ 351,711	\$ 248,515	\$ 264,741
178,569	231,348	207,745	182,813	165,787
414,905	640,556	30,048	179,881	580,609
(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
(7,015)	(6,068)	(4,724)	(4,770)	(4,714)
72	68	(99,246)	(3,823)	2,155
(84,460)	984,620	152,528	191,936	773,970
6,260,542	5,275,922	5,123,394	4,931,458	4,157,488
<u>\$ 6,176,082</u>	<u>\$ 6,260,542</u>	<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>	<u>\$ 4,931,458</u>
<u>\$ 3,558,794</u>	<u>\$ 3,778,087</u>	<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>	<u>\$ 2,192,254</u>
63.44%	62.36%	61.72%	71.64%	69.23%
\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
205.90%	181.54%	182.32%	112.73%	131.80%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019
<b>Total pension liability</b>			
Service cost	\$ 431,341	\$ 366,149	\$ 370,521
Interest	696,458	564,876	494,466
Changes of benefit terms			
Differences between expected and actual experience	(470,260)	916,711	122,327
Changes of assumptions or other inputs			168,975
Benefit payments, including refunds of employee contributions	(135,819)	(85,039)	(106,693)
<b>Net change in total pension liability</b>	<u>521,720</u>	<u>1,762,697</u>	<u>1,049,596</u>
<b>Total pension liability—beginning</b>	<u>9,177,094</u>	<u>7,414,397</u>	<u>6,364,801</u>
<b>Total pension liability—ending</b>	<u><u>\$ 9,698,814</u></u>	<u><u>\$ 9,177,094</u></u>	<u><u>\$ 7,414,397</u></u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 3,004,520	\$ 343,486	\$ 315,972
Contributions—employee	161,015	163,261	146,801
Net investment income	2,088,614	80,955	308,103
Benefit payments, including refunds of employee contributions	(135,819)	(85,039)	(106,693)
Administrative expense	(9,590)	(6,600)	(6,342)
Other		3,325	(1,809)
<b>Net change in plan fiduciary net position</b>	<u>5,108,740</u>	<u>499,388</u>	<u>656,032</u>
<b>Plan fiduciary net position—beginning</b>	<u>6,704,834</u>	<u>6,205,446</u>	<u>5,549,414</u>
<b>Plan fiduciary net position—ending</b>	<u><u>\$ 11,813,574</u></u>	<u><u>\$ 6,704,834</u></u>	<u><u>\$ 6,205,446</u></u>
<b>Net pension (assets) liability—ending</b>	<u><u>\$ (2,114,760)</u></u>	<u><u>\$ 2,472,260</u></u>	<u><u>\$ 1,208,951</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	121.80%	73.06%	83.69%
<b>Covered payroll</b>	\$ 1,893,726	\$ 2,401,633	\$ 1,998,964
<b>Net pension (assets) liability as a percentage of covered payroll</b>	(111.67)%	102.94%	60.48%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 344,233	\$ 429,788	\$ 335,758	\$ 296,352	\$ 294,507
463,118	433,198	347,995	308,046	275,282
	88,014	588,157		(8,383)
(487,056)	(519,052)	(33,940)	51,216	(184,049)
	200,618	264,127		77,627
(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
236,832	501,219	1,221,034	603,876	429,655
6,127,969	5,626,750	4,405,716	3,801,840	3,372,185
<u>\$ 6,364,801</u>	<u>\$ 6,127,969</u>	<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>	<u>\$ 3,801,840</u>
\$ 143,184	\$ 241,876	\$ 253,312	\$ 208,243	\$ 199,532
149,282	195,123	207,731	173,223	157,403
352,682	517,876	23,851	138,174	416,103
(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
(6,068)	(4,982)	(3,832)	(3,755)	(3,378)
58	(92,419)	(26,171)	(2,750)	8,528
555,675	726,127	173,828	461,397	752,859
4,993,739	4,267,612	4,093,784	3,632,387	2,879,528
<u>\$ 5,549,414</u>	<u>\$ 4,993,739</u>	<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>	<u>\$ 3,632,387</u>
<u>\$ 815,387</u>	<u>\$ 1,134,230</u>	<u>\$ 1,359,138</u>	<u>\$ 311,932</u>	<u>\$ 169,453</u>
87.19%	81.49%	75.85%	92.92%	95.54%
\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
46.09%	63.76%	85.26%	20.19%	11.52%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Arizona State Retirement System:</b>				
Actuarially determined contribution	\$ 941,261	\$ 912,866	\$ 848,424	\$ 752,249
Contributions in relation to the actuarially determined contribution	941,261	912,866	848,424	752,249
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 7,837,311	\$ 7,710,352	\$ 7,409,817	\$ 6,728,524
Contributions as a percentage of covered payroll	12.01%	11.84%	11.45%	11.18%
<b>Elected Officials Retirement Plan:</b>				
Actuarially determined contribution	\$ 55,704	\$ 56,493	\$ 55,682	\$ 54,965
Contributions in relation to the actuarially determined contribution	55,704	56,493	55,682	54,965
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 92,800	\$ 91,963	\$ 93,350	\$ 110,239
Contributions as a percentage of covered payroll	60.03%	61.43%	59.65%	49.86%
<b>Public Safety Personnel Retirement System - Police:</b>				
Actuarially determined contribution	\$ 316,638	\$ 637,131	\$ 625,122	\$ 525,830
Contributions in relation to the actuarially determined contribution	316,638	6,368,494	625,122	525,830
Contribution deficiency (excess)	<u>\$</u>	<u>\$ (5,731,363)</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,169,380	\$ 2,773,330	\$ 2,683,494	\$ 2,353,202
Contributions as a percentage of covered payroll	14.60%	22.97%	23.30%	22.35%
<b>Public Safety Personnel Retirement System - Fire:</b>				
Actuarially determined contribution	\$ 381,729	\$ 469,747	\$ 398,198	\$ 382,197
Contributions in relation to the actuarially determined contribution	381,729	3,082,714	398,198	382,197
Contribution deficiency (excess)	<u>\$</u>	<u>\$ (2,612,967)</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 1,971,629	\$ 2,593,218	\$ 2,401,633	\$ 1,998,964
Contributions as a percentage of covered payroll	19.36%	18.11%	16.58%	19.12%

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

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

**See accompanying notes to this schedule.**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 692,826	\$ 663,522	\$ 650,874	\$ 644,042	\$ 584,114	\$ 543,219
<u>692,826</u>	<u>663,522</u>	<u>650,874</u>	<u>644,042</u>	<u>584,114</u>	<u>543,219</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 6,356,202	\$ 6,155,121	\$ 5,998,839	\$ 5,914,065	\$ 5,299,698	\$ 5,209,366
10.90%	10.78%	10.85%	10.89%	11.02%	10.43%
\$ 20,495	\$ 16,112				
<u>20,495</u>	<u>16,112</u>				
<u>\$</u>	<u>\$</u>				
\$ 87,213	\$ 68,562				
23.50%	23.50%				
\$ 435,558	\$ 400,210	\$ 352,801	\$ 281,218	\$ 272,789	\$ 242,295
<u>435,558</u>	<u>400,210</u>	<u>352,801</u>	<u>281,218</u>	<u>272,789</u>	<u>242,295</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348	\$ 1,571,304
25.20%	19.23%	19.66%	15.63%	16.40%	15.42%
\$ 347,491	\$ 233,214	\$ 203,572	\$ 188,635	\$ 180,241	\$ 169,598
<u>347,491</u>	<u>233,214</u>	<u>203,572</u>	<u>188,635</u>	<u>180,241</u>	<u>169,598</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355	\$ 1,481,205
19.64%	13.11%	12.77%	12.21%	12.25%	11.45%

## NOTE 1: PENSION PLAN SCHEDULES

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

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2020 valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

The actuarial assumptions used in the June 30, 2021 valuation for PSPRS and EORP were based on the results of an actuarial experience study for the five-year period ending June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2017 actuarial valuation.

