

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR FISCAL YEAR ENDED
ON **JUNE 30, 2023**



2023



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PREPARED BY:
DEPARTMENT OF FINANCE

CITY OF SAN LUIS, ARIZONA
Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



Letter of Transmittal

For the Fiscal Year Ended June 30, 2023



February 16, 2024

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, 2023. 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, 2023.

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, 2023, 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 39,700 residents. The City of San Luis is listed in the top 10 cities with the most percentage growth in Arizona. Based on current projections, population growth trends are expected to continue at the same pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural activities, planning and zoning services, and general administrative services. San Luis offers a wide range of community facilities, including one gym, one cultural center, one senior center, one youth center, one activity center, one swimming pool, and five parks encompassing 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 2023 was \$51.2 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 \$19.2 million in the Fiscal Year 2023. 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 we rebounded from the COVID pandemic, we were faced with high inflation rates creating sharp increases in commodity prices combined with supply chain shortages. Housing permits are on pace to continue to stay steady even though the rest of the state expects a decline in housing development driven by high interest rates thereby significantly reducing housing affordability. The City continues to face a shortage of affordable housing and we continue to struggle to deal with a lack of workforce in basic positions. Cost of infrastructure continues to increase limiting our ability to meet the City growing demands. As we look ahead for 2024, the Federal Reserve is expected to return interest rates to 3% and 6% with a 2% inflation rate and no recession expected. Yet, we continue to be conservative and make smart choices in the coming months to continue to support 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 and the economy, new residential development continues thriving. The real estate sector faced high interest rates, but the demand for housing continues in our community. The City continues to receive applications for residential developments. There are three subdivisions under construction, which we expect to be completed by the end of June 2024. The City issued a total of 643 building permits of which 249 were for new residential units in the Fiscal Year 2023.

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

High interest rates delay the development of several commercial projects including Burger King and Wendy fast-food restaurants as well as two new hotels from the Extended Stay America and Hilton Hampton Inn chains. However, we had the completion of a gas station and convenience store, an elementary school and charter school.

In the industrial sector, an investor purchased 88 acres of land in the industrial park and made significant infrastructure improvements to recruit manufacturing to the area.

The City received \$62 million in state and federal grants for widening the Cesar Chavez Boulevard. 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 the design to be completed by November 2024 and construction in June of 2026.

To better serve our residents, we have completed the construction of a new Fire Station in the East area of the City and constructed substation for the Police Department. We started designing a new Police Station in the same area. We invested \$7 million in road infrastructure focusing in addressing the traffic impact to the community. We also invested \$5 million in water and \$2 million in wastewater improvements to meet our current and future demands.

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.

Another significant economic factor in the City is the state prison that employs more than 987 professionals and staff. In addition, since San Luis is a border/U.S. Port of entry, the U.S. Government departments of INS, Customs, and U.S. Marshall Prison facilities provide hundreds of jobs stationed in San Luis.

The \$307.5 million modernization and expansion of the San Luis I Land Port of Entry, funded by the Bipartisan Infrastructure Law and the Inflation Reduction Act, marks a significant development in regional border infrastructure. The project will double the vehicles lanes from 8 to 16 lanes and pedestrian lanes from 4 to 10 lanes. The port processes 8 million border crossers daily and we expect the number of crossers will double as well. The Mexican shopper contributes approximately 70% of the sales tax to San Luis. This project, part of President Biden's Investing in America Agenda, aims to replace outdated facilities with expanded buildings and increased inspection capacities, substantially boosting local economic activity and job creation. Key enhancements include doubling vehicle inspection lanes, a new pedestrian inspection building, and advanced sustainability features like all-electric, net-zero design, and solar panels, aligning with the Federal Sustainability Plan. Notably, the port's upgrade will enhance security, alleviate congestion, and foster environmental justice, while supporting the highly integrated binational economy of the San Luis region. The project, expected to be completed by Fall 2028, exemplifies a collaborative effort across local, state, and federal levels, emphasizing the importance of modern infrastructure in promoting economic prosperity and national security.

Long-Term Financial Planning

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

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

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

Certificates of Achievements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its ACFR for the fiscal year that ended June 30, 2022.

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.

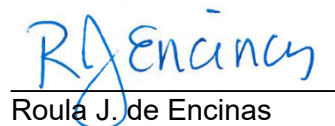
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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,



Roula J. de Encinas
Acting 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, 2022

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL



Elected officials

As of June 30, 2023

Nieves Riedel
Mayor

Matias Rosales
Councilmember
Tadeo DeLaHoya
Councilmember
Gloria Torres
Councilmember

Luis Cabrera
Vice Mayor
Maria C Cruz
Councilmember
Javier Vargas
Councilmember



Appointed officials

Ralph Velez
Interim City Manager
Jenny Torres
Assistant 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
Billing and Collection Manager

Kay Macuil
Sonia Cornelio
Jenny Torres
Jose Luis Cisneros
Monica Castro
Angel Ramirez
Miguel Alvarez
Adela Cortez
Derek Duenas
Alicia Aguirre
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, 2023, 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, 2023, 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 GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 99, *Omnibus 2022*, for the year ended June 30, 2023, 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 Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024, 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
February 16, 2024



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, 2023**

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, 2023. 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

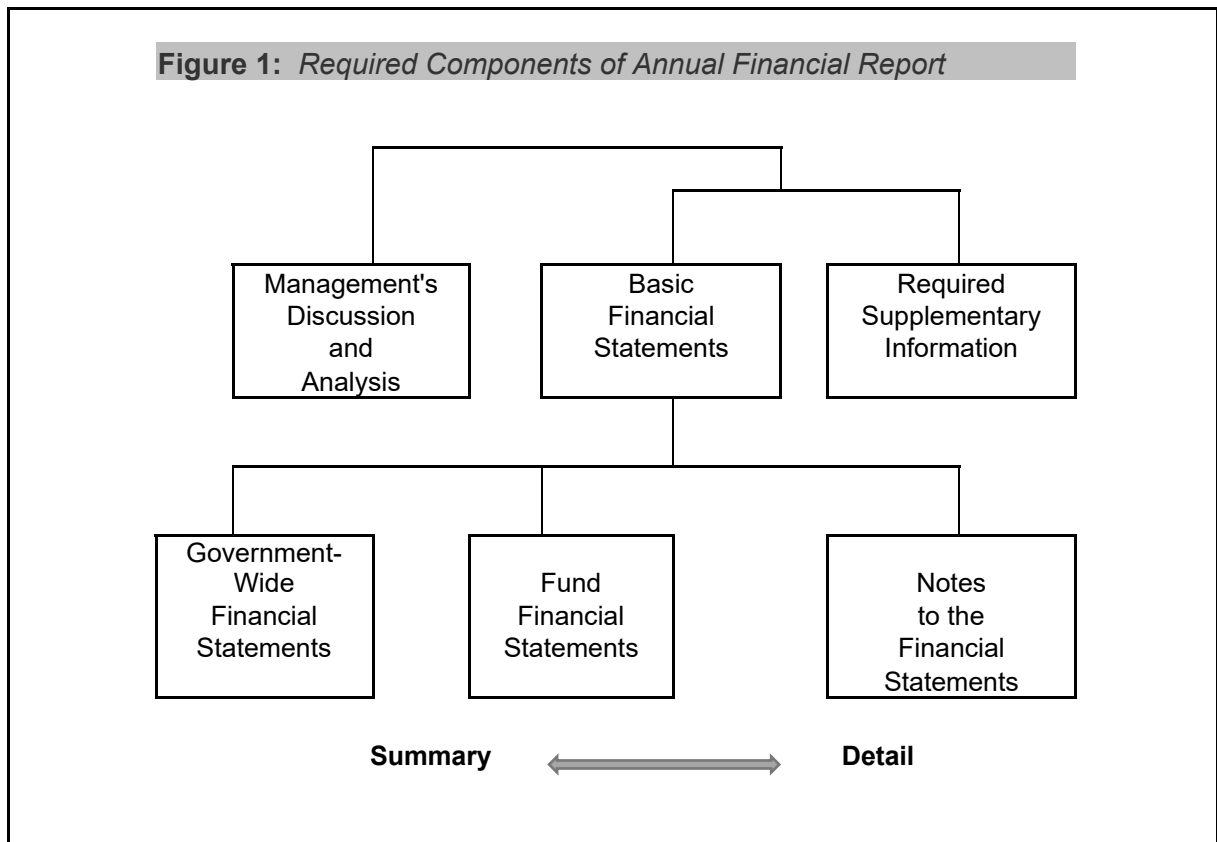
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows at the close of the fiscal year by \$140.4 million.
- The City's net position of governmental activities increased \$15.4 million to \$97.5 million, and business-type activities increased \$3.5 million to \$42.9 million representing 69 percent and 31 percent, respectively, of the total net position of \$140.4 million.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$35.9 million, an increase of \$427,120 over the prior year. 17 percent of this amount, or \$6.1 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30.3 million, or 115 percent of total general fund expenditures for the fiscal year.
- General revenues from governmental activities accounted for \$30.8 million in revenues or 66 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15.8 million or 34 percent of total governmental activities. The City had \$16.9 million of program revenues related to business-type activities.
- The City had \$31.2 million in expenses related to governmental activities; of which \$15.8 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$30.8 million were adequate to provide for the costs of these programs. The City had \$14.2 million in expenses related to business-type activities that were offset by program specific charges for services or capital grants and contributions.
- Among major governmental funds, the general fund had \$31.5 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 \$26.0 million. The general fund's fund balance increased from \$29.5 million to \$30.6 million. The highway users fund had revenues of \$4.3 million, which consisted primarily of intergovernmental revenues, and expenditures of \$4.3 million. The community development fund had revenue of \$4.5 million, which consisted primarily of intergovernmental revenues, and expenditures of \$8.0 million.
- The City's total long-term liabilities decreased from \$63.6 million to \$63.4 million during the current fiscal year. This decrease was due primarily to bond principal payments during the year.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 services 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, 2023

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 \$140.4 million as of June 30, 2023. By far the largest portion of the City's net position 68 percent) reflects its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure); less any related debt still outstanding that was used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion six percent of the City's net position, \$8.3 million at June 30, 2023, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 26 percent at June 30, 2023, 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, 2023 and 2022.

Figure 2	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 60,117,364	\$ 55,557,818	\$ 26,983,859	\$ 30,094,069	\$ 87,101,223	\$ 85,651,887
Capital assets, net	81,520,773	67,286,246	56,506,426	52,354,476	138,027,199	119,640,722
Total Assets	141,638,137	122,844,064	83,490,285	82,448,545	225,128,422	205,292,609
Total Deferred Outflow of Resources	6,517,196	4,787,180	1,481,549	1,736,101	7,998,745	6,523,281
Long-term liabilities	32,011,541	30,486,583	31,359,804	33,069,010	63,371,345	63,555,593
Other liabilities	16,737,103	9,149,699	2,099,118	1,620,074	18,836,221	10,769,773
Total Liabilities	48,748,644	39,636,282	33,458,922	34,689,084	82,207,566	74,325,366
Total Deferred Inflow of Resources	1,868,276	5,873,338	8,608,700	10,096,919	10,476,976	15,970,257
Net Position						
Net investment in capital assets	69,074,159	54,131,102	29,161,274	23,411,492	98,235,433	77,542,594
Restricted	6,028,237	9,971,478	2,308,381	1,985,219	8,336,618	11,956,697
Unrestricted	22,436,017	18,019,044	11,434,557	14,001,932	33,870,574	32,020,976
Total net position	\$ 97,538,413	\$ 82,121,624	\$ 42,904,212	\$ 39,398,643	\$140,442,625	\$121,520,267

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Governmental Activities: Net position in governmental activities saw an increase of \$15.4 million. The reasons for this change can be summarized as follows:

- Program revenues covered 51 percent of total governmental expenses, increasing from 28 percent in the prior year. This is a 23 percent increase in total governmental expense coverage. Overall, revenues exceeded expenses resulting in the increase in net position.
- Program revenues totaled \$15.8 million, which was an increase of \$7.9 million from the previous year due primarily to a three percent increase in charges for services, a seven percent increase in operating grants and a 367 percent increase in capital grants. The significant increase in capital grants and contributions reflects the City utilizing COVID-19 funding from the federal government for allowable capital projects and receipt of donated infrastructure from developers.
- General revenues are used to support program activities citywide. Total general revenues increased from the prior year by \$6.3 million totaling \$30.8 million. This amounts to an overall increase in general revenues of 26 percent, due mainly to increases in sales tax collections and state-shared revenues.
- Expenses totaled \$31.2 million, a ten 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, state shared revenues represent 32 percent of the total revenues, being the largest single source of funds, followed by city sales taxes and capital grants and contributions representing 29 and 21 percent of total revenues, respectively. This was the first time in recent history that state-shared revenues exceeded city sales taxes; this was due to large income tax distributions from the State that are not expected to continue as the State transitions to a flat tax structure.

Business-type Activities: Net position of the enterprise funds at the end of the year amounted to \$42.9 million. The Enterprise Funds had an increase in net position of \$3.5 million. Overall, total expenses exceeded revenues for all the proprietary funds, with the exception of water.

Expenses totaled \$14.2 million, a ten percent increase compared to prior year. This increase was the result of rising water and wastewater maintenance and supplies costs coupled with an increase in the indirect administration cost rates charged by central services.

Capital grants and contributions increased and charges for services increased in comparison with prior year by 713 percent and three percent, respectively. The increase in capital grants and contributions is due to the City receiving donated water and wastewater infrastructure from developers when none was received in the prior 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, 2023**

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues:						
Charges for services	\$ 2,017,959	\$ 1,956,061	\$ 14,199,564	\$ 13,800,769	\$ 16,217,523	\$ 15,756,830
Operating grants and contributions	4,124,126	3,837,548			4,124,126	3,837,548
Capital grants and contributions	9,654,758	2,069,581	2,740,181	337,189	12,394,939	2,406,770
General Revenues:						
City sales taxes	13,705,119	11,954,405			13,705,119	11,954,405
Franchise taxes	501,885	459,210			501,885	459,210
Property taxes	644,548	591,017			644,548	591,017
State shared revenues	14,703,246	11,449,813			14,703,246	11,449,813
Investment earnings	1,276,956	68,556	716,265	6,255	1,993,221	74,811
Total Revenues	46,628,597	32,386,191	17,656,010	14,144,213	64,284,607	46,530,404
Expenses						
General Government	7,222,026	6,471,663			7,222,026	6,471,663
Public Safety	11,971,071	10,777,088			11,971,071	10,777,088
Public Works & Streets	5,535,816	4,935,627			5,535,816	4,935,627
Health and Welfare	523,849	455,673			523,849	455,673
Culture and Recreation	3,413,747	3,376,103			3,413,747	3,376,103
Community Development	1,910,943	1,782,982			1,910,943	1,782,982
Interest on Long-Term Debt	634,356	667,842			634,356	667,842
Water			3,785,695	3,478,927	3,785,695	3,478,927
Wastewater			4,830,760	4,536,975	4,830,760	4,536,975
Business Center			624,742	652,574	624,742	652,574
Sanitation			1,858,155	1,482,881	1,858,155	1,482,881
Business Incubator			168,653	206,348	168,653	206,348
Ambulance Services			2,882,436	2,448,287	2,882,436	2,448,287
Total expenses	31,211,808	28,466,978	14,150,441	12,805,992	45,362,249	41,272,970
Increase/(decrease) in net position	15,416,789	3,919,213	3,505,569	1,338,221	18,922,358	5,257,434
Net position – beginning	82,121,624	78,202,411	39,398,643	38,060,422	121,520,267	116,262,833
Net position - ending	\$ 97,538,413	\$ 82,121,624	\$ 42,904,212	\$ 39,398,643	\$ 140,442,625	\$ 121,520,267

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 \$31.2 million. The cost of all business-type activities this year was \$14.2 million.
- Federal and State governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$32.7 million.
- The net cost of governmental activities of \$15.4 million was financed by general revenues of \$30.8 million, which are primarily made up of sales taxes and state shared revenues.
- Business type activities showed an increase to net position of \$3.5 million in the fiscal year ended June 30, 2023 as compared to the prior fiscal year. The user fee charges continue to play 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 increased in comparison with prior year due to developer conveyance of water and wastewater infrastructure .