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

**SUPPLEMENTARY INFORMATION COMBINING FUND  
FINANCIAL STATEMENTS**

## **SPECIAL REVENUE FUNDS**

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

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

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

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

## **CAPITAL PROJECTS FUNDS**

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

**CITY OF SAN LUIS, ARIZONA  
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Special Revenue		
	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District
<b><u>ASSETS</u></b>			
Equity in pooled cash	\$ 310,808	\$ 199,927	\$ 40,000
Cash and investments			
Accounts receivable (net)	2,531	617	
Property taxes receivable			
Due from governmental entities	98,688		
<b>Total assets</b>	<b>\$ 412,027</b>	<b>\$ 200,544</b>	<b>\$ 40,000</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 10,143	\$ 243	\$
Due to other funds			
<b>Total liabilities</b>	<b>10,143</b>	<b>243</b>	
Deferred inflows of resources:			
Unavailable revenue - intergovernmental	18,155		
Unavailable revenue - property taxes			
<b>Total deferred inflows of resources</b>	<b>18,155</b>		
Fund balances:			
Restricted	383,729	200,301	40,000
<b>Total fund balances</b>	<b>383,729</b>	<b>200,301</b>	<b>40,000</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 412,027</b>	<b>\$ 200,544</b>	<b>\$ 40,000</b>

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Assessment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$ 457,668	\$ 2,835,861	\$ 1,008,403
		2,835,861
16,325		3,148
		16,325
		98,688
<u>\$ 473,993</u>	<u>\$ 2,835,861</u>	<u>\$ 3,962,425</u>
\$	\$ 24,686	\$ 35,072
	587,037	587,037
	<u>611,723</u>	<u>622,109</u>
		18,155
8,906		8,906
<u>8,906</u>		<u>27,061</u>
465,087	2,224,138	3,313,255
<u>465,087</u>	<u>2,224,138</u>	<u>3,313,255</u>
<u>\$ 473,993</u>	<u>\$ 2,835,861</u>	<u>\$ 3,962,425</u>

**CITY OF SAN LUIS, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Special Revenue		
	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District
<b>Revenues:</b>			
Taxes	\$ 199,801	\$	\$
Intergovernmental	585,679		
Fines and forfeitures	69,081	77,763	
Property taxes			
Rents			2,500
Investment earnings			
Other	13,046		
Development fees			
<b>Total revenues</b>	<b>867,607</b>	<b>77,763</b>	<b>2,500</b>
<b>Expenditures:</b>			
Current -			
General government		71,866	
Public safety	557,897		
Public works and streets			
Community development			
Capital outlay			
Debt service -			
Interest			
Principal			
<b>Total expenditures</b>	<b>557,897</b>	<b>71,866</b>	
<b>Excess (deficiency) of revenues over expenditures</b>	<b>309,710</b>	<b>5,897</b>	<b>2,500</b>
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<b>309,710</b>	<b>5,897</b>	<b>2,500</b>
<b>Fund balances, beginning of year</b>	<b>74,019</b>	<b>194,404</b>	<b>37,500</b>
<b>Fund balances, end of year</b>	<b>\$ 383,729</b>	<b>\$ 200,301</b>	<b>\$ 40,000</b>

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Assessment Districts</u>	<u>Capital Outlay Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$	\$
		199,801
		585,679
		146,844
584,631		584,631
		2,500
	7,587	7,587
		13,046
	601,513	601,513
<u>584,631</u>	<u>609,100</u>	<u>2,141,601</u>
		71,866
		557,897
62,412		62,412
428,567		428,567
	700,750	700,750
	15,958	15,958
	96,122	96,122
<u>490,979</u>	<u>812,830</u>	<u>1,933,572</u>
<u>93,652</u>	<u>(203,730)</u>	<u>208,029</u>
	(180,000)	(180,000)
	(180,000)	(180,000)
<u>93,652</u>	<u>(383,730)</u>	<u>28,029</u>
371,435	2,607,868	3,285,226
<u>\$ 465,087</u>	<u>\$ 2,224,138</u>	<u>\$ 3,313,255</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, 2022**

	Police Grants and Special Revenues		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes	\$	\$ 199,801	\$ 199,801
Intergovernmental	943,425	585,679	(357,746)
Fines and forfeitures	57,400	69,081	11,681
Property taxes			
Rents			
Other		13,046	13,046
<b>Total revenues</b>	1,000,825	867,607	(133,218)
<b>Expenditures:</b>			
Current -			
General government			
Public safety	1,000,825	557,897	442,928
Public works and streets			
Community development			
<b>Total expenditures</b>	1,000,825	557,897	442,928
<b>Changes in fund balances</b>		309,710	309,710
<b>Fund balances, beginning of year</b>	752,837	74,019	(678,818)
<b>Fund balances, end of year</b>	\$ 752,837	\$ 383,729	\$ (369,108)

<u>Judicial Collection Enhancement</u>			<u>SL Community Facilities District</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$	\$	\$	\$
128,000	77,763	(50,237)			
			2,500	2,500	
<u>128,000</u>	<u>77,763</u>	<u>(50,237)</u>	<u>2,500</u>	<u>2,500</u>	
85,000	71,866	13,134			
<u>85,000</u>	<u>71,866</u>	<u>13,134</u>			
43,000	5,897	(37,103)	2,500	2,500	
47,564	194,404	146,840	10,000	37,500	27,500
<u>\$ 90,564</u>	<u>\$ 200,301</u>	<u>\$ 109,737</u>	<u>\$ 12,500</u>	<u>\$ 40,000</u>	<u>\$ 27,500</u>

(Continued)

**CITY OF SAN LUIS, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Assessment Districts		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental			
Fines and forfeitures			
Property taxes	626,578	584,631	(41,947)
Rents			
Other			
<b>Total revenues</b>	626,578	584,631	(41,947)
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Public works and streets	152,782	62,412	90,370
Community development	473,796	428,567	45,229
<b>Total expenditures</b>	626,578	490,979	135,599
<b>Changes in fund balances</b>		93,652	93,652
<b>Fund balances, beginning of year</b>	319,991	371,435	51,444
<b>Fund balances, end of year</b>	\$ 319,991	\$ 465,087	\$ 145,096

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 199,801	\$ 199,801
943,425	585,679	(357,746)
185,400	146,844	(38,556)
626,578	584,631	(41,947)
2,500	2,500	
	13,046	13,046
<u>1,757,903</u>	<u>1,532,501</u>	<u>(225,402)</u>
85,000	71,866	13,134
1,000,825	557,897	442,928
152,782	62,412	90,370
<u>473,796</u>	<u>428,567</u>	<u>45,229</u>
<u>1,712,403</u>	<u>1,120,742</u>	<u>591,661</u>
<u>45,500</u>	<u>411,759</u>	<u>366,259</u>
1,130,392	677,358	(453,034)
<u>\$ 1,175,892</u>	<u>\$ 1,089,117</u>	<u>\$ (86,775)</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, 2022**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Investment earnings	\$	\$ 5,879	\$ 5,879
<b>Total revenues</b>	5,879	5,879	5,879
<b>Expenditures:</b>			
Debt service -			
Interest	620,980	743,647	(122,667)
Principal	633,870	902,562	(268,692)
<b>Total expenditures</b>	1,254,850	1,646,209	(391,359)
<b>Excess (deficiency) of revenues over expenditures</b>	(1,254,850)	(1,640,330)	(385,480)
<b>Other financing sources (uses):</b>			
Transfers in	1,255,500	1,640,331	384,831
<b>Total other financing sources (uses)</b>	1,255,500	1,640,331	384,831
<b>Changes in fund balances</b>	650	1	(649)
<b>Fund balances (deficits), beginning of year</b>	(10,071,895)	264,995	10,336,890
<b>Fund balances (deficits), end of year</b>	\$ (10,071,245)	\$ 264,996	\$ 10,336,241

**CITY OF SAN LUIS, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2022**

	Capital Outlay Reserve		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Investment earnings	\$ 4,470	\$ 7,587	\$ 3,117
Development fees	799,560	601,513	(198,047)
<b>Total revenues</b>	804,030	609,100	(194,930)
<b>Expenditures:</b>			
Capital outlay	1,531,500	700,750	830,750
Debt service -			
Interest	16,200	15,958	242
Principal	96,000	96,122	(122)
<b>Total expenditures</b>	1,643,700	812,830	830,870
<b>Excess (deficiency) of revenues over expenditures</b>	(839,670)	(203,730)	635,940
<b>Other financing sources (uses):</b>			
Transfers out	(180,000)	(180,000)	
<b>Total other financing sources (uses)</b>	(180,000)	(180,000)	
<b>Changes in fund balances</b>	(1,019,670)	(383,730)	635,940
<b>Fund balances, beginning of year</b>	1,742,729	2,607,868	865,139
<b>Fund balances, end of year</b>	\$ 723,059	\$ 2,224,138	\$ 1,501,079

**CITY OF SAN LUIS, ARIZONA  
 COMPONENT UNIT  
 STATEMENT OF FUND NET POSITION  
 JUNE 30, 2022**

<b><u>ASSETS</u></b>	<b><u>Detention Facility</u></b>
Current assets:	
Cash held with trustee	\$ 849,457
Accounts receivable (net)	4,107,358
	4,956,815
Non-current assets:	
Restricted investments	6,726,347
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	(10,233,288)
Total noncurrent assets	31,613,498
<b>Total assets</b>	<b>36,570,313</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflow on refundings	272,571
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts payable	3,789,647
Accrued interest	356,600
Current portion of long-term liabilities	2,645,000
<b>Total current liabilities</b>	<b>6,791,247</b>
Non current liabilities	
Non-current portion of long-term liabilities	26,977,698
Total non current liabilities	26,977,698
<b>Total Liabilities</b>	<b>33,768,945</b>
<b><u>NET POSITION</u></b>	
Net Investment in capital assets	(4,462,977)
Restricted	5,673,858
Unrestricted	1,863,058
<b>Total Net Position</b>	<b>\$ 3,073,939</b>

**CITY OF SAN LUIS, ARIZONA  
 COMPONENT UNIT  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Detention Facility</b>
<b>Operating Revenues</b>	
Charges for services	\$ 25,263,660
Total operating revenues	25,263,660
<b>Operating Expenses</b>	
General operations	19,206,185
Depreciation	762,809
Total operating expenses	19,968,994
<b>Operating Income (loss)</b>	<b>5,294,666</b>
<b>Non-Operating Revenues (Expenses)</b>	
Investment earnings	2,476
Interest expense	(2,398,547)
Total non-operating revenue (expenses)	(2,396,071)
Change in net position	2,898,595
<b>Net Position - Beginning</b>	<b>175,344</b>
<b>Net Position - Ending</b>	<b>\$ 3,073,939</b>

**CITY OF SAN LUIS, ARIZONA  
COMPONENT UNIT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

<u>Increase/ (decrease) in Cash and Cash Equivalents</u>	<u>Detention Facility</u>
Cash flows from operating activities:	
Cash received from customers	\$ 24,456,839
Cash payments to suppliers for goods and services	<u>(19,984,759)</u>
<b>Net cash provided by/ (used for) operating activities</b>	<u>4,472,080</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(2,495,000)
Interest paid on long-term debt	<u>(2,292,832)</u>
<b>Net cash provided by/ (used for) capital and related financing activities</b>	<u>(4,787,832)</u>
Cash flows from investing activities:	
Investment income	<u>2,476</u>
<b>Net cash provided by/ (used for) investing activities</b>	<u>2,476</u>
<b>Net decrease/increase in cash and cash equivalents</b>	(313,276)
<b>Cash and cash equivalents, beginning of year</b>	7,889,080
<b>Cash and cash equivalents, end of year</b>	<u>\$ 7,575,804</u>
<u><b>Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Position</b></u>	
Cash held with trustee	\$ 849,457
Restricted investments	6,726,347
Total cash and cash equivalents	<u>\$ 7,575,804</u>
<u><b>Reconciliation of Operating Income (Loss) to Net Cash provided by/ (used for) Operating Activities</b></u>	
<b>Operating income (loss)</b>	\$ 5,294,666
Adjustments to reconcile operating income (loss) to net cash provided by/ (used for) operating activities:	
Depreciation	762,809
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	(806,821)
Increase/ (decrease) in accounts payable	<u>(778,574)</u>
<b>Total adjustments</b>	<u>(822,586)</u>
<b>Net cash provided by/ (used for) operating activities</b>	<u>\$ 4,472,080</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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 54,131,102	\$ 51,811,286	\$ 44,991,467	\$ 52,027,709	\$47,586,157	\$45,187,300	\$43,224,321	\$35,443,285	\$33,724,834	\$34,204,009
Restricted	9,972,478	9,947,936	8,680,843	3,168,082	2,981,920	3,063,550	1,785,917	2,383,498	2,479,675	2,517,103
Unrestricted	18,018,044	16,443,189	9,602,386	8,143,370	2,083,278	531,781	2,061,627	3,056,046	11,368,513	10,918,683
Total governmental activities net position	<u>\$ 82,121,624</u>	<u>\$ 78,202,411</u>	<u>\$ 63,274,696</u>	<u>\$ 63,339,161</u>	<u>\$ 52,651,355</u>	<u>\$ 48,782,631</u>	<u>\$ 47,071,865</u>	<u>\$ 40,882,829</u>	<u>\$ 47,573,022</u>	<u>\$ 47,639,795</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 23,411,492	\$ 21,682,880	\$ 20,134,312	\$ 19,186,148	\$16,864,092	\$14,221,545	\$15,188,424	\$13,550,172	\$11,403,309	\$9,916,229
Restricted	1,985,219	1,662,459	1,585,473	978,691	284,192		7,214,146	8,444,571	9,905,406	4,052,098
Unrestricted	14,001,932	14,715,083	11,450,312	9,244,818	7,892,361	7,368,823	(3,637,294)	(6,706,347)	(5,047,319)	2,101,534
Total business-type activities net position	<u>\$ 39,398,643</u>	<u>\$ 38,060,422</u>	<u>\$ 33,170,097</u>	<u>\$ 29,409,657</u>	<u>\$ 25,040,645</u>	<u>\$ 21,590,368</u>	<u>\$ 18,765,276</u>	<u>\$ 15,288,396</u>	<u>\$ 16,261,396</u>	<u>\$ 16,069,861</u>
<b>Primary Government</b>										
Net investment in capital assets	\$77,542,594	\$73,494,166	\$65,125,779	\$71,213,857	\$64,450,249	\$59,408,845	\$58,412,745	\$48,993,457	\$45,128,143	\$44,120,238
Restricted	11,957,697	11,610,395	10,266,316	4,146,773	3,266,112	3,063,550	9,000,063	10,828,069	12,385,081	6,569,201
Unrestricted	32,019,976	31,158,272	21,052,698	17,388,188	9,975,639	7,900,604	(1,575,667)	(3,650,301)	6,321,194	13,020,217
Total primary government net position	<u>\$121,520,267</u>	<u>\$116,262,833</u>	<u>\$96,444,793</u>	<u>\$92,748,818</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>