Figure 4 - Activities	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General Government	\$ 7,222,026	\$ (5,285,408)
Public Safety	11,971,071	(10,474,183)
Public Works and Streets	5,535,816	5,993,518
Health and Welfare	523,849	(439,282)
Culture and Recreation	3,413,747	(3,160,597)
Community Development	1,910,943	(1,414,657)
Interest on Long-Term Debt	634,356	(634,356)
Total Expenses	31,211,808	(15,414,965)
Business-Type Activities		
Water	3,785,695	2,059,428
Wastewater	4,830,760	1,288,123
Business Center	624,742	(822)
Sanitation	1,858,155	(142,842)
Business Incubator	168,653	(61,400)
Ambulance Services	2,882,436	(353,183)
Total Expenses	14,150,441	2,789,304
Total	\$45,362,249	\$(12,625,661)

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023 a positive net position of \$5.4 million. This is an increase of \$2.4 million when compared to the \$3.1 million 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 seven percent in comparison to prior year and expenses increased ten 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, 2023, the City's governmental funds reported combined fund balance of \$35.9 million, an increase of \$427,120 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 \$30.6 million. As a measure of the general fund's liquidity, unassigned fund balance represents approximately 117 percent of total general fund expenditures and total fund balance represents approximately 118 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 decreased \$31,203 to \$2.5 million, which is insignificant.

The Community Development Fund accounts for resources received under federal, state and local grants for community development projects. During the current year, fund balance decreased \$244,127 to a deficit of \$339,315 due to outstanding 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 \$1.5 million were transferred in from the General Fund for the annual principal and interest expenditures of \$1.8 million with investment earnings making up the deficit between expenditures and transfers in. 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, 2023**

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 2023 were \$3.1 million more than projected. Key differences between final estimated revenues and actual revenues were due to stronger sales tax collections than anticipated.

General Fund expenditures were \$2.1 million less than the revised fiscal year 2023 budget due to the following:

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

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS

As of June 30, 2023, the City had invested \$138.0 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets prior to depreciation. Total depreciation expense for the year was \$4.0 million for the governmental activities and \$2.3 million for the business-type activities.

The following schedule (Figure 5) presents capital asset balances for the fiscal year ended June 30, 2023 and 2022.

Figure 5	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 6,651,140	\$ 4,921,886	\$ 954,696	\$ 685,239	\$ 7,605,836	\$ 5,607,125
Construction in progress	9,154,578	3,360,415	3,492,551	638,784	12,647,129	3,999,199
Buildings and Improvements	27,449,535	26,694,230	10,236,279	10,035,381	37,685,814	36,729,611
Machinery and equipment	17,796,956	15,231,592	12,430,759	11,319,678	30,227,715	26,551,270
Infrastructure	76,848,984	69,630,178	63,955,425	62,126,618	140,804,409	131,756,796
SBITAs	104,095				104,095	
Right-to-use leases			702,519	702,519	702,519	702,519
Total	<u>\$138,005,288</u>	<u>\$119,838,301</u>	<u>\$91,772,229</u>	<u>\$ 85,508,219</u>	<u>\$ 229,777,517</u>	<u>\$ 205,346,520</u>

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

- Commencement of construction of a new fire station at a cost of \$1.3 million.
- Various streets improvements across the City at a cost of \$4.0 million.
- Contributed infrastructure (land, streets, water lines, sewer lines) from developers in the amount of \$5.1 million.
- Water well site rehabilitation at a cost of \$989,794.

Additional information on the City's capital assets can be found in Note 6 of this report.

DEBT ADMINISTRATION

At year end, the City's debts represent Revenue Bonds in the amount of \$48.6 million for both governmental and business-type activities that are backed solely by specified revenue sources (i.e., excise taxes and user fees collected). The remainder which is composed of financed purchases, leases, SBITAs, and notes are paid from user fees and charges and others.

Long-term debt decreased by \$3.0 million due primarily to planned bond principal payments. .

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of the City's outstanding long-term debt for the fiscal year ended June 30, 2023 and 2022.

OUTSTANDING DEBT						
(Revenue Bonds, Financed Purchases, Leases, and Notes Payable)						
Figure 6	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue bonds	\$19,697,222	\$20,697,655	\$28,872,067	\$30,684,638	\$48,569,289	\$51,382,293
Financed purchases	104,796	156,973	10,466	15,698	115,262	172,671
Leases payable			699,128	699,163	699,128	699,163
SBITAs payable	68,210				68,210	
Note payable	296,020	436,325	36,100	88,478	332,120	524,803
Total	\$20,166,248	\$21,290,953	\$29,617,761	\$31,487,977	\$49,784,009	\$52,778,930

Additional information on the City's long-term obligations can be found in Notes 8 through 13 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The yearly number of visitors crossing the border in the City increased for private vehicles, pedestrians, and decreased for commercial crossings. The increase in pedestrian and personal vehicle crossing can be attributed to several factors, including the easing of COVID-19 restrictions which has led to a resurgence in tourism and cross-border family visits. When comparing the current year to the previous year, daily averages of vehicles increased by 11% percent, pedestrians by 6% percent. The decrease in commercial crossing by 3% percent could stem from a variety of challenges. These might include increased tariffs or trade barriers, logistical challenges, or shifts in trade patterns favoring other ports of entry. Another contributing factor could be the implementation of stricter border controls or inspections for commercial vehicles, leading to delays and increased costs for businesses. 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						
Class	Fiscal Year 2023			Fiscal Year 2022		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	839,495	673,536	24,732	745,901	628,300	22,240
Pedestrians	220,066	115,428	5,925	211,765	110,492	5,557
Commercial	11,904	6,516	267	11,730	6,495	275

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 29 percent of the \$30.8 million general revenues in fiscal year 2023. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications. Our retail sales increased by 12.8 percent compared to last, primarily due to favorable economic conditions, including increased consumer confidence, higher disposable income levels, and successful marketing strategies that significantly boosted consumer spending. We expect a slight increase in sales tax revenue through the fiscal year 2023-24 in construction, retail, and food industries compared to the fiscal year 2022-23 levels due to substantial interest in developing new subdivisions and the rising cost of goods and services. However, increasing interest rates and inflation can also affect the acquisition power, resulting in a slight decrease or no change in the retail sales tax revenue in the next year.
- The City also receives significant revenue allocations from the State for income tax, sales tax, and motor vehicle tax. These revenue sources are placed in the City's General Fund to support the City's day-to-day activities.

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. High interest rates delay the development of several commercial projects including Burger King and Wendy fast-food restaurants as well as two new hotels from the Extended Stay America and Hilton Hampton Inn chains. However, we had the completion of a gas station and convenience store, an elementary school and charter school. The expansion of the medical mall to include a community hospital represents a significant investment in local healthcare, reducing the need for residents to seek services outside the community.

Investments in public safety and services are evident with the completion of a new fire station, the construction of a police substation, and plans for a new police station. Additionally, substantial investments in road, water, and wastewater infrastructure aim to address current impacts and meet future demands.

The \$307.5 million overhaul of the San Luis I Land Port of Entry, funded by the Bipartisan Infrastructure Law and the Inflation Reduction Act, is set to double vehicle and pedestrian lanes. This project, integral to President Biden's Investing in America Agenda, focuses on sustainability, security, and economic stimulation, and job creation anticipating a completion by Fall 2028.

The receipt of \$62 million in state and federal grants for the widening of Cesar Chavez Boulevard is a major step towards addressing traffic concerns, enhancing safety, and providing alternative transportation modes. The project timeline extends to construction commencement in June 2026, promising substantial improvements in local infrastructure.

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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Detention Facility
Assets				
Current assets:				
Cash and investments	\$ 44,005,328	\$ 22,274,498	\$ 66,279,826	\$
Restricted cash and investments	2,617,677	693,656	3,311,333	10,765,216
Accounts receivable (net)	2,651,646	1,423,315	4,074,961	2,897,034
Property taxes receivable	18,795		18,795	
Internal balances	6,187,320	(6,187,320)		
Due from component unit	6,438		6,438	
Notes receivable		25,774	25,774	
Due from governmental entities	3,458,350		3,458,350	
Leases receivable	12,103	634,953	647,056	
Prepaid items	374,491	59,470	433,961	
Inventory	133,587	308,458	442,045	
Total current assets	<u>59,465,735</u>	<u>19,232,804</u>	<u>78,698,539</u>	<u>13,662,250</u>
Noncurrent assets:				
Leases receivable	443,175	7,696,629	8,139,804	
Net pension assets	208,454	54,426	262,880	
Capital assets not being depreciated	15,805,718	4,447,247	20,252,965	661,359
Capital assets, net accumulated depreciation	65,715,055	52,059,179	117,774,234	23,462,983
Total noncurrent assets	<u>82,172,402</u>	<u>64,257,481</u>	<u>146,429,883</u>	<u>24,124,342</u>
Total assets	<u>141,638,137</u>	<u>83,490,285</u>	<u>225,128,422</u>	<u>37,786,592</u>
Deferred outflows of resources				
Pension plan items	6,457,547	749,763	7,207,310	
Deferred loss on refunding	59,649	731,786	791,435	216,202
Total deferred outflows of resources	<u>6,517,196</u>	<u>1,481,549</u>	<u>7,998,745</u>	<u>216,202</u>
Liabilities				
Current liabilities:				
Accounts payable	5,413,276	828,334	6,241,610	5,170,870
Estimated claims and judgements	800,298		800,298	
Accrued payroll and taxes	1,494,738	132,451	1,627,189	
Due to primary government				6,438
Court bonds payable	89,986		89,986	
Customer deposits	985	563,718	564,703	
Accrued interest payable	355,011	574,615	929,626	325,871
Unearned revenues	8,582,809		8,582,809	
Total current liabilities	<u>16,737,103</u>	<u>2,099,118</u>	<u>18,836,221</u>	<u>5,503,179</u>
Noncurrent liabilities:				
Current portion of long-term obligations	1,886,602	1,961,573	3,848,175	2,835,000
Non-current portion of long-term obligations	30,124,939	29,398,231	59,523,170	24,217,582
Total noncurrent liabilities	<u>32,011,541</u>	<u>31,359,804</u>	<u>63,371,345</u>	<u>27,052,582</u>
Total liabilities	<u>48,748,644</u>	<u>33,458,922</u>	<u>82,207,566</u>	<u>32,555,761</u>
Deferred inflows of resources				
Pension plan items	1,288,164	225,189	1,513,353	
Deferred gain on refunding	136,512	150,734	287,246	
Leases	443,600	8,232,777	8,676,377	
Total deferred inflows of resources	<u>1,868,276</u>	<u>8,608,700</u>	<u>10,476,976</u>	
Net position				
Net investment in capital assets	69,074,159	29,161,274	98,235,433	(2,712,038)
Restricted for:				
Capital projects	1,862,694	1,700,795	3,563,489	
Debt service	264,995	607,586	872,581	5,495,683
Special purposes	601,533		601,533	
HURF	2,463,515		2,463,515	
Other purposes	835,500		835,500	
Unrestricted	22,436,017	11,434,557	33,870,574	2,663,388
Total net position	<u>\$ 97,538,413</u>	<u>\$ 42,904,212</u>	<u>\$ 140,442,625</u>	<u>\$ 5,447,033</u>

City of San Luis, Arizona
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities					
General government	\$ 7,222,026	\$ 1,855,707	\$	\$ 80,911	\$ (5,285,408)
Public safety	11,971,071	97,649	1,086,885	312,354	(10,474,183)
Public works and streets	5,535,816	6,748	2,450,263	9,072,323	5,993,518
Health and welfare	523,849		84,567		(439,282)
Culture and recreation	3,413,747	57,855	6,125	189,170	(3,160,597)
Community development	1,910,943		496,286		(1,414,657)
Interest on long-term debt	634,356				(634,356)
Total governmental activities	31,211,808	2,017,959	4,124,126	9,654,758	(15,414,965)
Business-type activities					
Water	3,785,695	4,806,977		1,038,146	
Wastewater	4,830,760	4,416,848		1,702,035	
Business center	624,742	623,920			
Sanitation	1,858,155	1,715,313			
Business incubator	168,653	107,253			
Ambulance services	2,882,436	2,529,253			
Total business-type activities	14,150,441	14,199,564		2,740,181	
Total primary government	\$ 45,362,249	\$ 16,217,523	\$ 4,124,126	\$ 12,394,939	
Component Unit					
Detention Facility	\$ 24,705,971	\$ 26,789,857	\$	\$	
General revenues					
Taxes:					
City sales taxes for general purposes					13,705,119
Franchise taxes					501,885
Property taxes					644,548
State shared revenue (not restricted)					14,703,246
Investment earnings					1,276,956
Total general revenues					30,831,754
Changes in net position					15,416,789
Net position, beginning of year					82,121,624
Net position, end of year					\$ 97,538,413

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

Primary Government		Component Unit
Business-Type Activities	Total	Detention Facility
\$	\$ (5,285,408)	\$
	(10,474,183)	
	5,993,518	
	(439,282)	
	(3,160,597)	
	(1,414,657)	
	(634,356)	
	(15,414,965)	
2,059,428	2,059,428	
1,288,123	1,288,123	
(822)	(822)	
(142,842)	(142,842)	
(61,400)	(61,400)	
(353,183)	(353,183)	
2,789,304	2,789,304	
		2,083,886
	13,705,119	
	501,885	
	644,548	
	14,703,246	
716,265	1,993,221	289,208
716,265	31,548,019	289,208
3,505,569	18,922,358	2,373,094
39,398,643	121,520,267	3,073,939
\$ 42,904,212	\$ 140,442,625	\$ 5,447,033



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS

City of San Luis, Arizona
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Highway Users</u>	<u>Community Development</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 16,991,937	\$ 8,199,005	\$ 10,683,064	\$
Restricted cash and investments				2,617,677
Accounts receivable (net)	2,400,739	2,500		44,552
Property taxes receivable				
Due from governmental entities	2,390,973	338,023	525,198	
Due from other funds	13,478,212			
Due from component unit	6,438			
Leases receivable	455,278			
Prepaid items	256,785	558	116,990	158
Inventories	15,430	118,157		
Total assets	<u>\$ 35,995,792</u>	<u>\$ 8,658,243</u>	<u>\$ 11,325,252</u>	<u>\$ 2,662,387</u>
Liabilities				
Accounts payable	\$ 1,679,689	\$ 969,924	\$ 2,590,423	\$
Accrued payroll and taxes	1,456,288	36,282	2,168	
Court bonds payable	89,986			
Customer deposits	985			
Due to other funds	250,445	5,188,522		991,176
Bond interest payable				355,011
Bonds payable				1,051,205
Unearned revenues	4,119		8,575,690	
Total liabilities	<u>3,481,512</u>	<u>6,194,728</u>	<u>11,168,281</u>	<u>2,397,392</u>
Deferred inflows of resources				
Unavailable revenues - municipal court	782,972			
Unavailable revenues - intergovernmental			496,286	
Unavailable revenues - property taxes				
Unavailable revenues - other	725,293			
Leases	443,600			
Total deferred inflows of resources	<u>1,951,865</u>		<u>496,286</u>	
Fund balances				
Nonspendable	272,215	118,715	116,990	158
Restricted		2,344,800		264,837
Unassigned	30,290,200		(456,305)	
Total fund balances	<u>30,562,415</u>	<u>2,463,515</u>	<u>(339,315)</u>	<u>264,995</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,995,792</u>	<u>\$ 8,658,243</u>	<u>\$ 11,325,252</u>	<u>\$ 2,662,387</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,048,753	\$ 39,922,759
	2,617,677
1,710	2,449,501
18,795	18,795
204,156	3,458,350
	13,478,212
	6,438
	455,278
	374,491
	133,587
<u>\$ 4,273,414</u>	<u>\$ 62,915,088</u>
\$ 173,240	\$ 5,413,276
	1,494,738
	89,986
	985
1,084,134	7,514,277
	355,011
	1,051,205
<u>3,000</u>	<u>8,582,809</u>
<u>1,260,374</u>	<u>24,502,287</u>
	782,972
18,155	514,441
13,230	13,230
	725,293
	443,600
<u>31,385</u>	<u>2,479,536</u>
	508,078
2,981,655	5,591,292
	29,833,895
<u>2,981,655</u>	<u>35,933,265</u>
<u>\$ 4,273,414</u>	<u>\$ 62,915,088</u>

City of San Luis, Arizona
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net
Position
June 30, 2023

Total fund balances - governmental funds **\$ 35,933,265**

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	138,005,288	
Less accumulated depreciation/amortization	<u>(56,484,515)</u>	
		81,520,773

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

Municipal court	782,972	
Intergovernmental	514,441	
Property taxes	13,230	
Other	<u>725,293</u>	
		2,035,936

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. (76,863)

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

Net pension assets	208,454	
Deferred outflows of resources related to pensions	6,143,222	
Deferred inflows of resources related to pensions	<u>(973,839)</u>	
		5,377,837

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. 3,707,801

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

Compensated absences payable	(826,265)	
Note payable	(296,020)	
Financed purchases payable	(104,796)	
SBITAs	(68,210)	
Bonds payable	(18,646,017)	
Net pension liability	<u>(11,019,028)</u>	
		<u>(30,960,336)</u>