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									
<b>Expenses:</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Governmental Activities:</b>										
General Government	\$ 6,471,663	\$ 6,607,195	\$ 5,907,870	\$ 5,691,433	\$ 6,163,171	\$ 5,994,778	\$ 8,228,000	\$ 7,694,562	\$ 7,322,938	\$ 6,458,869
Public Safety	10,777,088	10,024,938	9,259,939	8,248,004	8,144,859	9,126,508	7,905,663	7,483,604	6,949,558	6,519,936
Health and Welfare	455,673	394,653	334,338	183,081	213,634	222,820	235,413	226,788	168,499	168,025
Culture and Recreation	3,376,103	2,818,162	2,859,046	2,726,204	2,579,256	2,839,136	2,467,238	2,509,450	2,285,536	2,043,985
Community Development	1,782,982	1,490,104	1,313,645	1,035,590	987,340	945,698	906,408	703,901	691,362	550,348
Public Works & Streets	4,935,627	5,078,056	4,265,822	3,436,305	3,810,361	3,560,360	3,270,282	2,591,698	2,427,548	2,174,454
Interest on Long-Term Debt	667,842	558,408	532,115	550,817	541,343	649,618	658,670	1,367,055	830,808	891,737
<b>Total Governmental activities</b>	<b>\$28,466,978</b>	<b>\$26,971,516</b>	<b>\$24,472,775</b>	<b>\$21,871,433</b>	<b>\$22,439,964</b>	<b>\$23,338,918</b>	<b>\$23,671,674</b>	<b>\$22,577,058</b>	<b>\$20,676,249</b>	<b>\$18,807,354</b>
<b>Business-type activities</b>										
Water	\$ 3,478,927	\$ 3,445,313	\$ 3,341,438	\$ 2,955,792	\$ 2,696,643	\$ 2,826,192	\$ 2,741,022	\$ 3,218,848	\$ 2,672,415	\$ 2,699,661
Wastewater	4,536,975	4,012,743	3,626,910	3,624,956	3,648,877	3,141,132	2,944,122	3,395,825	2,849,798	2,781,638
Business Center	652,574	651,827	659,950	669,248	1,016,409	1,226,764	1,215,501	1,197,456	1,263,313	1,282,395
Sanitation	1,482,881	1,525,841	1,392,014	1,305,797	1,141,085	1,120,902	1,105,078	1,117,567	1,010,243	939,596
Business Incubator	206,348	189,976	185,536	182,586	173,272	163,062	144,578	56,534	-	-
Ambulance Services	2,448,287	2,464,088	1,991,579	1,721,285	1,946,014	1,049,335	-	-	-	-
<b>Total business-type activities</b>	<b>\$12,805,992</b>	<b>\$12,289,788</b>	<b>\$11,197,427</b>	<b>\$10,459,664</b>	<b>\$10,622,300</b>	<b>\$9,527,387</b>	<b>\$8,150,301</b>	<b>\$8,986,230</b>	<b>\$7,795,769</b>	<b>\$7,703,290</b>
<b>Total expenses</b>	<b>\$41,272,970</b>	<b>\$39,261,304</b>	<b>\$35,670,202</b>	<b>\$32,331,097</b>	<b>\$33,062,264</b>	<b>\$32,866,305</b>	<b>\$31,821,975</b>	<b>\$31,563,288</b>	<b>\$28,472,018</b>	<b>\$26,510,644</b>
<b>Program revenues</b>										
<b>Governmental activities</b>										
Charges for services										
General Government	\$ 1,793,937	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528
Public Safety	82,127	41,866	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899
Health and Welfare	-	-	-	371,427	-	-	-	-	-	-
Culture and Recreation	42,555	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142
Community Development	-	-	-	-	0	0	594,182	385,797	432,936	497,921
Public Works & Streets	37,442	-	-	-	187,408	342,089	62,642	62,640	51,595	50,530
Operating Grants and Contributions	3,837,548	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398
Capital Grants and Contributions	2,069,581	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390
<b>Total Governmental activities</b>	<b>\$ 7,863,190</b>	<b>\$ 18,250,661</b>	<b>\$ 12,589,190</b>	<b>\$ 13,858,753</b>	<b>\$ 8,499,300</b>	<b>\$ 8,803,889</b>	<b>\$ 14,593,639</b>	<b>\$ 8,211,839</b>	<b>\$ 6,968,577</b>	<b>\$ 8,152,808</b>
<b>Business-type activities</b>										
Charges for services										
Water	\$ 4,746,978	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742
Wastewater	4,259,727	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201
Business Center	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265
Business Incubator	1,640,763	1,579,491	1,507,375	38,869	29,999.00	3,471.00	-	-	-	-
Sanitation	90,080	43,843	41,706	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185
Ambulance Services	2,429,825	2,364,529	2,106,432	2,014,413	2,476,603.79	1,953,337.00	-	-	-	-
Capital Grants and Contributions	337,189	3,158,839	1,365,769	1,214,350.00	1,046,430	0	1,941,586	1,177,792	1,322,452.00	481,955.00
<b>Total business activities</b>	<b>\$ 14,137,958</b>	<b>\$ 16,774,167</b>	<b>\$ 14,367,251</b>	<b>\$ 13,826,056</b>	<b>\$ 13,803,138</b>	<b>\$ 11,902,557</b>	<b>\$ 11,258,521</b>	<b>\$ 9,956,167</b>	<b>\$ 9,127,192</b>	<b>\$ 7,441,348</b>
<b>Total program revenues</b>	<b>\$ 22,001,148</b>	<b>\$ 35,024,828</b>	<b>\$ 26,956,441</b>	<b>\$ 27,484,809</b>	<b>\$ 22,302,438</b>	<b>\$ 20,706,446</b>	<b>\$ 25,852,160</b>	<b>\$ 18,168,006</b>	<b>\$ 16,095,769</b>	<b>\$ 15,594,156</b>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities:	\$ (20,603,788)	\$ (8,270,835)	\$ (11,883,585)	\$ (8,012,678)	\$ (13,940,665)	\$ (14,535,029)	\$ (9,078,035)	\$ (14,365,219)	\$ (13,707,672)	\$ (10,654,546)
Business-type activities	1,331,966	4,484,379	3,169,824	3,166,394	3,180,839	2,375,170	3,108,220	969,937	1,331,423	(261,942)
Total primary government net (expense) revenue	<u>\$ (19,271,822)</u>	<u>\$ (3,786,456)</u>	<u>\$ (8,713,761)</u>	<u>\$ (4,846,284)</u>	<u>\$ (10,759,826)</u>	<u>\$ (12,159,859)</u>	<u>\$ (5,969,815)</u>	<u>\$ (13,395,282)</u>	<u>\$ (12,376,249)</u>	<u>\$ (10,916,488)</u>
<b>General Revenues and Other Changes in net Position</b>										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 11,954,405	\$ 12,128,587	\$ 10,660,531	\$ 9,720,729	\$ 8,978,743	\$ 7,694,566	\$ 7,448,887	\$ 7,324,294	\$ 6,750,517	\$ 6,531,779
Franchise taxes	459,210	445,924	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371
Other taxes	591,017	491,053	-	-	-	-	0	122,163	-69,355	1,296
State shared Revenues	11,449,813	10,942,821	9,267,561	8,609,052	8,407,534	8,073,305	7,123,544	6,936,337	7,331,517	5,725,447
Investment Earnings	68,556	23,119	249,585	296,968	182,505	56,947	26,179	19,300	16,064	28,197
Miscellaneous	-	-	-	-	-	-	624,606	246,626	213,640	321,613
Transfer in (out)	-	(345,344)	(365,151)	(364,030)	(407,435)	(394,435)	(391,967)	(100,841)	-	-
Total general revenues and transfers	<u>\$ 24,523,001</u>	<u>\$ 23,686,160</u>	<u>\$ 20,228,284</u>	<u>\$ 18,700,484</u>	<u>\$ 17,597,114</u>	<u>\$ 15,831,747</u>	<u>\$ 15,267,071</u>	<u>\$ 14,986,913</u>	<u>\$ 14,670,183</u>	<u>\$ 13,040,703</u>
Business-type activities										
Investment Earnings	\$6,255	\$22,992	\$225,465	\$285,755	\$74,278	\$55,487	\$24,708	\$21,667	\$13,909	\$20,935
Miscellaneous	-	-	-	552,832	-	-	(\$48,015)	\$0	-	(19,999)
Transfer in (out)	-	345,344	365,151	364,030	407,435	394,435	391,967	100,841	-	-