Net position of governmental activities **\$ 97,538,413**



City of San Luis, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Highway Users	Community Development	Debt Service
Revenues				
Taxes	\$ 14,207,004	\$	\$	\$
Licenses and permits	778,429			
Intergovernmental	14,680,454	3,619,573	4,482,347	
Fines and forfeitures	264,100			
Charges for services	74,622			
Rents	666,545			
Investment earnings	695,344	243,368		222,245
Development fees		431,600		
Other	130,801	6,748	57,855	
Total revenues	<u>31,497,299</u>	<u>4,301,289</u>	<u>4,540,202</u>	<u>222,245</u>
Expenditures				
Current:				
General government	6,427,678			
Public safety	9,921,187			
Public works and streets	151,503	2,932,872		
Health and welfare	327,514		121,940	
Culture and recreation	2,878,937		33,981	
Community development	1,346,421		49,431	
Capital outlay	4,794,470	1,399,620	7,775,965	
Debt service:				
Principal retirement	128,590			1,051,205
Interest and fiscal charges	1,120			713,976
Total expenditures	<u>25,977,420</u>	<u>4,332,492</u>	<u>7,981,317</u>	<u>1,765,181</u>
Excess (deficiency) of revenues over expenditures	<u>5,519,879</u>	<u>(31,203)</u>	<u>(3,441,115)</u>	<u>(1,542,936)</u>
Other financing sources (uses)				
Transfers in		1,849,740	3,196,988	1,542,935
Transfers out	(4,589,923)	(1,849,740)		
SBITA agreements	104,095			
Total other financing sources (uses)	<u>(4,485,828)</u>		<u>3,196,988</u>	<u>1,542,935</u>
Changes in fund balances	<u>1,034,051</u>	<u>(31,203)</u>	<u>(244,127)</u>	<u>(1)</u>
Fund balances, beginning of year	<u>29,528,364</u>	<u>2,494,718</u>	<u>(95,188)</u>	<u>264,996</u>
Fund balances, end of year	<u>\$ 30,562,415</u>	<u>\$ 2,463,515</u>	<u>\$ (339,315)</u>	<u>\$ 264,995</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 640,224	\$ 14,847,228
	778,429
1,105,040	23,887,414
160,984	425,084
	74,622
2,500	669,045
110,967	1,271,924
531,085	962,685
1,840	197,244
<u>2,552,640</u>	<u>43,113,675</u>
60,080	6,487,758
1,155,785	11,076,972
98,338	3,182,713
	449,454
	2,912,918
418,670	1,814,522
889,287	14,859,342
99,777	1,279,572
12,303	727,399
<u>2,734,240</u>	<u>42,790,650</u>
<u>(181,600)</u>	<u>323,025</u>
	6,589,663
(150,000)	(6,589,663)
	104,095
<u>(150,000)</u>	<u>104,095</u>
<u>(331,600)</u>	<u>427,120</u>
<u>3,313,255</u>	<u>35,506,145</u>
<u>\$ 2,981,655</u>	<u>\$ 35,933,265</u>

City of San Luis, Arizona
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds **\$ 427,120**

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

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

Expenditures for capitalized assets	\$ 14,958,519	
Capital contributions from donated assets	3,313,706	
Less current year depreciation/amortization	<u>(4,028,795)</u>	
		14,243,430

Issuance of SBITAs provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.		(104,095)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal court	4,725	
Intergovernmental	313,688	
Property taxes	4,324	
Other	<u>(149,617)</u>	
		173,120

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

Financed purchase principal retirement	52,177	
SBITA principal retirement	35,885	
Note principal retirement	140,305	
Bond principal retirement	<u>1,051,205</u>	
		1,279,572

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

Current year pension contributions	1,573,161	
Pension expense	<u>(2,237,569)</u>	
		(664,408)

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

Compensated absences	54,147	
Deferred bond items on issuance of refunding debt	(4,828)	
Loss on disposal of assets	(8,903)	
Amortization of deferred bond items	<u>97,871</u>	
		138,287

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.

Changes in net position in governmental activities		<u>\$ 15,416,789</u>
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City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances
- Budget and Actual
General
For the Year Ended June 30, 2023

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 12,931,150	\$ 12,931,150	\$ 14,207,004	\$ 1,275,854
Licenses and permits	780,240	780,240	778,429	(1,811)
Intergovernmental	13,850,000	13,850,000	14,680,454	830,454
Fines and forfeitures	198,740	198,740	264,100	65,360
Charges for services	44,650	44,650	74,622	29,972
Rents	517,700	517,700	666,545	148,845
Investment earnings	16,100	16,100	695,344	679,244
Other	77,900	77,900	130,801	52,901
Total revenues	<u>28,416,480</u>	<u>28,416,480</u>	<u>31,497,299</u>	<u>3,080,819</u>
Expenditures				
Current:				
General government				
City council	1,653,640	1,379,877	1,066,902	312,975
City administration	1,050,560	525,560	365,677	159,883
City clerk	296,650	316,330	252,199	64,131
City attorney	406,565	409,715	312,582	97,133
City prosecutor	349,710	362,760	346,539	16,221
Finance	534,945	557,295	531,496	25,799
Human resources	464,660	464,660	384,926	79,734
Municipal court	852,740	907,290	742,812	164,478
Information technology	710,252	710,252	546,601	163,651
Facilities	553,554	571,924	567,721	4,203
Fleet services	229,760	232,490	225,161	7,329
Risk and property	595,410	595,410	442,490	152,920
Billing and collections	31,070	31,070	31,000	70
Non departmental	404,563	710,363	611,572	98,791
Public safety				
Police department	6,393,141	6,729,291	6,594,039	135,252
Fire department	3,335,550	3,537,590	3,322,170	215,420
Fire department east	13,700	13,700	4,978	8,722
Public works and streets				
Public works	340,550	328,550	151,503	177,047
Health and welfare				
Senior services	320,417	334,547	327,514	7,033
Culture and recreation				
Cultural center	240,790	251,270	230,945	20,325
Parks ground	1,628,570	1,630,220	1,483,039	147,181
Parks - recreation	878,132	887,952	670,130	217,822
Youth center	282,897	302,887	275,391	27,496
Aquatic center	303,840	303,840	219,432	84,408
Community development				
Development services	540,990	540,990	453,267	87,723
Building safety	514,336	527,506	511,772	15,734
Economic development	534,214	534,214	381,382	152,832
Capital outlay	3,283,827	4,323,683	4,794,470	(470,787)
Debt service:				
Principal retirement	83,940	83,940	128,590	(44,650)
Interest and fiscal charges	1,120	1,120	1,120	
Bond issuance costs				
Total expenditures	<u>26,830,093</u>	<u>28,106,296</u>	<u>25,977,420</u>	<u>2,128,876</u>
Excess (deficiency) of revenues over expenditur	<u>1,586,387</u>	<u>310,184</u>	<u>5,519,879</u>	<u>5,209,695</u>
Other financing sources (uses)				
Transfers out	(4,003,810)	(4,003,810)	(4,589,923)	(586,113)
SBITA agreements			104,095	104,095
Total other financing sources (uses)	<u>(4,003,810)</u>	<u>(4,003,810)</u>	<u>(4,485,828)</u>	<u>(482,018)</u>
Changes in fund balances	<u>(2,417,423)</u>	<u>(3,693,626)</u>	<u>1,034,051</u>	<u>4,727,677</u>
Fund balances, beginning of year	<u>29,528,364</u>	<u>29,528,364</u>	<u>29,528,364</u>	
Fund balances, end of year	<u>\$ 27,110,941</u>	<u>\$ 25,834,738</u>	<u>\$ 30,562,415</u>	<u>\$ 4,727,677</u>

City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway Users
For the Year Ended June 30, 2023

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 3,600,000	\$ 3,600,000	\$ 3,619,573	\$ 19,573
Investment earnings	1,550	1,550	243,368	241,818
Development fees	406,800	406,800	431,600	24,800
Other			6,748	6,748
Total revenues	<u>4,008,350</u>	<u>4,008,350</u>	<u>4,301,289</u>	<u>292,939</u>
Expenditures				
Current:				
Public works and streets	2,932,180	3,238,740	2,932,872	305,868
Capital outlay	<u>1,636,898</u>	<u>1,547,561</u>	<u>1,399,620</u>	<u>147,941</u>
Total expenditures	<u>4,569,078</u>	<u>4,786,301</u>	<u>4,332,492</u>	<u>453,809</u>
Excess (deficiency) of revenues over expenditures	<u>(560,728)</u>	<u>(777,951)</u>	<u>(31,203)</u>	<u>746,748</u>
Other financing sources (uses)				
Transfers in	1,848,685	1,848,685	1,849,740	1,055
Transfers out	<u>(2,880,107)</u>	<u>(2,880,107)</u>	<u>(1,849,740)</u>	<u>1,030,367</u>
Total other financing sources (uses)	<u>(1,031,422)</u>	<u>(1,031,422)</u>		<u>1,031,422</u>
Changes in fund balances	<u>(1,592,150)</u>	<u>(1,809,373)</u>	<u>(31,203)</u>	<u>1,778,170</u>
Fund balances, beginning of year	<u>2,494,718</u>	<u>2,494,718</u>	<u>2,494,718</u>	
Fund balances, end of year	<u>\$ 902,568</u>	<u>\$ 685,345</u>	<u>\$ 2,463,515</u>	<u>\$ 1,778,170</u>

City of San Luis, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development
For the Year Ended June 30, 2023

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 15,395,911	\$ 15,395,911	\$ 4,482,347	(10,913,564)
Other	47,550	47,550	57,855	10,305
Total revenues	<u>15,443,461</u>	<u>15,443,461</u>	<u>4,540,202</u>	<u>(10,903,259)</u>
Expenditures				
Current:				
General government	145,600	145,600		145,600
Public works and streets	500,000	500,000		500,000
Health and welfare	135,150	135,150	121,940	13,210
Culture and recreation	47,500	47,500	33,981	13,519
Community development	740,000	130,000	49,431	80,569
Capital outlay	16,853,923	16,184,471	7,775,965	8,408,506
Total expenditures	<u>18,422,173</u>	<u>17,142,721</u>	<u>7,981,317</u>	<u>9,161,404</u>
Excess (deficiency) of revenues over expenditures	<u>(2,978,712)</u>	<u>(1,699,260)</u>	<u>(3,441,115)</u>	<u>(1,741,855)</u>
Other financing sources (uses)				
Transfers in	2,978,712	2,978,712	3,196,988	218,276
Changes in fund balances	<u> </u>	<u>1,279,452</u>	<u>(244,127)</u>	<u>(1,523,579)</u>
Fund balances, beginning of year	<u>(95,188)</u>	<u>(95,188)</u>	<u>(95,188)</u>	<u> </u>
Fund balances, end of year	<u>\$ (95,188)</u>	<u>\$ 1,184,264</u>	<u>\$ (339,315)</u>	<u>\$ (1,523,579)</u>



PROPRIETARY FUNDS

City of San Luis, Arizona
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

Business-Type Activities

	Water	Wastewater	Sanitation	Business Incubator	Ambulance Services
Assets					
Current assets:					
Cash and investments	\$ 13,074,989	\$ 6,756,177	\$	\$	\$ 478,805
Restricted cash and investments	693,656				
Accounts receivable (net)	471,889	105,190	31,438	3,561	811,237
Notes receivable	25,774				
Due from other funds					
Leases receivable				92,202	
Prepaid items and other assets	211,727	46,974	35,401	558	73,268
Total current assets	<u>14,478,035</u>	<u>6,908,341</u>	<u>66,839</u>	<u>96,321</u>	<u>1,363,310</u>
Noncurrent assets:					
Leases receivable				357,768	
Net pensions assets					54,426
Capital assets not being depreciated	1,888,327	1,320,142	297,349		589,746
Capital assets, net of accumulated depreciation	<u>19,760,814</u>	<u>25,133,896</u>	<u>1,051,068</u>	<u>2,423,911</u>	<u>682,336</u>
Total noncurrent assets	<u>21,649,141</u>	<u>26,454,038</u>	<u>1,348,417</u>	<u>2,781,679</u>	<u>1,326,508</u>
Total assets	<u>36,127,176</u>	<u>33,362,379</u>	<u>1,415,256</u>	<u>2,878,000</u>	<u>2,689,818</u>
Deferred outflows of resources					
Pension plan items	98,612	138,945	41,459		470,747
Deferred loss on refunding					
Total deferred outflows of resources	<u>98,612</u>	<u>138,945</u>	<u>41,459</u>		<u>470,747</u>
Liabilities					
Current liabilities:					
Accounts payable	214,689	392,685	68,581	933	128,919
Estimated claims and judgements					
Accrued payroll and taxes	21,797	32,704	11,065	379	66,506
Customer deposits	542,350	12,350		9,018	
Due to other funds	47,486		1,006,540	799,732	
Accrued interest	<u>205,089</u>	<u>237,610</u>			<u>10,597</u>
Total current liabilities	<u>1,031,411</u>	<u>675,349</u>	<u>1,086,186</u>	<u>810,062</u>	<u>206,022</u>
Noncurrent liabilities:					
Current portion of long-term obligations	445,681	553,662	44,723	778	101,729
Non-current portion of long-term obligations	<u>9,457,942</u>	<u>11,201,548</u>	<u>231,446</u>	<u>699,289</u>	<u>924,029</u>
Total noncurrent liabilities	<u>9,903,623</u>	<u>11,755,210</u>	<u>276,169</u>	<u>700,067</u>	<u>1,025,758</u>
Total liabilities	<u>10,935,034</u>	<u>12,430,559</u>	<u>1,362,355</u>	<u>1,510,129</u>	<u>1,231,780</u>
Deferred inflows of resources					
Pension plan items	15,121	21,170	6,048		182,850
Deferred gain on refunding	71,101	79,633			
Leases				403,029	
Total deferred inflows of resources	<u>86,222</u>	<u>100,803</u>	<u>6,048</u>	<u>403,029</u>	<u>182,850</u>
Net position					
Net investment in capital assets	12,275,128	16,195,784	1,312,317	1,724,783	1,261,616
Restricted for:					
Capital projects	662,395	1,038,400			
Debt service	607,586				
Unrestricted	<u>11,659,423</u>	<u>3,735,778</u>	<u>(1,224,005)</u>	<u>(759,941)</u>	<u>484,319</u>
Total net position	<u>\$ 25,204,532</u>	<u>\$ 20,969,962</u>	<u>\$ 88,312</u>	<u>\$ 964,842</u>	<u>\$ 1,745,935</u>

Business-Type Activities		Governmental Activities
Business Center	Total Enterprise Funds	Internal Service Funds
\$ 1,964,527	\$ 22,274,498	4,082,569
	693,656	
	1,423,315	202,145
	25,774	
		250,445
542,751	634,953	
	367,928	
<u>2,507,278</u>	<u>25,420,124</u>	<u>4,535,159</u>
7,338,861	7,696,629	
	54,426	
351,683	4,447,247	
<u>3,007,154</u>	<u>52,059,179</u>	
<u>10,697,698</u>	<u>64,257,481</u>	
<u>13,204,976</u>	<u>89,677,605</u>	<u>4,535,159</u>
	749,763	
<u>731,786</u>	<u>731,786</u>	
<u>731,786</u>	<u>1,481,549</u>	
22,527	828,334	
		800,298
	132,451	
	563,718	
4,333,562	6,187,320	27,060
<u>121,319</u>	<u>574,615</u>	
<u>4,477,408</u>	<u>8,286,438</u>	<u>827,358</u>
815,000	1,961,573	
<u>6,883,977</u>	<u>29,398,231</u>	
<u>7,698,977</u>	<u>31,359,804</u>	
<u>12,176,385</u>	<u>39,646,242</u>	<u>827,358</u>
	225,189	
	150,734	
<u>7,829,748</u>	<u>8,232,777</u>	
<u>7,829,748</u>	<u>8,608,700</u>	
(3,608,354)	29,161,274	
	1,700,795	
	607,586	
<u>(2,461,017)</u>	<u>11,434,557</u>	<u>3,707,801</u>
<u>\$ (6,069,371)</u>	<u>\$ 42,904,212</u>	<u>\$ 3,707,801</u>

City of San Luis, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			
	Water	Wastewater	Sanitation	Business Incubator
Operating revenues				
Charges for services	\$ 4,676,469	\$ 4,416,434	\$ 1,690,096	\$
Rents				105,815
Other	130,508	414	25,217	1,438
Total operating revenues	<u>4,806,977</u>	<u>4,416,848</u>	<u>1,715,313</u>	<u>107,253</u>
Operating expenses				
Cost of sales and services	2,758,658	3,327,864	1,750,481	95,919
Insurance premiums/claims				
Depreciation and amortization	663,324	1,077,368	104,749	59,450
Total operating expenses	<u>3,421,982</u>	<u>4,405,232</u>	<u>1,855,230</u>	<u>155,369</u>
Operating income (loss)	<u>1,384,995</u>	<u>11,616</u>	<u>(139,917)</u>	<u>(48,116)</u>
Nonoperating revenues (expenses)				
Investment earnings	456,260	259,505		
Interest and fiscal charges	(363,713)	(425,528)	(2,925)	(13,284)
Total nonoperating revenue (expenses)	<u>92,547</u>	<u>(166,023)</u>	<u>(2,925)</u>	<u>(13,284)</u>
Income (loss) before capital contributions	1,477,542	(154,407)	(142,842)	(61,400)
Capital contributions	<u>1,038,146</u>	<u>1,702,035</u>		
Changes in net position	2,515,688	1,547,628	(142,842)	(61,400)
Total net position, beginning of year	<u>22,688,844</u>	<u>19,422,334</u>	<u>231,154</u>	<u>1,026,242</u>
Total net position, end of year	<u>\$ 25,204,532</u>	<u>\$ 20,969,962</u>	<u>\$ 88,312</u>	<u>\$ 964,842</u>

Business-Type Activities			Governmental Activities
Ambulance Services	Business Center	Total Enterprise Funds	Internal Service Funds
\$ 2,526,339	\$	\$ 13,309,338	\$ 3,016,979
	562,617	668,432	
2,914	61,303	221,794	
<u>2,529,253</u>	<u>623,920</u>	<u>14,199,564</u>	<u>3,016,979</u>
2,677,637	92,521	10,703,080	
			3,098,520
183,659	190,270	2,278,820	
<u>2,861,296</u>	<u>282,791</u>	<u>12,981,900</u>	<u>3,098,520</u>
<u>(332,043)</u>	<u>341,129</u>	<u>1,217,664</u>	<u>(81,541)</u>
	500	716,265	5,304
<u>(21,140)</u>	<u>(341,951)</u>	<u>(1,168,541)</u>	
<u>(21,140)</u>	<u>(341,451)</u>	<u>(452,276)</u>	<u>5,304</u>
(353,183)	(322)	765,388	(76,237)
		2,740,181	
(353,183)	(322)	3,505,569	(76,237)
<u>2,099,118</u>	<u>(6,069,049)</u>	<u>39,398,643</u>	<u>3,784,038</u>
<u>\$ 1,745,935</u>	<u>\$ (6,069,371)</u>	<u>\$ 42,904,212</u>	<u>\$ 3,707,801</u>

City of San Luis, Arizona
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Business-Type Activities				
	Water	Wastewater	Sanitation	Business Incubator	Ambulance Services
<u>Increase/Decrease in Cash and Cash Equivalents</u>					
Cash flows from operating activities					
Cash received from customers	\$ 4,897,824	\$ 4,421,847	\$ 1,709,378	\$ 89,217	\$ 2,357,469
Cash payments to suppliers for goods and services	(2,034,155)	(2,340,673)	(1,445,074)	(84,790)	(637,207)
Cash payments to employees for services	(640,595)	(814,956)	(280,971)	(12,746)	(1,735,211)
Net cash provided by/used for operating activities	2,223,074	1,266,218	(16,667)	(8,319)	(14,949)
Cash flows from noncapital financing activities					
Interfund borrowing	44,406		1,006,540	21,638	
Cash flows from capital and related financing activities					
Capital contributions from development fees and grants	148,504	762,869			
Payments for capital acquisitions	(1,592,436)	(1,285,411)	(1,137,572)		(594,578)
Principal paid on long-term obligations	(405,794)	(505,121)	(52,378)	(35)	(36,757)
Interest paid on long-term obligations	(419,594)	(486,629)	(2,925)	(13,284)	(21,140)
Net cash provided by/used for capital and related financing activities	(2,269,320)	(1,514,292)	(1,192,875)	(13,319)	(652,475)
Cash flows from investing activities					
Investment income	456,260	259,505			
Net increase/decrease in cash and cash equivalents	454,420	11,431	(203,002)		(667,424)
Cash and cash equivalents, beginning of year	13,314,225	6,744,746	203,002		1,146,229
Cash and cash equivalents, end of year	\$ 13,768,645	\$ 6,756,177	\$	\$	\$ 478,805
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>					
Cash and investments	\$ 13,074,989	\$ 6,756,177	\$	\$	\$ 478,805
Restricted cash and investments	693,656				
Total cash and cash equivalents	\$ 13,768,645	\$ 6,756,177	\$	\$	\$ 478,805
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>					
Operating income/loss	\$ 1,384,995	\$ 11,616	\$ (139,917)	\$ (48,116)	\$ (332,043)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:					
Depreciation/amortization	663,324	1,077,368	104,749	59,450	183,659
Difference between pension expense and contributions	(72,333)	(60,922)	12,804	-	215,562
Difference between lease revenue and cash payments	-	-	-	(19,434)	-
Changes in assets and liabilities:					
Increase/decrease in accounts receivable	43,164	3,499	(5,935)	(1,201)	(171,784)
Increase/decrease in prepaid items and other assets	18,717	34,542	(6,580)	(558)	1,130
Increase/decrease in notes receivable	233				
Increase/decrease in accounts payable	133,144	203,240	20,542	619	70,294
Increase/decrease in customer deposits	47,450	1,500		2,599	
Increase/decrease in estimated claims and judgements					
Increase/decrease in accrued payroll and taxes	3,105	3,923	1,382	(608)	10,950
Increase/decrease in compensated absences payable	1,275	(8,548)	(3,712)	(1,070)	7,283
Total adjustments	838,079	1,254,602	123,250	39,797	317,094
Net cash provided by/used for operating activities	\$ 2,223,074	\$ 1,266,218	\$ (16,667)	\$ (8,319)	\$ (14,949)

Business-Type Activities		Governmental Activities
Business Center	Total Enterprise Funds	Internal Service Funds
\$ 605,452 (81,580)	\$ 14,081,187 (6,623,479) (3,484,479)	\$ 2,925,506 (2,956,417)
<u>523,872</u>	<u>3,973,229</u>	<u>(30,911)</u>
1,128,162	2,200,746	21,333
	911,373 (4,609,997)	
(795,000)	(1,795,085)	
<u>(251,582)</u>	<u>(1,195,154)</u>	
<u>(1,046,582)</u>	<u>(6,688,863)</u>	
500	716,265	5,304
605,952	201,377	(4,274)
<u>1,358,575</u>	<u>22,766,777</u>	<u>4,086,843</u>
<u>\$ 1,964,527</u>	<u>\$ 22,968,154</u>	<u>\$ 4,082,569</u>
\$ 1,964,527	\$ 22,274,498	\$ 4,082,569
	693,656	
<u>\$ 1,964,527</u>	<u>\$ 22,968,154</u>	<u>\$ 4,082,569</u>
\$ 341,129	\$ 1,217,664	\$ (81,541)
190,270	2,278,820	-
-	95,111	-
(23,920)	(43,354)	-
5,452	(126,805)	(91,473)
	47,251	
	233	
10,941	438,780	
	51,549	
		142,103
	18,752	
	<u>(4,772)</u>	
<u>182,743</u>	<u>2,755,565</u>	<u>50,630</u>
<u>\$ 523,872</u>	<u>\$ 3,973,229</u>	<u>\$ (30,911)</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No., 99 *Omnibus 2022*. These Statements increase the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs and public-private and public-public partnerships. These Statements also require a government to disclose essential information about the arrangements. The City's analysis of SBITAs, public-private partnerships, and public-public partnerships in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of these standards.

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, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

Discretely Presented Component Unit

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

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

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

Joint Ventures

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

- East San Luis Community Facility District

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds.

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

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

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

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

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

Special Revenue Funds

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

Capital Projects Funds

- 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following proprietary funds:

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

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

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

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

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

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

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

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

C. Cash, Cash Equivalents and Investments

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash, Cash Equivalents and Investments (Continued)

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

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

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

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

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

D. Restricted Cash and Investments with Fiscal Agents

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

E. Investment Income

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prepaid Items

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

G. Receivables

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

H. Interfund Receivables and Payable

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

I. Inventories

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

J. Capital Assets

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

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.

K. 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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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, 2023.

N. 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.

O. Subscription-Based Information Technology Arrangements (SBITAs)

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

P. Pensions

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions (Continued)

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

Q. Net Position

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

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

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

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

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

R. Fund Balances

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balances (Continued)

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

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

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

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

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

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	\$ 256,785	\$ 558	\$ 116,990	\$ 158	
Inventory	15,430	118,157			
Restricted:					
HURF		2,344,800			
Special purposes					588,303
Capital projects					1,714,823
Debt service				264,837	
Other purposes					678,529
Unassigned	30,290,200		(456,305)		
Total fund balances	<u>\$ 30,562,415</u>	<u>\$ 2,463,515</u>	<u>\$ (339,315)</u>	<u>\$ 264,995</u>	<u>\$ 2,981,655</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates

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

T. Budget

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

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

NOTE 2- CASH AND INVESTMENTS

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

	Primary Government		Component Unit	
	Governmental Activities	Business-type Activities	Detention Facility	Total
Equity in pooled cash	\$ 9,565,400	\$ 603,991	\$	\$ 10,169,391
Cash and cash equivalents	4,085,569	3,417,116		7,502,685
Investments	30,354,359	18,253,391		48,607,750
Restricted assets:				
Cash and investments	2,617,677	693,656	10,765,216	14,076,549
Total	<u>\$ 46,623,005</u>	<u>\$ 22,968,154</u>	<u>\$ 10,765,216</u>	<u>\$ 80,356,375</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

Cash and investments consisted of the following:

Cash on hand	\$ 5,500
Demand deposits	17,666,576
Investments	62,684,299
Total	<u>\$ 80,356,375</u>

Custodial Credit Risk - Demand Deposits. For deposits, custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a policy for custodial credit risk. The carrying amounts of the City's demand deposits were \$17,666,577 at June 30, 2023. Bank balances were \$20,372,509 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions not in the City's name.

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

	Fair Value	Investment Maturities (in years) Less than 1
Money Market	\$ 14,076,549	\$ 14,076,549
State Treasurer	48,607,750	48,607,750
Total	<u>\$ 62,684,299</u>	<u>\$ 62,684,299</u>

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

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

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

At June 30, 2023, City's investment in mutual funds were considered to be level one investments.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

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, 2023, the City's investment in the State Treasurer's Government Investment Pool (LGIP) were rated AA+ by Standard and Poor's Corporation.

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

That portion of the external investment pool which belongs to local government participants is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at www.aztreasury.gov or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1st Floor, Phoenix, AZ 85007. The City's position in the LGIP at June 30, 2023 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. 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, 2023, the City's investments included 22 percent invested in money market funds, and 78 percent invested in the State Treasurer's investment pool.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$4,442,219 for proprietary fund receivables and \$362,614 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 \$2,035,936 consisted mostly of court fines and detention center issuer fees receivable reported in the General Fund ; unearned revenue of \$8,582,809 consisted mostly of federal grant revenue not yet spent from the Community Development Fund.

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 \$17,511, \$562,617, and \$101,712 is recorded as rents revenue in the General, Business Center, and Business Incubator Funds, respectively, while related interest revenue of \$3,462, \$61,303, \$1,438 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:

		Governmental Activities	Business-type Activities
Year ending June 30:			
	2024	\$ 15,476	\$ 694,249
	2025	15,784	707,830
	2026	16,097	708,316
	2027	16,416	711,640
	2028	16,747	633,987
	2029-33	88,914	3,000,000
	2034-38	98,159	2,299,999
	2039-43	108,393	
	2044-48	119,680	
	2049	8,351	
Total		<u>\$ 504,017</u>	<u>\$ 8,756,021</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5- INTERFUND TRANSACTIONS

A. Due From and To Other Funds

Fund	Due from other Funds	Due to other Funds
General	\$ 13,478,212	\$ 250,445
Highway Users		5,188,522
Debt Service		991,176
Non-Major Governmental		1,084,134
Water		47,486
Sanitation		1,006,540
Business Incubator		799,732
Business Center		4,333,562
Internal Service	250,445	27,060
Total	<u>\$ 13,728,657</u>	<u>\$ 13,728,657</u>

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

B. Transfers

Transfers between funds of the primary government:

	Transfers out			Total
	General Fund	Highway Users Fund	Non-Major Governmental Funds	
Transfers in:				
Highway Users Fund	\$ 1,849,740	\$	\$	\$ 1,849,740
Community Development Fund	1,347,248	1,849,740		3,196,988
Debt Service Fund	1,392,935		150,000	1,542,935
Total	<u>\$ 4,589,923</u>	<u>\$1,849,740</u>	<u>\$ 150,000</u>	<u>\$ 6,589,663</u>

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

CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2023 follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 4,921,886	\$ 1,729,254	\$	\$ 6,651,140
Construction in progress	3,360,415	7,099,702	1,305,539	9,154,578
Total capital assets, not being depreciated	8,282,301	8,828,956	1,305,539	15,805,718
Capital assets, being depreciated:				
Buildings and improvements	26,694,230	817,086	61,781	27,449,535
Machinery and equipment	15,231,592	2,608,821	43,457	17,796,956
Infrastructure	69,630,178	7,218,806		76,848,984
Total capital assets being depreciated	111,556,000	10,644,713	105,238	122,095,475
Less accumulated depreciation for:				
Buildings and improvements	(11,560,519)	(749,382)	(52,878)	(12,257,023)
Machinery and equipment	(10,499,234)	(1,149,037)	(43,457)	(11,604,814)
Infrastructure	(30,492,302)	(2,094,491)		(32,586,793)
Total accumulated depreciation	(52,552,055)	(3,992,910)	(96,335)	(56,448,630)
Total capital assets, being depreciated, net	59,003,945	6,651,803	8,903	65,646,845
SBITA right-to-use assets				
SBITA assets		104,095		104,095
Less accumulated amortization		(35,885)		(35,885)
Total SBITA right-to-use assets, net		68,210		68,210
Governmental activities capital assets, net	<u>\$ 67,286,246</u>	<u>\$ 15,548,969</u>	<u>\$ 1,314,442</u>	<u>\$ 81,520,773</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 685,239	\$ 269,457	\$	\$ 954,696
Construction in progress	638,784	2,853,767		3,492,551
Total capital assets, not being depreciated	1,324,023	3,123,224		4,447,247
Capital assets, being depreciated:				
Buildings and improvements	10,035,381	200,898		10,236,279
Machinery and equipment	11,319,678	1,285,877	174,796	12,430,759
Infrastructure	62,126,618	1,828,807		63,955,425
Total capital assets being depreciated	83,481,677	3,315,582	174,796	86,622,463
Less accumulated depreciation for:				
Buildings and improvements	(3,539,737)	(316,831)		(3,856,568)
Machinery and equipment	(9,016,020)	(548,407)	(166,761)	(9,397,666)
Infrastructure	(20,585,769)	(1,401,364)		(21,987,133)
Total accumulated depreciation	(33,141,526)	(2,266,602)	(166,761)	(35,241,367)
Total capital assets, being depreciated, net	50,340,151	1,048,980	8,035	51,381,096
Intangible right-to-use assets				
Leased land	702,519			702,519
Less accumulated amortization	(12,218)	(12,218)		(24,436)
Total intangible right-to-use assets, net	690,301	(12,218)		678,083
Governmental activities capital assets, net	<u>\$ 52,354,475</u>	<u>\$ 4,159,986</u>	<u>\$ 8,035</u>	<u>\$ 56,506,426</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6- CAPITAL ASSETS (CONTINUED)

<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	(9,904,094)	(762,809)		(10,666,903)
Machinery and equipment	(329,194)			(329,194)
Total accumulated depreciation	<u>(10,233,288)</u>	<u>(762,809)</u>		<u>(10,996,097)</u>
Total capital assets, being depreciated, net	<u>24,225,792</u>	<u>(762,809)</u>		<u>23,462,983</u>
Discretely presented component unit capital assets, net	<u>\$ 24,887,151</u>	<u>\$ (762,809)</u>	<u>\$</u>	<u>\$ 24,124,342</u>

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

<u>Governmental activities:</u>	<u>Amount</u>
General government	\$ 497,960
Public safety	696,542
Health and welfare	57,942
Culture and recreation	413,862
Community development	34,705
Public works and streets	2,327,784
Total depreciation expense	<u>\$ 4,028,795</u>
<u>Business-type activities:</u>	
Water	\$ 663,324
Wastewater	1,077,368
Sanitation	104,749
Business Incubator	59,450
Ambulance Services	183,659
Business Center	190,270
Total depreciation/amortization expense	<u>\$ 2,278,820</u>
<u>Discretely presented Component Unit:</u>	
Detention Facility	\$ 762,809
Total depreciation expense	<u>\$ 762,809</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for street projects (special revenue fund projects) and wastewater treatment projects totaling \$12.6 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2023. The remaining balance for work not yet complete at the end of the year is estimated at \$814,404 for governmental activities projects and \$422,532 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.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 36	\$ 13,283
2025	37	13,282
2026	37	13,282
2027	38	13,281
2028	39	13,280
2029-33	6,446	66,143
2034-38	14,680	65,168
2039-43	24,489	63,340
2044-48	36,112	60,501
2049-53	49,809	56,466
2054-58	65,875	51,028
2059-63	84,655	43,940
2064-68	106,520	34,933
2069-73	131,906	23,691
2074-78	161,298	9,862
2079	17,151	122
Total	<u>\$ 699,128</u>	<u>\$ 541,602</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	24,436
Total	<u>\$ 678,083</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9- FINANCED PURCHASES PAYABLE

The City has acquired portable radios, two vehicles, and a copier, under the provisions of contracts classified as financed purchases payables. Revenues from the General Fund and the Ambulance Services Fund are used to repay the obligations.