Total Business-type activities	<u>\$ 6,255</u>	<u>\$ 368,336</u>	<u>\$ 590,616</u>	<u>\$ 1,202,617</u>	<u>\$ 481,713</u>	<u>\$ 449,922</u>	<u>\$ 368,660</u>	<u>\$ 122,508</u>	<u>\$ 13,909</u>	<u>\$ 936</u>
<i>Total primary government</i>	<u>\$ 24,529,256</u>	<u>\$ 24,054,496</u>	<u>\$ 20,818,900</u>	<u>\$ 19,903,101</u>	<u>\$ 18,078,827</u>	<u>\$ 16,281,669</u>	<u>\$ 15,635,731</u>	<u>\$ 15,109,421</u>	<u>\$ 14,684,092</u>	<u>\$ 13,041,639</u>
<b>Change in net Position</b>										
Governmental Activities	\$ 3,919,213	\$ 14,965,325	\$ 8,344,699	\$ 10,687,806	\$ 3,656,449	\$ 1,296,718	\$ 6,189,036	\$ 621,694	\$ 962,511	\$ 2,386,157
Business-type activities	1,338,221	4,852,715	3,760,440	4,369,012	3,662,552	2,825,092	3,476,880	1,092,445	1,345,332	(261,006)
Total Changes in Net Position	<u>\$ 5,257,434</u>	<u>\$ 19,818,040</u>	<u>\$ 12,105,139</u>	<u>\$ 15,056,818</u>	<u>\$ 7,319,001</u>	<u>\$ 4,121,810</u>	<u>\$ 9,665,916</u>	<u>\$ 1,714,139</u>	<u>\$ 2,307,843</u>	<u>\$ 2,125,151</u>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund										
Nonspendable	\$187,361	\$179,249	\$64,958	\$77,075	\$80,392	\$118,243	\$128,035	\$42,831	\$56,719	\$99,774
Committed	-	-	-	-	-	-	106,785	106,624	106,465	106,250
Unassigned	29,341,003	28,275,177	20,076,139	15,245,609	11,859,205	9,858,234	9,207,428	10,005,982	9,061,328	7,139,348
<b>Total General Fund</b>	<b>\$29,528,364</b>	<b>\$28,454,426</b>	<b>\$20,141,097</b>	<b>\$15,322,684</b>	<b>\$11,939,597</b>	<b>\$9,976,477</b>	<b>\$9,442,248</b>	<b>\$10,155,437</b>	<b>\$9,224,512</b>	<b>\$7,345,372</b>
All other governmental funds										
Nonspendable	\$ 196,934	\$ 186,821	\$ 197,764	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175	\$ 167,914	\$ 190,319	\$ 147,511
Restricted	5,954,435	5,469,260	4,551,958	3,129,596	2,822,456	2,885,421	754,165	1,181,060	1,461,661	1,223,913
Assigned	-	-	-	-	-	-	2,591,330	2,648,759	2,776,109	3,158,888
Unassigned	(173,588)	(656,007)	(131,223)	(179,241)	(9,234)	-	(715,933)	(951,255)	272,948	-
<b>Total all other governmental funds</b>	<b>\$ 5,977,781</b>	<b>\$ 5,000,074</b>	<b>\$ 4,618,499</b>	<b>\$ 3,168,085</b>	<b>\$ 2,931,765</b>	<b>\$ 2,978,996</b>	<b>\$ 2,797,737</b>	<b>\$ 3,046,478</b>	<b>\$ 4,701,037</b>	<b>\$ 4,530,312</b>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$35,506,145</b>	<b>\$ 33,454,500</b>	<b>\$ 24,759,596</b>	<b>\$ 18,490,769</b>	<b>\$ 14,871,362</b>	<b>\$ 12,955,473</b>	<b>\$ 12,239,985</b>	<b>\$ 13,201,915</b>	<b>\$ 13,925,549</b>	<b>\$ 11,875,684</b>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>										
Taxes	\$ 12,613,416	\$ 12,590,260	\$ 11,076,289	\$ 10,158,495	\$ 9,414,511	\$ 8,095,930	\$ 7,884,709	\$ 7,885,491	\$ 7,108,962	\$ 6,965,446
Special Assessments/Property Taxes	584,631	488,533	\$482,034	\$335,006	345,509	302,546	302,865	374,470	282,484	218,171
Licenses and permits	739,854	1,026,519	\$1,053,843	\$843,768	3,236,021	734,502	528,034	483,218	431,909	389,295
Interest earnings	64,351	18,923	\$241,533	\$291,947	179,601	54,631	24,445	17,057	13,322	24,266
Fines and forfeits	406,465	355,770	\$426,442	\$494,828	519,153	577,989	541,336	611,178	687,319	792,994
Intergovernmental	16,535,815	18,051,816	14,810,304	12,636,697	8,828,680	11,705,819	10,159,135	10,098,225	9,895,694	9,030,736
Charges for user services	70,020	1,576,343	1,057,353	865,730	526,714	778,835	432,193	376,938	218,807	214,180
Rents	190,244	25,732	\$1,476,480	\$1,358,079	424,340	268,690	339,119	761,335	811,666	674,019
Others	212,347	275,004	\$790,441	\$678,463	187,987	408,006	624,606	529,759	418,940	577,687
Development fees	1,075,381	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 32,492,524</b>	<b>\$ 34,408,900</b>	<b>\$ 31,414,719</b>	<b>\$ 27,663,013</b>	<b>\$ 23,662,516</b>	<b>\$ 22,926,948</b>	<b>\$ 20,836,442</b>	<b>\$ 21,137,671</b>	<b>\$ 19,869,103</b>	<b>\$ 18,886,794</b>
<b>Expenditures:</b>										
General government	\$ 5,793,566	\$ 5,002,607	\$ 5,518,192	\$ 5,419,958	\$ 5,463,647	\$ 5,236,772	\$ 5,037,910	\$ 4,652,111	\$ 4,546,198	\$ 4,251,259
Public safety	10,045,461	16,602,424	\$8,977,394	\$8,221,406	7,073,034	7,587,098	7,328,654	6,688,960	6,519,780	6,194,930
Public works & streets	2,702,287	2,069,914	\$1,921,422	\$1,695,053	1,831,640	1,832,799	1,673,193	1,636,602	1,506,770	1,276,486
Community, recreational, and cultural	4,626,340	4,074,080	\$3,919,757	\$3,638,348	3,345,062	3,445,381	3,001,225	2,768,148	2,615,816	2,254,791
Health and welfare	396,472	223,710	\$230,695	\$258,917	209,748	213,543	210,378	205,049	149,367	141,225
Capital outlay	5,032,911	4,350,197	\$2,954,479	\$2,518,160	2,691,771	2,402,247	2,771,769	3,843,180	1,348,004	1,280,367
Debt service/authorities:										
Interest	760,885	651,451	\$625,182	\$643,859	626,133	713,695	722,772	1,168,906	839,755	859,513
Principal	1,082,957	759,232	\$675,923	\$708,590	398,030	385,490	660,504	391,834	331,242	445,229
Bond issue costs	-	336,579	-	-	87,664	-	-	238,101	-	-
<b>Total expenditures</b>	<b>\$ 30,440,879</b>	<b>\$ 34,070,194</b>	<b>\$ 24,823,044</b>	<b>\$ 23,104,293</b>	<b>\$ 21,726,729</b>	<b>\$ 21,817,025</b>	<b>\$ 21,406,405</b>	<b>\$ 21,592,891</b>	<b>\$ 17,856,932</b>	<b>\$ 16,703,800</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 2,051,645</b>	<b>\$ 338,706</b>	<b>\$ 6,591,675</b>	<b>\$ 4,558,720</b>	<b>\$ 1,935,787</b>	<b>\$ 1,109,923</b>	<b>\$ (569,963)</b>	<b>\$ (455,220)</b>	<b>\$ 2,012,171</b>	<b>\$ 2,182,994</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Premium on debt issued	\$ -	\$ -	\$ -	\$ -	\$ 428,870	\$ -	\$ -	\$ 1,296,704	\$ -	\$ -
Debt issued	-	8,230,172	-	-	2,825,000	-	-	12,085,699	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(3,164,208)	-	-	(13,850,916)	-	-
Notes Issued	-	508,980	-	-	-	-	-	300,939	37,693	-
Capital leases	0	0	42,303	12,302	297,873	-	-	-	-	-
Transfer from Other Funds	1,933,065	1,314,715	1,979,037	1,436,164	1,014,000	1,060,544	1,462,992	1,426,905	1,739,361	1,359,172
Transfer to Other Funds	(1,933,065)	(1,660,059)	(2,344,188)	(1,800,194)	(1,421,435)	(1,454,979)	(1,854,959)	(1,527,746)	(1,739,361)	(1,359,172)
<b>Total other financing sources (Uses)</b>	<b>\$ -</b>	<b>\$ 8,393,808</b>	<b>\$ (322,848)</b>	<b>\$ (351,728)</b>	<b>\$ (19,900)</b>	<b>\$ (394,435)</b>	<b>\$ (391,967)</b>	<b>\$ (268,415)</b>	<b>\$ 37,693</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 2,051,645</b>	<b>\$ 8,732,514</b>	<b>\$ 6,268,827</b>	<b>\$ 4,206,992</b>	<b>\$ 1,915,887</b>	<b>\$ 715,488</b>	<b>\$ (961,930)</b>	<b>\$ (723,635)</b>	<b>\$ 2,049,864</b>	<b>\$ 2,182,994</b>
Debt Services as a percentage of noncapital expenditures	6.06%	5.62%	5.75%	9.37%	9.01%	5.66%	7.16%	8.55%	6.56%	8.42%