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
	2024	\$ 49,411	\$ 1,592	\$ 5,233	\$
	2025	55,385		5,234	
Total		<u>\$ 104,796</u>	<u>\$ 1,592</u>	<u>\$ 10,467</u>	<u>\$</u>

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

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

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

Year ending June 30:		Governmental Activities	
		Principal	Interest
	2024	\$ 33,525	\$ 2,360
	2025	34,685	1,200
Total		<u>\$ 68,210</u>	<u>\$ 3,560</u>

The total value of assets recorded under SBITAs that meet the City's capitalization threshold is \$104,095, less accumulated amortization of \$35,585.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2023 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, 2023
Governmental activities	\$ 12,085,700	4.00-5.00%	7/1/23-38	\$ 9,194,327
Business-type activities	18,929,300	4.00-5.00%	7/1/23-38	14,400,673
Total				<u>\$ 23,595,000</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
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	471,504	363,662	738,496	629,588
2029-33	2,737,451	1,430,537	4,287,549	2,240,588
2034-38	3,493,416	654,991	5,471,584	1,025,884
2039	806,621	20,166	1,263,379	31,584
Total	<u>\$ 9,194,327</u>	<u>\$ 4,133,793</u>	<u>\$14,400,673</u>	<u>\$ 6,534,582</u>

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2023
Governmental activities	\$ 2,825,000	5.00%	7/1/23-27	\$ 1,550,000
Business-type activities	11,715,000	2.00-3.50%	7/1/23-31	7,790,000
Total				<u>\$ 9,340,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	340,000	8,500	905,000	133,097
2029-32			3,500,000	225,046
Total	<u>\$ 1,550,000</u>	<u>\$ 201,250</u>	<u>\$ 7,790,000</u>	<u>\$ 1,148,419</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, 2023
Governmental activities	\$ 8,230,172	0.49-2.92%	7/1/23-37	\$ 7,944,368
Business-type activities	984,828	0.49-2.92%	7/1/23-37	950,633
Total				<u>\$ 8,895,001</u>

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	495,692	153,662	59,308	18,385
2029-33	2,625,829	599,450	314,171	71,722
2034-38	2,996,378	222,197	358,623	26,585
Total	<u>\$ 7,944,368</u>	<u>\$ 1,652,752</u>	<u>\$ 950,633</u>	<u>\$ 197,747</u>

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 2023, the revenue pledged amounted to \$29.8 million. Principal and interest for the current year were \$2,525,000 and \$1,686,111 respectively. The coverage ratio (pledged revenues to debt service) for 2023 is 7.07. More in depth disclosures can be referenced from the statistical section, Table XII.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (Continued)

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

Purpose	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal June 30, 2023
Business-type activities	\$ 6,580,000	3.80%	7/1/23-33	\$ 4,530,000

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

Year Ending June 30:	Business-Type Activities		
	Principal	Interest	Total
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	395,000	110,105	505,105
2029-33	2,205,000	309,605	2,514,605
2034	495,000	9,405	504,405
Total	<u>\$ 4,530,000</u>	<u>\$ 1,011,180</u>	<u>\$ 5,541,180</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 2023, the net revenue pledged amounted to \$4.0 million. Principal and interest for the current year were \$340,000 and \$172,140, respectively. The coverage ratio (pledged revenues to debt service) for 2023 is 7.75. 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, 2023**

NOTE 11- 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, 2023
Detention facility	\$ 26,090,000	7.00-7.25%	5/1/23-30	\$ 18,045,000
Detention facility	20,835,000	6.95%	5/1/23-27	9,445,000
Total				<u>\$ 27,490,000</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:				
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	3,170,000		929,450	
2029-30	9,650,000		1,152,752	
Total	<u>\$ 18,045,000</u>	<u>\$ 9,445,000</u>	<u>\$ 6,759,752</u>	<u>\$ 1,901,174</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 2023, the revenue pledged amounted to \$27.1 million. Principal and interest for the current year were \$2,645,000 and \$2,108,873 respectively. The coverage ratio (pledged revenues to debt service) for 2023 is 5.70.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12- NOTE OBLIGATIONS

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

<u>Governmental activities</u>	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
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.	\$	\$ 29,672	\$ 29,672

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	160,640	266,348
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<u>Business-type activities</u>	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
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.	\$ 36,100	\$	\$ 36,100

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

		<u>Governmental Activities</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:				
2024	\$	99,708	\$ 8,483	\$ 108,191
2025		111,570	4,399	115,969
2026		55,070	627	55,697
Total	\$	266,348	\$ 13,509	\$ 279,857

		<u>Business-Type Activities</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:				
2024	\$	36,100	\$ 626	\$ 36,726

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 13- 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 \$826,265 for governmental activities and \$134,696 for business-type activities at June 30, 2023 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, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 880,412	\$ 606,118	\$ 660,265	\$ 826,265	\$ 652,754
Revenue bonds payable	19,591,257		902,562	18,688,695	1,051,205
Revenue bonds premium	1,106,398		97,871	1,008,527	
Note payable	436,325		140,305	296,020	99,708
Financed purchases payable	156,973		52,177	104,796	49,410
SBITAs		104,095	35,885	68,210	33,525
Pension	8,315,218	2,703,810		11,019,028	
Governmental activities long-term liabilities	<u>\$ 30,486,583</u>	<u>\$ 3,414,023</u>	<u>\$ 1,889,065</u>	<u>\$ 32,011,541</u>	<u>\$ 1,886,602</u>
Business-type activities:					
Compensated absences	\$ 139,466	\$ 134,488	\$ 139,258	\$ 134,696	\$ 106,409
Revenue bonds payable	24,553,744		1,412,438	23,141,306	1,473,795
Revenue bonds premium	1,377,903		86,119	1,291,784	
Revenue bonds discount	(102,009)		(10,986)	(91,023)	
Direct placement revenue bonds	4,855,000		325,000	4,530,000	340,000
Note payable	88,478		52,378	36,100	36,100
Leases payable	699,163		35	699,128	36
Financed purchases payable	15,698		5,232	10,466	5,233
Pension	1,441,567	165,780		1,607,347	
Business-type activities long-term liabilities	<u>\$ 33,069,010</u>	<u>\$ 300,268</u>	<u>\$ 2,009,474</u>	<u>\$ 31,359,804</u>	<u>\$ 1,961,573</u>
Discretely presented component units:					
Revenue bonds payable	\$ 30,135,000	\$	\$ 2,645,000	\$ 27,490,000	\$ 2,835,000
Revenue bonds discount	(512,302)		(74,884)	(437,418)	
Discretely presented component unit long-term liabilities	<u>\$ 29,622,698</u>	<u>\$</u>	<u>\$ 2,570,116</u>	<u>\$ 27,052,582</u>	<u>\$ 2,835,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 14- COMMITMENTS AND CONTINGENCIES

Federal and State Grants – The City has received a number of grants from both Federal and State governments. Although the programs have been audited by the respective agencies, not all audits have been approved as of June 30, 2023; 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, \$5.7 million of variable incentive fees had been accumulated but not recognized as expenses due to disbursement being improbable.

NOTE 15- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit /Net Position – At June 30, 2023, the following individual funds reported deficits in Net Position.

	<u>Deficit</u>
Governmental Funds:	
Community Development	\$ (339,315)
Enterprise Funds:	
Business Center	(6,069,371)

The fund balance deficit of the Community Development Fund is expected to be eliminated when grant reimbursements are received during fiscal year 2023-24.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 16- RISK MANAGEMENT

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

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

The City established an Insurance Fund (an Internal Service Fund) during fiscal year 2012 to account for and finance its uninsured risks of loss related to health and dental claims. The program provides annual coverage per individual for up to a maximum of \$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, 2023	Year Ended June 30, 2022
Unpaid claims, beginning of fiscal year	\$ 658,196	\$ 187,101
Incurred claims (including IBNRs)	3,098,520	3,945,694
Claim payments	2,956,418	3,474,599
Unpaid claims, end of fiscal year	<u>\$ 800,298</u>	<u>\$ 658,196</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- 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, 2023, 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	\$ 208,454	\$ 54,426	\$ 262,880
Net pension liabilities	11,019,028	1,607,348	12,626,376
Deferred outflows of resources	6,457,547	749,763	7,207,310
Deferred inflows of resources	1,288,164	225,189	1,513,353
Expense	2,237,569	317,847	2,555,416
Contributions	1,573,161	222,737	1,795,898

The City reported \$1,795,898 of pension contributions as expenditures in the governmental funds or as deferred outflows of resources in the proprietary funds related to all plans to which it contributes.

Arizona State Retirement System

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

ASRS

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

*With actuarially reduced benefits

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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, 2023 were \$1,094,924.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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 9.68 percent (9.62 for retirement and 0.06 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, 2023, the City reported a liability of \$11,481,050 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022.

The City’s reported liability at June 30, 2023 increased by \$2,471,256 from the City’s prior year liability of \$9,009,794 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)
<u>\$ 11,481,050</u>	<u>0.070</u>	<u>0.002</u>

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, 2022, was .0703 percent, which was an increase of 0.0013 from its proportion measured as of June 30, 2021.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2023, the City recognized pension expense for ASRS of \$1,555,279. At June 30, 2023, 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	\$ 97,825	\$
Changes of assumptions or other inputs	569,827	
Net difference between projected and actual earnings on pension investments		302,422
Changes in proportion and differences between contributions and proportionate share of contributions	241,182	
Contributions subsequent to the measurement date	1,094,924	
Total	<u>\$ 2,003,758</u>	<u>\$ 302,422</u>

The \$1,094,924 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, 2024. 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:

2024	\$ 700,888
2025	(53,441)
2026	(525,076)
2027	484,041

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
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, 2023**

NOTE 17- 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, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	<u>100%</u>	

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	6.0%	7.0%	8.0%
Net liability	\$ 16,939,948	\$ 11,481,050	\$ 6,929,182

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

Public Safety Personnel Retirement System

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

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

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

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS - Police	PSPRS - Fire
Retirees and beneficiaries	9	3
Inactive, non-retired members	1	3
Active members	25	27
Total	35	33

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2023, 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	8.07-9.82%	9.82-11.82%
Health insurance	0.12%	0.12-0.28%

For the agent plans, the City's contributions to the pension plan for the year ended June 30, 2023, were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension contributions	\$ 294,364	\$ 342,733

During fiscal year 2023, the City paid for PSPRS pension contributions as follows: 88.9 percent from the General Fund, and 11.1 percent from the Ambulance Services Fund.

Pension Liability – At June 30, 2023, the City reported the following net pension liabilities/asset:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Net Pension (Assets) Liabilities	\$ 344,618	\$ (262,880)

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

The net pension assets/liabilities were measured as of June 30, 2022. The total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2022, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2021, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 2.75-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

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

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	2.75-15.0%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022, actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. public equity	24%	3.49%
International public equity	16	4.47
Global private equity	20	7.18
Other assets (capital appreciation)	7	4.83
Core bonds	2	0.45
Private credit	20	5.10
Diversifying strategies	10	2.68
Cash – Mellon	1	-0.35
Total	100%	

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

Pension Discount Rates – At June 30, 2022, the discount rate used to measure the total pension liability was 7.2 percent, which was a decrease of .1 from the discount rate used as of June 30, 2021.

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Police			
Balances at June 30, 2022	\$ 13,156,169	\$ 15,624,049	\$ (2,467,880)
Changes for the year:			
Service cost	355,528		355,528
Interest on the total pension liability	971,605		971,605
Differences between expected and actual experience in the measurement of the pension liability	1,136,881		1,136,881
Changes of assumptions or other inputs	145,989		145,989
Contributions – employer		228,436	(228,436)
Contributions – employee		199,267	(199,267)
Net investment income		(619,024)	619,024
Benefit payments, including refunds of employee contributions	(404,078)	(404,078)	
Administrative expense		(11,174)	11,174
Net changes	2,205,925	(606,573)	2,812,498
Balances at June 30, 2023	<u>\$ 15,362,094</u>	<u>\$ 15,017,476</u>	<u>\$ 344,618</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Fire			
Balances at June 30, 2022	\$ 9,698,814	\$ 11,813,574	\$ (2,114,760)
Changes for the year:			
Service cost	411,690		411,690
Interest on the total pension liability	734,077		734,077
Differences between expected and actual experience in the measurement of the pension liability	614,137		614,137
Changes of assumptions or other inputs	62,520		62,520
Contributions – employer		285,446	(285,446)
Contributions – employee		168,152	(168,152)
Net investment income		(474,496)	474,496
Benefit payments, including refunds of employee contributions	(109,301)	(109,301)	
Administrative expense		(8,558)	8,558
Net changes	1,713,123	(138,757)	1,851,880
Balances at June 30, 2023	<u>\$ 11,411,937</u>	<u>\$ 11,674,817</u>	<u>\$ (262,880)</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
PSPRS - Police:			
Rate	6.20%	7.20%	8.20%
Net pension (assets) liability	\$ 2,932,543	\$ 344,618	\$ (1,715,109)
PSPRS - Fire			
Rate	6.20%	7.20%	8.20%
Net pension (assets) liability	\$ 1,778,054	\$ (262,880)	\$ 1,891,973

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

Pension Expense-For the year ended June 30, 2023, the City recognized the following pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 528,373	\$ 396,860

Pension Deferred Outflows/Inflows of Resources - At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police:		
Differences between expected and actual experience	\$ 1,649,436	\$ 314,325
Changes of assumptions or other inputs	321,861	
Net difference between projected and actual earnings on pension plan investments	593,049	
Contributions subsequent to the measurement date	294,364	
Total	<u>\$ 2,858,710</u>	<u>\$ 314,325</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 1,219,514	\$ 883,177
Changes of assumptions or other inputs	347,708	
Net difference between projected and actual earnings on pension plan investments	363,780	
Contributions subsequent to the measurement date	342,733	
Total	<u>\$ 2,273,735</u>	<u>\$ 883,177</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- 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, 2024. 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
2024	\$ 467,188	\$ 184,173
2025	413,970	161,074
2026	323,895	93,150
2027	667,539	386,556
2028	194,161	99,419
Thereafter	183,268	123,453

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, 2023, 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, 2023, 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.

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, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17- 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, 2023, statute required active EORP members to contribute seven or 13 percent of the members' annual covered payroll, and the City to contribute 70.42 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 58.39 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 64.42 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, 2023 were \$63,877.

During fiscal year 2023, the City paid for EORP pension contributions from the General Fund.

Pension Liability - At June 30, 2023, 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	\$ 800,708
State's proportionate share of the EORP net pension liability associated with the City	77,963
Total	<u>\$ 878,671</u>

The net asset and net liability were measured as of June 30, 2022, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, decreasing the wage inflation from 3.75 percent to 3.25 percent and increasing the cost of living adjustment from 1.75 percent to 1.85 percent.