Source: City financial records and reports

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

	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities:</b>										
Charges for service										
General Government	\$ 1,793,937	\$ 1,870,445	\$ 2,938,045	\$ 3,544,657	\$ 1,350,023	\$ 1,765,937	\$ 3,021,700	\$ 2,780,190	\$ 2,494,028	\$ 2,226,528
Public Safety	82,127	41,886	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528	867,899
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	42,555	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009	219,142
Community Development	-	-	-	-	-	-	594,182	385,797	432,936	497,921
Public Works & Streets	37,442	-	-	371,427	187,408	342,089	62,642	62,640	51,595	50,530
Operating grants and contributions	3,837,548	5,517,652	4,519,471	2,372,433	2,002,228	2,308,056	2,709,123	2,989,656	2,564,023	3,343,398
Capital grants and contributions	2,069,581	10,801,651	5,044,964	6,874,510	4,511,855	3,749,914	7,816,499	612,897	157,458	947,390
<i>Total governmental activities</i>	<u>\$7,863,190</u>	<u>\$18,250,681</u>	<u>\$12,589,190</u>	<u>\$13,858,753</u>	<u>\$8,499,300</u>	<u>\$8,803,889</u>	<u>\$14,593,639</u>	<u>\$8,211,839</u>	<u>\$6,968,577</u>	<u>\$8,152,808</u>
<b>Business-type activities</b>										
Charges for service										
Water	\$ 4,746,978	\$ 4,840,917	\$ 4,722,633	\$ 4,382,952	\$ 4,182,192	\$ 4,025,661	\$ 3,796,031	\$ 3,592,820	\$ 3,369,477	\$ 3,056,742
Wastewater	4,259,727	4,186,548	4,040,776	3,930,950	4,054,103	4,006,279	3,686,360	3,397,094	2,663,176	2,156,201
Business Center	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265
Business Incubator	90,080	43,843	41,706	38,869	29,999	3,471	-	-	-	-
Sanitation	1,640,763	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	1,142,822	1,117,185
Ambulance Services	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	337,189	3,158,839	1,365,769	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452	481,955
<i>Total business-type activities</i>	<u>\$ 14,137,958</u>	<u>\$ 16,774,167</u>	<u>\$ 14,367,251</u>	<u>\$ 13,626,056</u>	<u>\$ 13,803,138</u>	<u>\$ 11,902,557</u>	<u>\$ 11,258,521</u>	<u>\$ 9,956,167</u>	<u>\$ 9,127,192</u>	<u>\$ 7,441,348</u>
<b>Total primary government</b>	<u><u>\$ 22,001,148</u></u>	<u><u>\$ 35,024,848</u></u>	<u><u>\$ 26,956,441</u></u>	<u><u>\$ 27,484,809</u></u>	<u><u>\$ 22,302,438</u></u>	<u><u>\$ 20,706,446</u></u>	<u><u>\$ 25,852,160</u></u>	<u><u>\$ 18,168,006</u></u>	<u><u>\$ 16,095,769</u></u>	<u><u>\$ 15,594,156</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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>										
General Government	\$ 2,087,635	\$ 2,011,652	\$ 3,263,002	4,438,576	1,355,037	1,807,078	3,107,233	2,856,516	2,531,262	\$2,288,465
Public Safety	1,311,374	3,926,785	2,618,495	936,173	631,996	964,958	932,208	1,990,965	1,653,703	2,184,656
Health and Welfare	95,252	-	-	-	-	-	-	-	-	-
Culture and Recreation	386,716	1,413,170	876,495	272,468	150,537	211,126	197,593	489,099	368,966	302,596
Community Development	66,199	1,219,380	355,948	268,570	275,175	202,706	594,182	385,797	432,936	497,921
Public Works & Streets	3,916,014	9,679,694	5,475,250	7,942,966	6,086,555	5,618,021	9,762,423	2,489,462	1,981,710	2,879,170
Unallocated General Revenues	24,523,001	23,686,160	20,228,284	18,700,485	17,597,115	15,831,747	15,267,071	14,986,913	14,670,183	13,040,703
<b>Total Governmental Activities</b>	<b>\$ 32,386,191</b>	<b>\$ 41,936,841</b>	<b>\$ 32,817,474</b>	<b>\$ 32,559,238</b>	<b>\$ 26,096,415</b>	<b>\$ 24,635,636</b>	<b>\$ 29,860,710</b>	<b>\$ 23,198,752</b>	<b>\$ 21,638,760</b>	<b>\$ 21,193,511</b>
<b>Business-type activities</b>										
Water	\$4,876,859	\$6,649,314	\$5,247,041	\$4,990,743	\$4,672,760	\$4,025,661	\$3,796,031	\$3,592,820	\$3,869,477	\$3,106,217
Wastewater	4,467,035	5,536,990	4,882,137	4,537,510	4,609,965	4,006,279	5,627,946	3,418,093	2,663,176	2,588,681
Business Center	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265	629,265
Business Incubator	90,080	43,843	41,706	38,869	29,999	3,471	-	1,156,793	-	-
Sanitation	1,640,763	1,579,491	1,507,375	1,444,522	1,386,984	1,284,544	1,205,279	1,159,196	822,452	1,117,185
Ambulance Services	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-	-
Unallocated General Revenues	6,255	368,336	590,016	1,202,616	481,713	449,922	-	122,508	13,909	936
<b>Total Business Activities</b>	<b>\$ 14,144,213</b>	<b>\$ 17,142,503</b>	<b>\$ 14,957,267</b>	<b>\$ 14,828,673</b>	<b>\$ 14,284,851</b>	<b>\$ 12,352,479</b>	<b>\$ 11,258,521</b>	<b>\$ 10,078,675</b>	<b>\$ 7,998,279</b>	<b>\$ 7,442,284</b>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City Sales Tax	\$11,954,405	\$12,128,587	\$10,660,531	\$9,720,729	\$8,989,483	\$7,694,566	\$7,508,359	\$7,324,294	\$6,750,517	\$6,531,779
State Sales taxes	4,992,164	4,125,823	3,470,421	3,272,469	3,090,501	2,889,943	2,659,098	2,550,568	2,812,693	2,104,763
Franchise Tax	459,210	445,925	415,758	437,765	435,767	401,364	435,822	439,034	427,800	432,371
Special Districts	584,632	488,533	482,034	335,006	345,509	302,546	302,865	374,470	282,484	218,171
Others	76,930	84,579	117,824	131,423	129,514	-	-	122,163	(69,355)	1,296
<b>Total tax revenues</b>	<b>\$18,067,341</b>	<b>\$17,273,447</b>	<b>\$15,146,568</b>	<b>\$13,897,392</b>	<b>\$12,990,774</b>	<b>\$11,288,419</b>	<b>\$10,906,144</b>	<b>\$10,810,529</b>	<b>\$10,204,139</b>	<b>\$9,288,380</b>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
State Shared Sales Tax	\$4,992,164	\$4,125,822	\$3,470,721	\$3,272,469	\$3,090,501	\$2,889,943	\$2,659,098	\$2,550,568	\$2,812,693	\$2,104,763
Urban Revenue Sharing	4,631,128	4,970,262	4,330,742	3,929,206	3,981,836	3,856,245	3,360,240	3,378,557	3,559,275	2,605,281
Highway Users	3,376,414	3,144,848	3,006,613	2,804,155	2,651,344	2,526,082	2,239,260	2,126,238	1,929,961	2,041,357
Auto-in-lieu	1,808,742	1,838,257	1,466,398	1,407,377	1,335,198	1,259,413	1,104,206	1,007,212	959,549	1,015,403
Local Transportation Aid						-	-	-	-	-
Federal	1,880,353	3,970,104	2,536,130	1,140,890	40,939	1,139,781	673,284	615,896	634,216	1,130,716
Others	46,752	32,639	64,175	82,600	14,010	64,356	123,047	419,754	-	133,216
Total tax revenues	<u>\$16,735,553</u>	<u>\$18,081,932</u>	<u>\$14,874,779</u>	<u>\$12,636,697</u>	<u>\$11,113,828</u>	<u>\$11,735,820</u>	<u>\$10,159,135</u>	<u>\$10,098,225</u>	<u>\$9,895,694</u>	<u>\$9,030,736</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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Retail Sales	\$7,420,108	\$7,211,203	\$6,023,773	\$5,100,707	\$5,307,579	\$4,693,648	\$3,731,819	\$3,719,366	\$3,498,869	\$3,288,946
Contracting	1,714,833	2,140,305	2,056,745	2,039,455	1,188,901	888,499	1,573,668	1,654,681	1,336,456	1,468,887
Rentals	416,507	395,765	398,642	456,557	360,153	333,635	407,570	356,150	324,795	297,456
Communications/Utilities	1,111,684	1,045,592	992,652	1,021,204	1,140,903	947,825	1,174,550	1,044,285	1,053,760	959,929
Restaurant/Bar	838,501	734,546	652,531	604,790	611,999	456,027	422,284	417,278	363,027	371,107
Use	429,550	574,531	491,719	395,085	221,860	356,078	129,156	121,091	109,195	84,108
Other	23,222	26,645	44,469	102,956	107,963	18,855	69,312	45,339	64,415	61,346
	<u>\$11,954,405</u>	<u>\$12,128,587</u>	<u>\$10,660,531</u>	<u>\$9,720,754</u>	<u>\$8,989,483</u>	<u>\$7,694,566</u>	<u>\$7,508,359</u>	<u>\$7,358,190</u>	<u>\$6,750,517</u>	<u>\$6,531,779</u>
% Growth by year										
Retail Sales	2.9%	19.7%	18.1%	-3.9%	13.1%	25.8%	0.3%	6.3%	6.4%	8.0%
Contracting	-19.9%	4.1%	0.8%	71.5%	33.8%	-43.5%	-4.9%	23.8%	-9.0%	-6.7%
Rentals	5.2%	-0.7%	-12.7%	26.8%	7.9%	-18.1%	14.4%	9.7%	9.2%	6.2%
Utilities	6.3%	5.3%	-2.8%	-10.5%	20.4%	-19.3%	12.5%	-0.9%	9.8%	53.8%
Restaurant/Bar	14.2%	12.6%	7.9%	-1.2%	34.2%	8.0%	1.2%	14.9%	-2.2%	8.3%
Use	-25.2%	16.8%	24.5%	78.1%	-37.7%	175.7%	6.7%	10.9%	29.8%	-35.8%
Other	-12.8%	-40.1%	-56.8%	-4.6%	472.6%	-72.8%	52.9%	-29.6%	5.0%	-17.6%
	<u>-29.3%</u>	<u>17.7%</u>	<u>-21.0%</u>	<u>156.2%</u>	<u>544.3%</u>	<u>55.7%</u>	<u>83.1%</u>	<u>96.6%</u>	<u>60.2%</u>	<u>16.0%</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**

	<b>2022</b>				<b>2013</b>			
	<b>Number of Payers</b>	<b>Percentage of Total Payers</b>	<b>Sales Tax Paid</b>	<b>Percentage of Total City Sales Tax Revenue</b>	<b>Number of Payers</b>	<b>Percentage of Total Payers</b>	<b>Sales Tax Paid</b>	<b>Percentage of Total City Sales Tax Revenue</b>
Retail Sales	3,302	60.79%	\$7,420,108	62.07%	485	28.47%	3,288,946	50.35%
Construction, MFG & Wholesale	105	1.93%	\$1,714,833	14.34%	646	37.91%	1,468,887	22.49%
Rentals	287	5.28%	\$416,507	3.48%	116	6.81%	297,456	4.55%
Communications/Utilities	74	1.36%	\$1,111,684	9.30%	60	3.52%	959,929	14.70%
Restaurant/Bar	45	0.83%	\$838,501	7.01%	38	2.23%	371,107	5.68%
Use/Services	892	16.42%	\$429,550	3.59%	195	11.44%	84,108	1.29%
Other	727	13.38%	\$23,222	0.19%	164	9.62%	61,346	0.94%
	<b>5,432</b>	<b>100%</b>	<b>\$11,954,405</b>	<b>100%</b>	<b>1,704</b>	<b>100%</b>	<b>6,531,779</b>	<b>100.00%</b>

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	Leases and Financed Purchases	Municipal Bonds/Loans	Direct Placement Revenue	Notes Payable	Leases and Financed Purchases			
2022	\$ 20,697,655	\$ 436,325	\$ 156,973	\$ 25,931,647	\$ 4,855,000	\$ 88,479	\$ 714,861	\$ 52,880,940	4.51%	1,494
2021	21,429,404	561,281	208,986	27,245,890	5,170,000	138,525	100,396	54,854,482	4.51%	1,550
2020	13,881,119	129,217	260,847	27,632,179	5,475,000	186,338	182,593	47,747,292	4.18%	1,388
2019	14,546,315	174,462	265,209	28,974,986	5,770,000	243,768	262,367	50,237,107	4.28%	1,511
2018	15,231,748	270,762	297,873	30,377,536	6,050,000	57,843	339,794	52,625,556	4.43%	1,590
2017	12,369,441	3,387,834	-	27,635,220	6,320,000	102,171	379,540	50,194,206	4.55%	1,543
2016	13,350,329	3,562,910	-	31,430,036	6,580,000	185,909	-	55,109,184	4.86%	1,621
2015	13,350,329	3,562,910	-	31,430,036	6,580,000	185,909	-	55,109,184	6.64%	1,660
2014	14,383,209	3,336,222	-	33,153,576	6,580,000	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

Note: See Table XIV for Personal Income and Population

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

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

		<b>Excise Tax Revenue Bonds</b>									
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Pledged revenues	(1)	\$24,657,240	\$24,759,401	\$21,475,220	\$19,715,582	\$18,672,560	\$15,562,640	\$15,766,957	\$15,379,657	\$15,052,446	\$13,283,180
Debt service requirements											
Principal		\$2,315,000	\$1,975,000	\$1,880,000	\$1,915,000	\$1,035,000	\$995,000	\$1,690,001	\$1,020,000	\$785,000	\$755,000
Interest		1,766,249	1,687,496	1,710,626	1,759,000	1,679,297	2,337,226	2,369,747	3,528,124	2,723,387	2,756,749
Total Annual Requirements		4,081,249	3,662,496	3,590,626	3,674,000	2,714,297	3,332,226	4,059,748	4,548,124	3,508,387	3,511,749
Estimated Coverage		6.04	6.76	5.98	5.37	6.88	4.67	3.88	3.38	4.29	3.78

(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 NINE FISCAL YEARS**

<b>Water and Wastewater Utility Revenue Bonds</b>										
	(3)	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Gross Revenues	(1)	9,012,642	9,050,328	8,976,213	8,598,226	8,232,732	\$8,086,255	\$7,506,930	\$7,011,185	\$6,045,693
Operating Expenses	(2)	5,494,237	5,130,618	4,405,164	4,059,728	3,363,861	5,027,804	4,388,160	5,387,500	4,315,552
Net Revenues Available		3,518,405	3,919,710	4,571,049	\$4,538,498	\$4,868,871	\$3,058,451	\$3,118,770	\$1,623,685	\$1,730,141
<b>Debt Service Requirements</b>										
Principal		325,000	315,000	305,000	295,000	280,000	\$270,000	\$260,000		
Interest		184,490	196,460	208,050	219,260	229,900	240,160	250,040	250,040	159,053
		509,490	511,460	513,050	514,260	509,900	510,160	510,040	250,040	159,053
Estimated Coverage		6.91	7.66	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**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2022**

<u>Jurisdiction</u>	<u>Net Assessed Value (2)</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of San Luis: Note Payable	\$ 93,087,841	\$ 436,325	100.00%	\$ 436,325
City of San Luis: Revenue Bond	93,087,841	19,591,257	100.00%	19,591,257
City of San Luis: Premiums	93,087,841	1,106,398	100.00%	1,106,398
City of San Luis: Financed Purchases Payable	93,087,841	156,973	100.00%	156,973
		<u>\$ 21,290,953</u>		<u>\$ 21,290,953</u>
<b>As presented fiscal year ended June 30, 2022</b>				
Arizona Western College	\$ 1,365,743,788	\$ 58,260,160	0.61%	\$ 355,387
Somerton Elementary School District No. 11	89,033,991	1,543,134	18.00%	\$ 277,764
Gadsden School District No. 32	78,339,152	9,715,603	26.70%	\$ 2,594,066
Yuma County	1,365,743,788	46,833,807	0.61%	\$ 285,686
Yuma Union High School District No 70 (1)	<u>1,259,689,377</u>	<u>47,247,596</u>	0.94%	<u>\$ 444,127</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 163,600,300</u>		<u>\$ 3,957,030</u>
Total Direct and Overlapping General Obligation Debt				<u><u>\$ 25,247,983</u></u>

Sources: City of San Luis GIS Department

(1) Total Net Debt Outstanding from FY21 Report of Bonded Indebtedness, AZ Financial Transparency Portal

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Labor force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment rate percentage</b>
2022	35,391	47,414	15,096	8,062	7,034	46.6%
2021	35,394	41,122	13,946	10,850	3,096	22.2%
2020	34,394	37,800	14,626	7,386	7,240	49.5%
2019	33,243	37,800	14,534	11,220	3,314	22.8%
2018	33,107	33,967	14,139	10,787	3,352	23.7%
2017	32,540	33,124	13,382	9,897	3,485	26.0%
2016	34,001	33,376	18,632	9,998	8,633	46.3%
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%

Data Source:

Greater Yuma Economic Development Corporation

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

Employer	2022			2013		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	993	1	26.29%	800	3	22.75%
Gadsen Unified School District	485	2	12.84%	845	1	24.03%
ACT Call Center	585	3	15.49%	812	2	23.09%
Factor Sales	456	4	12.07%	403	4	11.46%
Ortiz Brothers	350	5	9.27%	-		0.00%
City of San Luis	313	6	8.29%	237	6	6.74%
Walmart	335	7	8.87%	290	5	8.25%
San Luis Detention Center	173	8	4.58%	130	7	3.70%
Comite De Bienestar	46	9	1.22%	-		0.00%
Basha's/Food City	41	10	1.08%	-		0.00%
<b>Total Employees</b>	<b>3,777</b>		<b>100.00%</b>	<b>3,517</b>		<b>100.00%</b>

Source: Greater Yuma Economic Development Corporation

Notes:

(1) Data for 7 employers was the only available information for 2013.