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, 2022. The City's proportion measured as of June 30, 2022, was 0.12 percent, which was the same proportion measured as of June 30, 2021.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 17 - RETIREMENT PLANS (CONTINUED)

Pension Expense - For the year ended June 30, 2023, the City recognized pension expense for EORP of \$74,905.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2023, 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
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$	\$ 13,429
Net difference between projected and actual earnings on pension investments	7,231	
Contributions subsequent to the measurement date	63,877	
Total	<u>\$ 71,108</u>	<u>\$ 13,429</u>

The \$63,877 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, 2024. 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
2024	\$ (11,973)
2025	69
2026	(3,408)
2027	9,113

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

EORP

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.25%
Price inflation	2.50%
Cost of living adjustment	1.85%
Permanent benefit increase	Included
Mortality rates	PUBG-2010 Mortality Tables with MP2021 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, 2023**

NOTE 17- RETIREMENT PLANS (CONTINUED)

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash-Mellon	1%	-.35%
Core bonds	2	.45
Diversifying Strategies	10	2.68
Private credit	20	5.10
Other Assets (capital appreciation)	7	4.83
Global private equity	20	7.18
International public equity	16	4.47
U.S. public equity	24	3.49
Total	100%	

Discount Rate - At June 30, 2022, the discount rate used to measure the EORP total pension liability was 7.2 percent, which was .1 percent lower than the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension (assets) liability	\$ 914,120	\$ 800,708	\$ 703,562

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 NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's proportion of the net pension (assets) liability	0.07%	0.07%	0.07%	0.06%	0.06%
City's proportionate share of the net pension (assets) liability	\$ 11,481,050	\$ 9,009,794	\$ 11,650,354	\$ 9,288,007	\$ 8,837,885
City's covered payroll	\$ 7,837,311	\$ 7,835,768	\$ 7,409,817	\$ 6,728,524	\$ 6,356,202
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	146.49%	114.98%	157.23%	138.04%	139.04%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
City's proportion of the net pension (assets) liability	0.06%	0.06%	0.06%	0.06%	
City's proportionate share of the net pension (assets) liability	\$ 9,873,369	\$ 10,475,512	\$ 9,932,851	\$ 9,246,398	
City's covered payroll	\$ 6,155,121	\$ 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	160.41%	174.63%	167.95%	174.47%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	

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

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 SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's proportion of the net pension (assets) liability	0.12%	0.12%	0.12%	0.13%	0.08%
City's proportionate share of the net pension (assets) liability	\$ 800,708	\$ 746,991	\$ 813,649	\$ 836,624	\$ 542,454
State's proportionate share of the net pension (assets) liability	<u>77,963</u>	<u>75,085</u>	<u>77,331</u>	<u>78,634</u>	<u>92,946</u>
Total	<u><u>\$ 878,671</u></u>	<u><u>\$ 822,076</u></u>	<u><u>\$ 890,980</u></u>	<u><u>\$ 915,258</u></u>	<u><u>\$ 635,400</u></u>
City's covered payroll	\$ 92,800	\$ 91,963	\$ 93,350	\$ 110,239	\$ 87,213
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	862.83%	812.27%	871.61%	758.92%	621.99%
Plan fiduciary net position as a percentage of the total pension liability	32.01%	36.28%	29.80%	30.14%	30.40%
	<u>2018</u>	<u>2017</u>			
Measurement date	June 30, 2017	June 30, 2016			
City's proportion of the net pension (assets) liability	0.09%	0.06%			
City's proportionate share of the net pension (assets) liability	\$ 1,157,339	\$ 1,008,290			
State's proportionate share of the net pension (assets) liability	<u>374,681</u>	<u>208,166</u>			
Total	<u><u>\$ 1,532,020</u></u>	<u><u>\$ 1,216,456</u></u>			
City's covered payroll	\$ 68,562	\$ 132,685			
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	1688.02%	759.91%			
Plan fiduciary net position as a percentage of the total pension liability	19.66%	23.42%			

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

See accompanying notes to this schedule.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020
Total pension liability			
Service cost	\$ 355,528	\$ 374,421	\$ 403,478
Interest	971,605	926,693	846,911
Changes of benefit terms			
Differences between expected and actual experience	1,136,881	(236,221)	357,114
Changes of assumptions or other inputs	145,989		
Benefit payments, including refunds of employee contributions	(404,078)	(457,446)	(513,645)
Net change in total pension liability	2,205,925	607,447	1,093,858
Total pension liability—beginning	13,156,169	12,548,722	11,454,864
Total pension liability—ending	<u><u>\$ 15,362,094</u></u>	<u><u>\$ 13,156,169</u></u>	<u><u>\$ 12,548,722</u></u>
Plan fiduciary net position			
Contributions—employer	\$ 228,436	\$ 6,309,302	\$ 576,635
Contributions—employee	199,267	179,082	194,076
Net investment income	(619,024)	2,424,785	88,327
Benefit payments, including refunds of employee contributions	(404,078)	(457,446)	(513,645)
Administrative expense	(11,174)	(11,103)	(7,202)
Other			(32,133)
Net change in plan fiduciary net position	(606,573)	8,444,620	306,058
Plan fiduciary net position—beginning	15,624,049	7,179,429	6,873,371
Plan fiduciary net position—ending	<u><u>\$ 15,017,476</u></u>	<u><u>\$ 15,624,049</u></u>	<u><u>\$ 7,179,429</u></u>
Net pension (assets) liability—ending	<u><u>\$ 344,618</u></u>	<u><u>\$ (2,467,880)</u></u>	<u><u>\$ 5,369,293</u></u>
Plan fiduciary net position as a percentage of the total pension liability	97.76%	118.76%	57.21%
Covered payroll	\$ 2,169,380	\$ 2,773,330	\$ 2,683,494
Net pension (assets) liability as a percentage of covered payroll	15.89%	(88.99)%	200.09%

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

See accompanying notes to this schedule.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 420,691	\$ 365,220	\$ 449,219	\$ 350,332	\$ 306,944	\$ 282,241
736,413	721,974	647,619	562,087	555,140	466,641
		162,160	512,893		91,936
705,904	(461,278)	385,365	(58,955)	(423,441)	(9,596)
265,067		121,338	362,672		606,442
(408,087)	(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
1,719,988	(303,753)	1,490,931	1,396,023	27,963	1,203,056
9,734,876	10,038,629	8,547,698	7,151,675	7,123,712	5,920,656
<u>\$ 11,454,864</u>	<u>\$ 9,734,876</u>	<u>\$ 10,038,629</u>	<u>\$ 8,547,698</u>	<u>\$ 7,151,675</u>	<u>\$ 7,123,712</u>
\$ 573,259	\$ 258,678	\$ 393,486	\$ 351,711	\$ 248,515	\$ 264,741
198,310	178,569	231,348	207,745	182,813	165,787
342,633	414,905	640,556	30,048	179,881	580,609
(408,087)	(929,669)	(274,770)	(333,006)	(410,680)	(234,608)
(6,945)	(7,015)	(6,068)	(4,724)	(4,770)	(4,714)
(1,881)	72	68	(99,246)	(3,823)	2,155
697,289	(84,460)	984,620	152,528	191,936	773,970
6,176,082	6,260,542	5,275,922	5,123,394	4,931,458	4,157,488
<u>\$ 6,873,371</u>	<u>\$ 6,176,082</u>	<u>\$ 6,260,542</u>	<u>\$ 5,275,922</u>	<u>\$ 5,123,394</u>	<u>\$ 4,931,458</u>
<u>\$ 4,581,493</u>	<u>\$ 3,558,794</u>	<u>\$ 3,778,087</u>	<u>\$ 3,271,776</u>	<u>\$ 2,028,281</u>	<u>\$ 2,192,254</u>
60.00%	63.44%	62.36%	61.72%	71.64%	69.23%
\$ 2,353,202	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
194.69%	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 NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020
Total pension liability			
Service cost	\$ 411,690	\$ 431,341	\$ 366,149
Interest	734,077	696,458	564,876
Changes of benefit terms			
Differences between expected and actual experience	614,137	(470,260)	916,711
Changes of assumptions or other inputs	62,520		
Benefit payments, including refunds of employee contributions	(109,301)	(135,819)	(85,039)
Net change in total pension liability	<u>1,713,123</u>	<u>521,720</u>	<u>1,762,697</u>
Total pension liability—beginning	<u>9,698,814</u>	<u>9,177,094</u>	<u>7,414,397</u>
Total pension liability—ending	<u><u>\$ 11,411,937</u></u>	<u><u>\$ 9,698,814</u></u>	<u><u>\$ 9,177,094</u></u>
Plan fiduciary net position			
Contributions—employer	\$ 285,446	\$ 3,004,520	\$ 343,486
Contributions—employee	168,152	161,015	163,261
Net investment income	(474,496)	2,088,614	80,955
Benefit payments, including refunds of employee contributions	(109,301)	(135,819)	(85,039)
Administrative expense	(8,558)	(9,590)	(6,600)
Other			3,325
Net change in plan fiduciary net position	<u>(138,757)</u>	<u>5,108,740</u>	<u>499,388</u>
Plan fiduciary net position—beginning	<u>11,813,574</u>	<u>6,704,834</u>	<u>6,205,446</u>
Plan fiduciary net position—ending	<u><u>\$ 11,674,817</u></u>	<u><u>\$ 11,813,574</u></u>	<u><u>\$ 6,704,834</u></u>
Net pension (assets) liability—ending	<u><u>\$ (262,880)</u></u>	<u><u>\$ (2,114,760)</u></u>	<u><u>\$ 2,472,260</u></u>
Plan fiduciary net position as a percentage of the total pension liability	102.30%	121.80%	73.06%
Covered payroll	\$ 1,971,629	\$ 2,593,218	\$ 2,401,633
Net pension (assets) liability as a percentage of covered payroll	(13.33)%	(81.55)%	102.94%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 370,521	\$ 344,233	\$ 429,788	\$ 335,758	\$ 296,352	\$ 294,507
494,466	463,118	433,198	347,995	308,046	275,282
		88,014	588,157		(8,383)
122,327	(487,056)	(519,052)	(33,940)	51,216	(184,049)
168,975		200,618	264,127		77,627
(106,693)	(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
1,049,596	236,832	501,219	1,221,034	603,876	429,655
6,364,801	6,127,969	5,626,750	4,405,716	3,801,840	3,372,185
<u>\$ 7,414,397</u>	<u>\$ 6,364,801</u>	<u>\$ 6,127,969</u>	<u>\$ 5,626,750</u>	<u>\$ 4,405,716</u>	<u>\$ 3,801,840</u>
\$ 315,972	\$ 143,184	\$ 241,876	\$ 253,312	\$ 208,243	\$ 199,532
146,801	149,282	195,123	207,731	173,223	157,403
308,103	352,682	517,876	23,851	138,174	416,103
(106,693)	(83,463)	(131,347)	(281,063)	(51,738)	(25,329)
(6,342)	(6,068)	(4,982)	(3,832)	(3,755)	(3,378)
(1,809)	58	(92,419)	(26,171)	(2,750)	8,528
656,032	555,675	726,127	173,828	461,397	752,859
5,549,414	4,993,739	4,267,612	4,093,784	3,632,387	2,879,528
<u>\$ 6,205,446</u>	<u>\$ 5,549,414</u>	<u>\$ 4,993,739</u>	<u>\$ 4,267,612</u>	<u>\$ 4,093,784</u>	<u>\$ 3,632,387</u>
<u>\$ 1,208,951</u>	<u>\$ 815,387</u>	<u>\$ 1,134,230</u>	<u>\$ 1,359,138</u>	<u>\$ 311,932</u>	<u>\$ 169,453</u>
83.69%	87.19%	81.49%	75.85%	92.92%	95.54%
\$ 1,998,964	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
60.48%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 1,094,924	\$ 941,261	\$ 912,866	\$ 848,424
Contributions in relation to the actuarially determined contribution	1,094,924	941,261	912,866	848,424
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 9,185,604	\$ 7,837,311	\$ 7,710,352	\$ 7,409,817
Contributions as a percentage of covered payroll	11.92%	12.01%	11.84%	11.45%
Elected Officials Retirement Plan:				
Actuarially determined contribution	\$ 63,877	\$ 55,704	\$ 56,493	\$ 55,682
Contributions in relation to the actuarially determined contribution	63,877	55,704	56,493	55,682
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 103,983	\$ 92,800	\$ 91,963	\$ 93,350
Contributions as a percentage of covered payroll	61.43%	60.03%	61.43%	59.65%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 294,364	\$ 316,638	\$ 637,131	\$ 625,122
Contributions in relation to the actuarially determined contribution	294,364	316,638	6,368,494	625,122
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$ (5,731,363)</u>	<u>\$</u>
City's covered payroll	\$ 3,922,750	\$ 2,169,380	\$ 2,773,330	\$ 2,683,494
Contributions as a percentage of covered payroll	7.50%	14.60%	22.97%	23.30%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 342,733	\$ 381,729	\$ 469,747	\$ 398,198
Contributions in relation to the actuarially determined contribution	342,733	381,729	3,082,714	398,198
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$ (2,612,967)</u>	<u>\$</u>
City's covered payroll	\$ 2,920,482	\$ 1,971,629	\$ 2,593,218	\$ 2,401,633
Contributions as a percentage of covered payroll	11.74%	19.36%	18.11%	16.58%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 752,249	\$ 692,826	\$ 663,522	\$ 650,874	\$ 644,042	\$ 584,114
752,249	692,826	663,522	650,874	644,042	584,114
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 6,728,524	\$ 6,356,202	\$ 6,155,121	\$ 5,998,839	\$ 5,914,065	\$ 5,299,698
11.18%	10.90%	10.78%	10.85%	10.89%	11.02%
\$ 54,965	\$ 20,495	\$ 16,112			
54,965	20,495	16,112			
<u>\$</u>	<u>\$</u>	<u>\$</u>			
\$ 110,239	\$ 87,213	\$ 68,562			
49.86%	23.50%	23.50%			
\$ 525,830	\$ 435,558	\$ 400,210	\$ 352,801	\$ 281,218	\$ 272,789
525,830	435,558	400,210	352,801	281,218	272,789
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,353,202	\$ 1,728,405	\$ 2,081,175	\$ 1,794,507	\$ 1,799,219	\$ 1,663,348
22.35%	25.20%	19.23%	19.66%	15.63%	16.40%
\$ 382,197	\$ 347,491	\$ 233,214	\$ 203,572	\$ 188,635	\$ 180,241
382,197	347,491	233,214	203,572	188,635	180,241
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,998,964	\$ 1,769,302	\$ 1,778,902	\$ 1,594,143	\$ 1,544,922	\$ 1,471,355
19.12%	19.64%	13.11%	12.77%	12.21%	12.25%

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, 2021 valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020 actuarial valuation.

The actuarial assumptions used in the June 30, 2022 valuation for PSPRS and EORP were based on the results of an actuarial experience study for the five-year period ending June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022 actuarial valuation. The total liabilities as of June 30, 2022 reflect changes in actuarial assumptions based on the results of an actuarial experience study, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 2.75-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

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, 2023

Special Revenue Funds

	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts
Assets				
Cash and investments	\$ 236,204	\$ 226,981	\$ 42,500	\$ 596,240
Accounts receivable (net)	947	763		
Property taxes receivable				18,795
Due from governmental entities	204,156			
Total assets	<u>\$ 441,307</u>	<u>\$ 227,744</u>	<u>\$ 42,500</u>	<u>\$ 615,035</u>
Liabilities				
Accounts payable	\$ 7,674	\$ 4,193	\$	\$ 13,502
Due to other funds				
Unearned revenues	3,000			
Total liabilities	<u>10,674</u>	<u>4,193</u>		<u>13,502</u>
Deferred inflows of resources				
Unavailable revenues - intergovernmental	18,155			
Unavailable revenues - property taxes				13,230
Total deferred inflows of resources	<u>18,155</u>			<u>13,230</u>
Fund balances				
Restricted	412,478	223,551	42,500	588,303
Total fund balances	<u>412,478</u>	<u>223,551</u>	<u>42,500</u>	<u>588,303</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 441,307</u>	<u>\$ 227,744</u>	<u>\$ 42,500</u>	<u>\$ 615,035</u>

Capital Projects**Fund**

Capital Outlay Reserve	Total Non-Major Governmental Funds
\$ 2,946,828	\$ 4,048,753
	1,710
	18,795
	204,156
<u>\$ 2,946,828</u>	<u>\$ 4,273,414</u>
\$ 147,871	\$ 173,240
1,084,134	1,084,134
	3,000
<u>1,232,005</u>	<u>1,260,374</u>
	18,155
	13,230
	<u>31,385</u>
<u>1,714,823</u>	<u>2,981,655</u>
<u>1,714,823</u>	<u>2,981,655</u>
<u>\$ 2,946,828</u>	<u>\$ 4,273,414</u>

San Luis, City of
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

Special Revenue Funds

	Police Grants and Special Revenues	Judicial Collection Enhancement	SL Community Facilities District	Assessment Districts
Revenues				
Taxes	\$	\$	\$	\$ 640,224
Intergovernmental	1,105,040			
Fines and forfeitures	77,654	83,330		
Rents			2,500	
Investment earnings				
Development fees				
Other	1,840			
Total revenues	<u>1,184,534</u>	<u>83,330</u>	<u>2,500</u>	<u>640,224</u>
Expenditures				
Current:				
General government		60,080		
Public safety	1,155,785			
Public works and streets				98,338
Community development				418,670
Capital outlay				
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>1,155,785</u>	<u>60,080</u>		<u>517,008</u>
Excess (deficiency) of revenues over expenditures	<u>28,749</u>	<u>23,250</u>	<u>2,500</u>	<u>123,216</u>
Other financing sources (uses)				
Transfers out				
Total other financing sources (uses)				
Changes in fund balances	<u>28,749</u>	<u>23,250</u>	<u>2,500</u>	<u>123,216</u>
Fund balances, beginning of year	<u>383,729</u>	<u>200,301</u>	<u>40,000</u>	<u>465,087</u>
Fund balances, end of year	<u>\$ 412,478</u>	<u>\$ 223,551</u>	<u>\$ 42,500</u>	<u>\$ 588,303</u>

Capital Projects**Fund**

Capital Outlay Reserve	Total Non-Major Governmental Funds
\$	\$ 640,224
	1,105,040
	160,984
	2,500
110,967	110,967
531,085	531,085
	1,840
<u>642,052</u>	<u>2,552,640</u>
	60,080
	1,155,785
	98,338
	418,670
889,287	889,287
99,777	99,777
12,303	12,303
<u>1,001,367</u>	<u>2,734,240</u>
<u>(359,315)</u>	<u>(181,600)</u>
<u>(150,000)</u>	<u>(150,000)</u>
<u>(150,000)</u>	<u>(150,000)</u>
<u>(509,315)</u>	<u>(331,600)</u>
<u>2,224,138</u>	<u>3,313,255</u>
<u>\$ 1,714,823</u>	<u>\$ 2,981,655</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Police Grants and Special Revenues
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 2,203,673	\$ 1,105,040	\$ (1,098,633)
Fines and forfeitures	64,000	77,654	13,654
Other	18,000	1,840	(16,160)
Total revenues	<u>2,285,673</u>	<u>1,184,534</u>	<u>(1,101,139)</u>
Expenditures			
Current:			
Public safety	<u>2,285,673</u>	<u>1,155,785</u>	<u>1,129,888</u>
Total expenditures	<u>2,285,673</u>	<u>1,155,785</u>	<u>1,129,888</u>
Changes in fund balances	<u></u>	<u>28,749</u>	<u>28,749</u>
Fund balances, beginning of year	<u>383,729</u>	<u>383,729</u>	<u></u>
Fund balances, end of year	<u>\$ 383,729</u>	<u>\$ 412,478</u>	<u>\$ 28,749</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Judicial Collection Enhancement
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and forfeitures	\$ 73,200	\$ 83,330	\$ 10,130
Total revenues	<u>73,200</u>	<u>83,330</u>	<u>10,130</u>
Expenditures			
Current:			
General government	<u>80,000</u>	<u>60,080</u>	<u>19,920</u>
Total expenditures	<u>80,000</u>	<u>60,080</u>	<u>19,920</u>
Changes in fund balances	<u>(6,800)</u>	<u>23,250</u>	<u>30,050</u>
Fund balances, beginning of year	<u>200,301</u>	<u>200,301</u>	
Fund balances, end of year	<u>\$ 193,501</u>	<u>\$ 223,551</u>	<u>\$ 30,050</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
SL Community Facilities District
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Rents	\$ 2,500	\$ 2,500	\$
Total revenues	<u>2,500</u>	<u>2,500</u>	
Changes in fund balances	<u>2,500</u>	<u>2,500</u>	
Fund balances, beginning of year	<u>40,000</u>	<u>40,000</u>	
Fund balances, end of year	<u>\$ 42,500</u>	<u>\$ 42,500</u>	<u>\$</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Assessment Districts
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 642,640	\$ 640,224	\$ (2,416)
Total revenues	<u>642,640</u>	<u>640,224</u>	<u>(2,416)</u>
Expenditures			
Current:			
Public works and streets	178,830	98,338	80,492
Community development	<u>463,810</u>	<u>418,670</u>	<u>45,140</u>
Total expenditures	<u>642,640</u>	<u>517,008</u>	<u>125,632</u>
Changes in fund balances	<u></u>	<u>123,216</u>	<u>123,216</u>
Fund balances, beginning of year	<u>465,087</u>	<u>465,087</u>	<u></u>
Fund balances, end of year	<u>\$ 465,087</u>	<u>\$ 588,303</u>	<u>\$ 123,216</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Debt Service
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ 400	\$ 222,245	\$ 221,845
Total revenues	<u>400</u>	<u>222,245</u>	<u>221,845</u>
Expenditures			
Debt service:			
Principal retirement	902,570	1,051,205	(148,635)
Interest and fiscal charges	<u>727,460</u>	<u>713,976</u>	<u>13,484</u>
Total expenditures	<u>1,630,030</u>	<u>1,765,181</u>	<u>(135,151)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,629,630)</u>	<u>(1,542,936)</u>	<u>86,694</u>
Other financing sources (uses)			
Transfers in	<u>1,629,630</u>	<u>1,542,935</u>	<u>(86,695)</u>
Total other financing sources (uses)	<u>1,629,630</u>	<u>1,542,935</u>	<u>(86,695)</u>
Changes in fund balances	<u></u>	<u>(1)</u>	<u>(1)</u>
Fund balances, beginning of year	<u>264,996</u>	<u>264,996</u>	<u></u>
Fund balances, end of year	<u>\$ 264,996</u>	<u>\$ 264,995</u>	<u>\$ (1)</u>

City of San Luis, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Capital Outlay Reserve
For the Year Ended June 30, 2023

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	\$ 2,230	\$ 4,470	\$ 110,967	\$ 106,497
Development fees	799,560	799,560	531,085	(268,475)
Total revenues	<u>801,790</u>	<u>804,030</u>	<u>642,052</u>	<u>(161,978)</u>
Expenditures				
Capital outlay	2,206,574	1,240,390	889,287	351,103
Debt service:				
Principal retirement	97,410	97,410	99,777	(2,367)
Interest and fiscal charges	12,380	12,380	12,303	77
Total expenditures	<u>2,316,364</u>	<u>1,350,180</u>	<u>1,001,367</u>	<u>348,813</u>
Excess (deficiency) of revenues over expenditures	<u>(1,514,574)</u>	<u>(546,150)</u>	<u>(359,315)</u>	<u>186,835</u>
Other financing sources (uses)				
Transfers out	(150,000)	(150,000)	(150,000)	
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	
Changes in fund balances	<u>(1,664,574)</u>	<u>(696,150)</u>	<u>(509,315)</u>	<u>186,835</u>
Fund balances, beginning of year	<u>2,224,138</u>	<u>2,224,138</u>	<u>2,224,138</u>	
Fund balances, end of year	<u>\$ 559,564</u>	<u>\$ 1,527,988</u>	<u>\$ 1,714,823</u>	<u>\$ 186,835</u>

City of San Luis, Arizona
Statement of Fund Net Position
Component Unit
June 30, 2023

	Detention Facility
Assets	
Current assets	
Restricted cash and investments	\$ 10,765,216
Accounts receivable (net)	<u>2,897,034</u>
Total current assets	13,662,250
Noncurrent assets	
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	<u>(10,996,097)</u>
Total noncurrent assets	<u>24,124,342</u>
Total assets	<u>\$ 37,786,592</u>
Deferred outflows of resources	
Deferred outflow on refundings	<u>216,202</u>
Liabilities	
Current liabilities	
Accounts payable	5,170,870
Due to primary government	6,438
Accrued interest	<u>325,871</u>
Total current liabilities	<u>5,503,179</u>
Noncurrent liabilities	
Current portion of long-term obligations	2,835,000
Noncurrent portion of long-term liabilities	<u>24,217,582</u>
Total noncurrent liabilities	<u>27,052,582</u>
Total liabilities	<u>32,555,761</u>
Net position	
Net investment in capital assets	(2,712,038)
Restricted for:	
Debt service	5,495,683
Unrestricted	<u>2,663,388</u>
Total net position	<u>\$ 5,447,033</u>

City of San Luis, Arizona
Statement of Revenues, Expenses, and Changes in
Fund Net Position
Component Unit
For the Year Ended June 30, 2023

	<u>Detention Facility</u>
Operating revenues	
Charges for services	\$ 26,789,857
Operating expenses	
General operations	21,703,036
Depreciation	<u>762,809</u>
Total operating expenses	<u>22,465,845</u>
Operating income (loss)	<u>4,324,012</u>
Nonoperating revenues (expenses)	
Investments earnings	289,208
Interest expense	<u>(2,240,126)</u>
Total nonoperating revenues (expenses)	<u>(1,950,918)</u>
Change in net position	2,373,094
Net position, beginning of year	<u>3,073,939</u>
Net position, end of year	<u>\$ 5,447,033</u>

City of San Luis, Arizona
Statement of Cash Flows
Component Unit
June 30, 2023

	<u>Detention Facility</u>
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from customers	\$ 28,000,181
Cash payments to suppliers for goods and services	<u>(20,321,813)</u>
Net cash provided by/used for operating activities	<u>7,678,368</u>
Cash flows from noncapital financing activities	
Borrowing with the primary government	6,438
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(2,645,000)
Interest paid on long-term debt	<u>(2,139,602)</u>
Net cash provided by/used by capital and related financing activities	<u>(4,784,602)</u>
Cash flows from investing activities	
Investment earnings	289,208
Net increase/decrease in cash and cash equivalents	3,189,412
Cash and cash equivalents, beginning of year	<u>7,575,804</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,765,216</u></u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Restricted cash and investments	\$ 10,765,216
Total cash and cash equivalents	<u>\$ 10,765,216</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ 4,324,012
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Depreciation	762,809
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	1,210,324
Increase/decrease in accounts payable	<u>1,381,223</u>
Total adjustments	<u>3,354,356</u>
Net cash provided by/used for operating activities	<u><u>\$ 7,678,368</u></u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	<u>2023</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>
Governmental Activities										
Net investment in capital assets	\$ 69,074,159	\$ 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
Restricted	6,028,237	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
Unrestricted	22,436,017	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
Total governmental activities net position	<u>\$ 97,538,413</u>	<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>
Business-type Activities										
Net investment in capital assets	\$ 29,161,274	\$ 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
Restricted	2,308,381	1,985,219	1,662,459	1,585,473	978,691	284,192		7,214,146	8,444,571	9,905,406
Unrestricted	11,434,557	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)
Total business-type activities net position	<u>\$ 42,904,212</u>	<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>
Primary Government										
Net investment in capital assets	\$98,235,433	\$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
Restricted	8,336,618	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
Unrestricted	33,870,574	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
Total primary government net position	<u>\$140,442,625</u>	<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>

Source: Statement of Net Position
City financial records and reports

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

	Fiscal Year									
Expenses:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
General Government	\$ 7,222,026	\$ 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
Public Safety	11,971,071	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
Health and Welfare	523,849	455,673	394,653	334,338	183,081	213,634	222,820	235,413	226,788	168,499
Culture and Recreation	3,413,747	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
Community Development	1,910,943	1,782,982	1,490,104	1,313,645	1,035,590	987,340	945,698	906,408	703,901	691,362
Public Works & Streets	5,535,816	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
Interest on Long-Term Debt	634,356	667,842	558,408	532,115	550,817	541,343	649,618	658,670	1,367,055	830,808
Total Governmental activities	\$31,211,808	\$28,466,978	\$26,971,516	\$24,472,775	\$21,871,433	\$22,439,964	\$23,338,918	\$23,671,674	\$22,577,058	\$20,676,249
Business-type activities										
Water	\$ 3,785,695	\$ 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
Wastewater	4,830,760	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
Business Center	624,742	652,574	651,827	659,950	669,248	1,016,409	1,226,764	1,215,501	1,197,456	1,263,313
Sanitation	1,858,155	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
Business Incubator	168,653	206,348	189,976	185,536	182,586	173,272	163,062	144,578	56,534	-
Ambulance Services	2,882,436	2,448,287	2,464,088	1,991,579	1,721,285	1,946,014	1,049,335	-	-	-
Total business-type activities	\$14,150,441	\$12,805,992	\$12,289,788	\$11,197,427	\$10,459,664	\$10,622,300	\$9,527,387	\$8,150,301	\$8,986,230	\$7,795,769
Total expenses	\$45,362,249	\$41,272,970	\$39,261,304	\$35,670,202	\$32,331,097	\$33,062,264	\$32,866,305	\$31,821,975	\$31,563,288	\$28,472,018
Program revenues										
Governmental activities										
Charges for services										
General Government	\$ 1,855,707	\$ 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
Public Safety	97,649	82,127	41,866	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528
Health and Welfare	-	-	-	-	371,427	-	-	-	-	-
Culture and Recreation	57,855	42,555	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009
Community Development	-	-	-	-	-	0	0	594,182	385,797	432,936
Public Works & Streets	6,748	37,442	-	-	-	187,408	342,089	62,642	62,640	51,595
Operating Grants and Contributions	4,124,126	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
Capital Grants and Contributions	9,654,758	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
Total Governmental activities	\$ 15,796,843	\$ 7,863,190	\$ 18,250,661	\$ 12,589,190	\$ 13,858,753	\$ 8,499,300	\$ 8,803,889	\$ 14,593,639	\$ 8,211,839	\$ 6,968,577
Business-type activities										
Charges for services										
Water	\$ 4,806,977	\$ 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
Wastewater	4,416,848	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
Business Center	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265
Sanitation	1,715,313	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
Business incubator	107,253	90,080	43,843	41,706	38,869	29,999.00	3,471.00	-	-	-
Ambulance Services	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,603.79	1,953,337.00	-	-	-
Capital Grants and Contributions	2,740,181	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
Total business activities	\$ 16,939,745	\$ 14,137,958	\$ 16,774,167	\$ 14,367,251	\$ 13,626,056	\$ 13,803,138	\$ 11,902,557	\$ 11,258,521	\$ 9,956,167	\$ 9,127,192
Total program revenues	\$ 32,736,588	\$ 22,001,148	\$ 35,024,828	\$ 26,956,441	\$ 27,484,809	\$ 22,302,438	\$ 20,706,446	\$ 25,852,160	\$ 18,168,006	\$ 16,095,769

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (Expense)/Revenue										
Governmental Activities:	\$ (15,414,965)	\$ (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)
Business-type activities	2,789,304	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
Total primary government net (expense) revenue	<u>\$ (12,625,661)</u>	<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>
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	\$ 13,705,119	\$ 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
Franchise taxes	501,885	459,210	445,924	415,758	437,765	435,767	401,364	435,822	439,034	427,800
Other taxes	644,548	591,017	491,053	-	-	-	-	0	122,163	-69,355
State shared Revenues	14,703,246	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
Investment Earnings	1,276,956	68,556	23,119	249,585	296,968	182,505	56,947	26,179	19,300	16,064
Miscellaneous	-	-	-	-	-	-	-	624,606	246,626	213,640
Transfer in (out)	-	-	(345,344)	(365,151)	(364,030)	(407,435)	(394,435)	(391,967)	(100,841)	-
Total general revenues and transfers	<u>\$ 30,831,754</u>	<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>
Business-type activities										
Investment Earnings	\$716,265	\$6,255	\$22,992	\$225,465	\$285,755	\$74,278	\$55,487	\$24,708	\$21,667	\$13,909
Miscellaneous	-	-	-	-	552,832	-	-	(\$48,015)	\$0	-
Transfer in (out)	-	-	345,344	365,151	364,030	407,435	394,435	391,967	100,841	-
Total Business-type activities	<u>\$ 716,265</u>	<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>
Total primary government	<u><u>\$ 31,548,019</u></u>	<u><u>\$ 24,529,256</u></u>	<u><u>\$ 24,054,496</u></u>	<u><u>\$ 20,818,900</u></u>	<u><u>\$ 19,903,101</u></u>	<u><u>\$ 18,078,827</u></u>	<u><u>\$ 16,281,669</u></u>	<u><u>\$ 15,635,731</u></u>	<u><u>\$ 15,109,421</u></u>	<u><u>\$ 14,684,092</u></u>
Change in net Position										
Governmental Activities	\$ 15,416,789	\$ 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
Business-type activities	3,505,569	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
Total Changes in Net Position	<u>\$ 18,922,358</u>	<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>

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>2023</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>
General Fund										
Nonspendable	\$272,215	\$187,361	\$179,249	\$64,958	\$77,075	\$80,392	\$118,243	\$128,035	\$42,831	\$56,719
Committed	-	-	-	-	-	-	-	106,785	106,624	106,465
Unassigned	30,290,200	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
Total General Fund	<u>\$30,562,415</u>	<u>\$29,528,364</u>	<u>\$28,454,426</u>	<u>\$20,141,097</u>	<u>\$15,322,684</u>	<u>\$11,939,597</u>	<u>\$9,976,477</u>	<u>\$9,442,248</u>	<u>\$10,155,437</u>	<u>\$9,224,512</u>
All other governmental funds										
Nonspendable	\$ 235,863	\$ 196,934	\$ 186,821	\$ 197,764	\$ 217,730	\$ 118,543	\$ 93,575	\$ 168,175	\$ 167,914	\$ 190,319
Restricted	5,591,292	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
Assigned	-	-	-	-	-	-	-	2,591,330	2,648,759	2,776,109
Unassigned	(456,305)	(173,588)	(656,007)	(131,223)	(179,241)	(9,234)	-	(715,933)	(951,255)	272,948
Total all other governmental funds	<u>\$ 5,370,850</u>	<u>\$ 5,977,781</u>	<u>\$ 5,000,074</u>	<u>\$ 4,618,499</u>	<u>\$ 3,168,085</u>	<u>\$ 2,931,765</u>	<u>\$ 2,978,996</u>	<u>\$ 2,797,737</u>	<u>\$ 3,046,478</u>	<u>\$ 4,701,037</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$35,933,265</u>	<u>\$35,506,145</u>	<u>\$ 33,454,500</u>	<u>\$ 24,759,596</u>	<u>\$ 18,490,769</u>	<u>\$ 14,871,362</u>	<u>\$ 12,955,473</u>	<u>\$ 12,239,985</u>	<u>\$ 13,201,915</u>	<u>\$ 13,925,549</u>