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund										
General Government	76	76	91	89	79	56	58	55	57	57
Public Safety	98	98	80	83	96	89	94	85	90	90
Health and Welfare	5	5	4	4	4	3	4	4	2	2
Culture and Recreation	27	25	23	47	23	35	47	37	36	36
Community Development	16	14	12	12	10	9	9	8	9	9
Sub total General Fund	<u>222</u>	<u>218</u>	<u>210</u>	<u>235</u>	<u>212</u>	<u>192</u>	<u>189</u>	<u>194</u>	<u>194</u>	<u>194</u>
General Fund	222	218	210	235	212	192	189	194	194	194
Public Works & Streets	21	21	20	15	17	18	15	16	11	11
Enterprise Funds	58	53	40	30	53	50	32	32	32	32
Total Permanent Positions	<u>301</u>	<u>292</u>	<u>270</u>	<u>280</u>	<u>282</u>	<u>260</u>	<u>237</u>	<u>237</u>	<u>237</u>	<u>237</u>

Source: City Payroll

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

	<b>Utility Rate Increases &amp; Average Bill</b>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Water</b>										
Average bill	\$46.11	\$48.10	\$48.84	\$48.28	\$48.16	\$48.45	\$48.03	\$46.59	\$45.05	\$41.72
% Increase	-4.14%	-1.52%	1.16%	0.25%	-0.60%	0.88%	3.09%	3.41%	7.98%	8.89%
<b>Wastewater</b>										
Average bill	\$43.96	\$43.26	\$43.65	\$44.56	\$44.60	\$51.57	\$48.40	\$46.30	\$37.33	\$31.57
% Increase	1.62%	-0.89%	-2.04%	-0.09%	-13.52%	6.56%	4.52%	24.03%	18.25%	7.34%
<b>Residential Solid Waste</b>										
Average bill	\$17.90	\$17.48	\$17.51	\$17.64	\$17.82	\$17.03	\$16.95	\$16.86	\$16.89	\$17.11
% Increase	2.42%	-0.17%	-0.74%	-1.01%	4.64%	0.47%	0.52%	-0.15%	-1.32%	4.07%

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

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

	<u>Utility Accounts</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Water</b>										
Number of Accounts	8103	7,949	7,614	7,194	6,828	6,669	6,384	6,190	6,023	5,890
% Increase	1.94%	4.40%	5.84%	5.36%	2.38%	4.46%	3.13%	2.77%	2.26%	-2.42%
<b>Wastewater</b>										
Number of Accounts	7972	7,721	7,383	7,027	6,618	6,495	6,216	5,990	5,827	5,688
% Increase	3.25%	4.58%	5.07%	6.18%	1.89%	4.49%	3.77%	2.80%	2.44%	1.63%
<b>Residential Solid Waste</b>										
Number of Accounts	7559	7,319	6,983	6,620	6,222	6,113	5,825	5,643	5,549	5,366
% Increase	3.28%	4.81%	5.48%	6.40%	1.78%	4.94%	3.23%	1.69%	3.41%	2.23%

Source: City Customer Service and Billing records

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

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

<b>Water Service Fees</b>					
<b>Residential</b>			<b>Commercial / Government / School</b>		
<b>Meter Size</b>	<b>1st 2,000 G</b>	<b>Excess / 000's</b>	<b>1st 2,000 G</b>	<b>Commercial / Gov't Excess / 000's</b>	<b>School</b>
5/8" - 3/4"	\$ 13.80	\$ 2.11	\$ 35.10	\$ 2.66	\$ 2.95
1"	N/A	N/A	\$ 58.62	\$ 2.66	\$ 2.95
1 1/2"	N/A	N/A	\$ 116.89	\$ 2.66	\$ 2.95
2"	N/A	N/A	\$ 187.09	\$ 2.66	\$ 2.95
3"	N/A	N/A	\$ 409.64	\$ 2.66	\$ 2.95
4"	N/A	N/A	\$ 1,404.07	\$ 2.66	\$ 2.95
6"	N/A	N/A	\$ 2,925.15	\$ 2.66	\$ 2.95
8"	N/A	N/A	\$ 4,212.22	\$ 2.66	\$ 2.95

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

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

Source: City Customer Service and Billing records

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Miscellaneous data on water utility</b>										
Annual Consumption (000's gal)	1,220,347	1,240,165	1,180,168	1,144,797	1,085,982	1,067,585	1,041,105	1,023,995	1,080,987	962,719
Avg gallons/account/month	12,654	13,001	13,671	13,261	13,254	13,340	13,590	13,786	14,956	13,621
Avg gallons/account/year	151,845	156,015	164,049	159,132	159,048.33	160,082	163,080	165,427	179,477	163,452
Avg. daily demand (MGD)	3.75	3.74	3.53	3.23	3.23	445	453	460	499	454
Peak demand (MGD)	4.48	4.84	4.74	3.81	3.81	3.81	3.43	3.43	3.43	3.43
Number of wells in system	10	10	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
<b>Miscellaneous data on wastewater utility</b>										
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)	580,295	526,272	613,095	586,810	514,839	458,763	465,867	471,403	463,767	457,864
Average daily flow (000's)	1,590	1,442	1,679	1,608	10,740	1,286	1,340	1,340	1,340	1,340
<b>Miscellaneous data on solid waste service</b>										
Tons of waste collected and disposed	14,313	14,100	12,300	12,046	11,719	10,740	10,306	9,681	10,610	9,013

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)**

		<b>Building Permits</b>										
		<b>Fiscal Year</b>										
		<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Commercial	Number of Permits	9	2	6	1	1	6	16	16	16	16	16
	Value	\$ 25,898	\$ 5,721	\$ 17,447	10	\$568	\$7,091	\$51	\$128	\$2,181	\$204	\$5,773
Residential	Number of Dwelling Units	193	374	355	340	193	267	169	159	112	120	85
	Value	\$ 30,795	\$ 57,804	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908	\$ 20,166	\$ 13,147
Other	Number of Permits	414	484	390	352	404	480	523	318	200	138	161
	Value	\$ 9,342	\$ 11,432	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089	\$ 3,649	\$ 1,157
		<b>Single Family Housing Sales</b>										
		<b>Calendar Year</b>										
		<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
New units sold		244	349	317	314	258	228	175	88	56	118	114

Source: City Development Services

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

	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>GENERAL GOVERNMENT</b>										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	2,684	2,186	2,630	2,749	2,200	3,317	3,734	3,989	4,630	7,214
Charges dismissed	862	399	761	1,014	754	1,037	841	938	1,019	8,469
<i>Human Resources</i>										
# of employment Applications Processed	2,044	2,001	2,683	1,816	2,829	3,047	1,643	750	530	601
<i>Finance</i>										
# of Accounts Payable checks issued	5,398	4,247	4,456	4,780	4,721	4,785	4,264	4,201	3,848	3,739
# of Claims filed, injured or ill workers	68	104	221	33	27	16	13	29	27	18
# of electrical inspections performed	-	2	3	4	**	**	3	1	8	10
Notice of claims	4	3	14	7	14	3	2	4	1	6
<b>PUBLIC SAFETY</b>										
<i>Police</i>										
# of 911 Emergency and Animal Calls	5,171	5,518	5,556	7,276	5,467	4,889	5,920	5,483	5,694	5,046
# of Traffic Stops	4,134	3,553	4,147	5,463	4,786	5,220	4,681	6,393	6,834	9,439
# of Arrests on Warrants	254	362	360	396	374	468	439	**	**	**
<i>Fire</i>										
# of Ambulance Transport Services	3,523	3,430	3,341	2,972	2,699	2,767	2,665	2,476	2,318	2,169
# of Fire & Hazmat Incidents	68	71	50	61	63	41	57	28	78	62
<b>HEALTH AND WELFARE</b>										
# of Meals served - Food Assistance	11,470	2,168	5,590	4,787	5,783	7,791	8,869	7,963	9,604	9,296
# of citywide transit ridership	2,682	390	4,797	6,157	6,166	9,538	10,661	8,136	9,243	8,378

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Government</b>										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	40	41	37	34	33	31	26	26	18	18
<b>Public Safety</b>										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	73	77	71	72	70	69	70	70	57	57
<b>Culture &amp; Recreation</b>										
Building	3	3	3	3	3	3	3	3	3	3
Equipment	52	45	41	38	37	39	33	33	23	23
<b>Health and Welfare</b>										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	4	2	2	2	2	3	3	3	5	5
<b>Public Works and streets</b>										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	35	29	28	28	28	27	26	26	18	18
<b>Enterprise</b>										
Building	4	4	4	4	4	4	4	4	3	3
Equipment	76	71	68	67	61	61	51	51	44	44

Source: City records Finance Department