Source: Balance Sheet - Governmental Funds

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 14,847,228	\$ 13,198,047	\$ 13,078,793	\$ 11,558,323	\$ 10,493,501	\$ 9,760,020	\$ 8,398,476	\$ 8,187,574	\$ 8,259,961	\$ 7,391,446
Intergovernmental	23,887,414	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
Licenses and permits	778,429	739,854	1,026,519	\$1,053,843	\$843,768	3,236,021	734,502	528,034	483,218	431,909
Fines and forfeits	425,084	406,465	355,770	\$426,442	\$494,828	519,153	577,989	541,336	611,178	687,319
Charges for user services	74,622	70,020	1,576,343	1,057,353	865,730	526,714	778,835	432,193	376,938	218,807
Rents	669,045	190,244	25,732	\$1,476,480	\$1,358,079	424,340	268,690	339,119	761,335	811,666
Investment earnings	1,271,924	64,351	18,923	\$241,533	\$291,947	179,601	54,631	24,445	17,057	13,322
Development fees	962,685	1,075,381	-	-	-	-	-	-	-	-
Others	197,244	212,347	275,004	790,441	678,463	187,987	408,006	624,606	529,759	418,940
Total revenues	\$ 43,113,675	\$ 32,492,524	\$ 34,408,900	\$ 31,414,719	\$ 27,663,013	\$ 23,662,516	\$ 22,926,948	\$ 20,836,442	\$ 21,137,671	\$ 19,869,103
Expenditures:										
General government	\$ 6,487,758	\$ 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
Public safety	11,076,972	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
Public works & streets	3,182,713	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
Health and welfare	449,454	396,472	223,710	\$230,695	\$258,917	209,748	213,543	210,378	205,049	149,367
Culture and recreation	2,912,918	2,916,439	2,619,377	\$2,610,929	\$2,529,842	2,328,232	2,507,249	2,099,843	2,099,208	1,952,674
Community development	1,814,522	1,709,901	1,454,703	\$1,308,828	\$1,108,506	1,016,830	938,132	901,382	668,940	663,142
Capital outlay	14,859,342	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
Debt service/authorities:										
Interest	727,399	760,885	651,451	\$625,182	\$643,859	626,133	713,695	722,772	1,168,906	839,755
Principal	1,279,572	1,082,957	759,232	\$675,923	\$708,590	398,030	385,490	660,504	391,834	331,242
Bond issue costs	-	-	336,579	-	-	87,664	-	-	238,101	-
Total expenditures	\$ 42,790,650	\$ 30,440,879	\$ 34,070,194	\$ 24,823,044	\$ 23,104,292	\$ 21,726,729	\$ 21,817,025	\$ 21,406,405	\$ 21,592,891	\$ 17,856,932
Excess (Deficiency) of Revenues Over Expenditures	\$ 323,025	\$ 2,051,645	\$ 338,706	\$ 6,591,675	\$ 4,558,721	\$ 1,935,787	\$ 1,109,923	\$ (569,963)	\$ (455,220)	\$ 2,012,171
OTHER FINANCING SOURCES (USES)										
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	-	-	-	42,303	12,302	297,873	-	-	-	-
SBITAs	104,095	-	-	-	-	-	-	-	-	-
Transfer from Other Funds	6,589,663	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
Transfer to Other Funds	(6,589,663)	(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)
Total other financing sources (Uses)	\$ 104,095	\$ -	\$ 8,393,808	\$ (322,848)	\$ (351,728)	\$ (19,900)	\$ (394,435)	\$ (391,967)	\$ (268,415)	\$ 37,693
NET CHANGE IN FUND BALANCES	\$ 427,120	\$ 2,051,645	\$ 8,732,514	\$ 6,268,827	\$ 4,206,993	\$ 1,915,887	\$ 715,488	\$ (961,930)	\$ (723,635)	\$ 2,049,864
Debt Services as a percentage of noncapital expenditures	7.21%	6.06%	5.62%	5.75%	9.37%	9.01%	5.66%	7.16%	8.55%	6.56%

Source: City financial records and reports

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

	Fiscal Year									
	<u>2023</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>
Governmental Activities:										
Charges for service										
General Government	\$ 1,855,707	\$ 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
Public Safety	97,649	82,127	41,886	46,924	423,258	305,749	426,767	315,098	1,007,465	980,528
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	57,855	42,555	19,047	39,786	272,468	142,037	211,126	74,395	373,194	288,009
Community Development	-	-	-	-	-	-	-	594,182	385,797	432,936
Public Works & Streets	6,748	37,442	-	-	371,427	187,408	342,089	62,642	62,640	51,595
Operating grants and contributions	4,124,126	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
Capital grants and contributions	9,654,758	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
<i>Total governmental activities</i>	<u>\$15,796,843</u>	<u>\$7,863,190</u>	<u>\$18,250,681</u>	<u>\$12,589,190</u>	<u>\$13,858,753</u>	<u>\$8,499,300</u>	<u>\$8,803,889</u>	<u>\$14,593,639</u>	<u>\$8,211,839</u>	<u>\$6,968,577</u>
Business-type activities										
Charges for service										
Water	\$ 4,806,977	\$ 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
Wastewater	4,416,848	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
Business Center	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265
Business Incubator	107,253	90,080	43,843	41,706	38,869	29,999	3,471	-	-	-
Sanitation	1,715,313	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
Ambulance Services	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	2,740,181	337,189	3,158,839	1,365,769	1,214,350	1,046,430	-	1,941,586	1,177,792	1,322,452
<i>Total business-type activities</i>	<u>\$ 16,939,745</u>	<u>\$ 14,137,958</u>	<u>\$ 16,774,167</u>	<u>\$ 14,367,251</u>	<u>\$ 13,626,056</u>	<u>\$ 13,803,138</u>	<u>\$ 11,902,557</u>	<u>\$ 11,258,521</u>	<u>\$ 9,956,167</u>	<u>\$ 9,127,192</u>
<i>Total primary government</i>	<u>\$ 32,736,588</u>	<u>\$ 22,001,148</u>	<u>\$ 35,024,848</u>	<u>\$ 26,956,441</u>	<u>\$ 27,484,809</u>	<u>\$ 22,302,438</u>	<u>\$ 20,706,446</u>	<u>\$ 25,852,160</u>	<u>\$ 18,168,006</u>	<u>\$ 16,095,769</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>2023</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>
Governmental Activities										
General Government	\$ 1,936,618	\$ 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
Public Safety	1,496,888	1,311,374	3,926,785	2,618,495	936,173	631,996	964,958	932,208	1,990,965	1,653,703
Health and Welfare	84,567	95,252	-	-	-	-	-	-	-	-
Culture and Recreation	253,150	386,716	1,413,170	876,495	272,468	150,537	211,126	197,593	489,099	368,966
Community Development	496,286	66,199	1,219,380	355,948	268,570	275,175	202,706	594,182	385,797	432,936
Public Works & Streets	11,529,334	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
Unallocated General Revenues	30,831,754	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
Total Governmental Activities	<u>\$ 46,628,597</u>	<u>\$ 32,386,191</u>	<u>\$ 41,936,841</u>	<u>\$ 32,817,474</u>	<u>\$ 32,559,238</u>	<u>\$ 26,096,415</u>	<u>\$ 24,635,636</u>	<u>\$ 29,860,710</u>	<u>\$ 23,198,752</u>	<u>\$ 21,638,760</u>
Business-type activities										
Water	\$5,845,123	\$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
Wastewater	6,118,883	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
Business Center	623,920	633,396	600,000	582,560	600,000	626,826	629,265	629,265	629,265	629,265
Business Incubator	107,253	90,080	43,843	41,706	38,869	29,999	3,471	-	1,156,793	-
Sanitation	1,715,313	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
Ambulance Services	2,529,253	2,429,825	2,364,529	2,106,432	2,014,413	2,476,604	1,953,337	-	-	-
Unallocated General Revenues	716,265	6,255	368,336	590,016	1,202,616	481,713	449,922	-	122,508	13,909
Total Business Activities	<u>\$ 17,656,010</u>	<u>\$ 14,144,213</u>	<u>\$ 17,142,503</u>	<u>\$ 14,957,267</u>	<u>\$ 14,828,673</u>	<u>\$ 14,284,851</u>	<u>\$ 12,352,479</u>	<u>\$ 11,258,521</u>	<u>\$ 10,078,675</u>	<u>\$ 7,998,279</u>

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>2023</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>
City Sales Tax	\$13,705,119	\$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
State Sales taxes	5,518,598	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
Franchise Tax	501,885	459,210	445,925	415,758	437,765	435,767	401,364	435,822	439,034	427,800
Special Districts	640,224	584,632	488,533	482,034	335,006	345,509	302,546	302,865	374,470	282,484
Others	83,330	76,930	84,579	117,824	131,423	129,514	-	-	122,163	(69,355)
Total tax revenues	<u>\$20,449,156</u>	<u>\$18,067,341</u>	<u>\$17,273,447</u>	<u>\$15,146,568</u>	<u>\$13,897,392</u>	<u>\$12,990,774</u>	<u>\$11,288,419</u>	<u>\$10,906,144</u>	<u>\$10,810,529</u>	<u>\$10,204,139</u>

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

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

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

	Fiscal Year									
	<u>2023</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>
State Shared Sales Tax	\$5,518,598	\$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
Urban Revenue Sharing	7,082,128	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
Highway Users	3,619,573	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
Auto-in-lieu	2,079,728	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
Federal	5,484,034	1,880,353	3,970,104	2,536,130	1,140,890	40,939	1,139,781	673,284	615,896	634,216
Others	74,328	46,752	32,639	64,175	82,600	14,010	64,356	123,047	419,754	-
Total tax revenues	<u>\$23,858,389</u>	<u>\$16,735,553</u>	<u>\$18,081,932</u>	<u>\$14,874,779</u>	<u>\$12,636,697</u>	<u>\$11,113,828</u>	<u>\$11,735,820</u>	<u>\$10,159,135</u>	<u>\$10,098,225</u>	<u>\$9,895,694</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>2023</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>
Retail Sales	\$8,259,698	\$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
Contracting	2,266,111	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
Rentals	514,318	416,507	395,765	398,642	456,557	360,153	333,635	407,570	356,150	324,795
Communications/Utilities	1,217,783	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
Restaurant/Bar	1,067,278	838,501	734,546	652,531	604,790	611,999	456,027	422,284	417,278	363,027
Use	346,317	429,550	574,531	491,719	395,085	221,860	356,078	129,156	121,091	109,195
Other	33,614	23,222	26,645	44,469	102,956	107,963	18,855	69,312	45,339	64,415
	\$13,705,119	\$11,954,405	\$12,128,587	\$10,660,531	\$9,720,754	\$8,989,483	\$7,694,566	\$7,508,359	\$7,358,190	\$6,750,517
% Growth by year										
Retail Sales	11.3%	2.9%	19.7%	18.1%	-3.9%	13.1%	25.8%	0.3%	6.3%	6.4%
Contracting	32.1%	-19.9%	4.1%	0.8%	71.5%	33.8%	-43.5%	-4.9%	23.8%	-9.0%
Rentals	23.5%	5.2%	-0.7%	-12.7%	26.8%	7.9%	-18.1%	14.4%	9.7%	9.2%
Utilities	9.5%	6.3%	5.3%	-2.8%	-10.5%	20.4%	-19.3%	12.5%	-0.9%	9.8%
Restaurant/Bar	27.3%	14.2%	12.6%	7.9%	-1.2%	34.2%	8.0%	1.2%	14.9%	-2.2%
Use	-19.4%	-25.2%	16.8%	24.5%	78.1%	-37.7%	175.7%	6.7%	10.9%	29.8%
Other	44.8%	-12.8%	-40.1%	-56.8%	-4.6%	472.6%	-72.8%	52.9%	-29.6%	5.0%
	129.1%	-29.3%	17.7%	-21.0%	156.2%	544.3%	55.7%	83.1%	96.6%	60.2%

Note: Includes governm Includes governmental fund types

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

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

	2023				2014			
	Number of Payers	Percentage of Total Payers	Sales Tax Paid	Percentage of Total City Sales Tax Revenue	Number of Payers	Percentage of Total Payers	Sales Tax Paid	Percentage of Total City Sales Tax Revenue
Retail Sales	4,069	63.87%	\$8,259,698	60.27%	529	28.60%	\$3,498,869	53.57%
Construction, MFG & Wholesale	116	1.82%	2,266,111	16.53%	710	38.38%	1,336,456	20.46%
Rentals	331	5.20%	514,318	3.75%	126	6.81%	324,795	4.97%
Communications/Utilities	75	1.18%	1,217,783	8.89%	74	4.00%	1,053,760	16.13%
Restaurant/Bar	49	0.77%	1,067,278	7.79%	40	2.16%	363,027	5.56%
Use/Services	987	15.49%	346,317	2.53%	220	11.89%	109,195	1.67%
Other	744	11.68%	33,614	0.25%	151	8.16%	64,415	0.99%
	6,371	100%	\$13,705,119	100%	1,850	100%	\$6,750,517	103.35%

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	Financed Purchases and SBITAs	Municipal Bonds/Loans	Direct Placement Revenue	Notes Payable	Leases and Financed Purchases			
2023	\$ 19,697,222	\$ 296,020	\$ 173,006	\$ 24,342,067	\$ 4,530,000	\$ 36,100	\$ 709,594	\$ 49,784,009	4.62%	1,407
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

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**

		Excise Tax Revenue Bonds									
		<u>2023</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>
Pledged revenues	(1)	\$29,782,958	\$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
Debt service requirements											
Principal		\$2,525,000	\$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
Interest		1,686,111	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
Total Annual Requirements		4,211,111	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
Estimated Coverage		7.07	6.04	6.76	5.98	5.37	6.88	4.67	3.88	3.38	4.29

(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 TEN FISCAL YEARS

Water and Wastewater Utility Revenue Bonds											
	(3)	<u>2023</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>
Gross Revenues	(1)	\$9,939,699	\$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)	5,970,809	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		\$3,968,890	\$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
Debt Service Requirements											
Principal		\$340,000	\$325,000	\$315,000	\$305,000	\$295,000	\$280,000	\$270,000	\$260,000	\$ -	\$ -
Interest		172,140	184,490	196,460	208,050	219,260	229,900	240,160	250,040	250,040	159,053
		\$512,140	\$509,490	\$511,460	\$513,050	\$514,260	\$509,900	\$510,160	\$510,040	\$250,040	\$159,053
Estimated Coverage		7.75	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.

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, 2023

Jurisdiction	Net Assessed Value (2)	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of San Luis: Note Payable	\$ 103,479,734	\$ 296,020	100.00%	\$ 296,020
City of San Luis: Revenue Bonds	103,479,734	18,688,695	100.00%	18,688,695
City of San Luis: Premiums	103,479,734	1,008,527	100.00%	1,008,527
City of San Luis: Financed Purchases/SBITAs Payable	103,479,734	173,006	100.00%	173,006
		<u>\$ 20,166,248</u>		<u>\$ 20,166,248</u>
As presented fiscal year ended June 30, 2023				
Arizona Western College	\$ 1,443,410,621	\$ 72,963,302	0.61%	\$ 445,076
Somerton Elementary School District No. 11	100,393,626	1,292,000	18.00%	\$ 232,560
Gadsden School District No. 32	82,451,926	9,041,437	26.70%	\$ 2,414,064
Yuma County	1,443,410,621	34,162,930	0.61%	\$ 208,394
Yuma Union High School District No 70 (1)	<u>1,338,185,445</u>	<u>63,336,017</u>	0.94%	<u>\$ 595,359</u>
Total Overlapping General Obligation Bonded Debt		<u>\$ 180,795,686</u>		<u>\$ 3,895,453</u>
Total Direct and Overlapping General Obligation Debt				<u><u>\$ 24,061,701</u></u>

Sources: City of San Luis GIS Department

(1) Total Net Debt Outstanding from FY22 Report of Bonded Indebtedness, AZ Financial Transparency Portal

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

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

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

Data Source:

Greater Yuma Economic Development Corporation

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

Employer	2023			2014		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Arizona State Prison	987	1	25.61%	800	3	22.80%
Gadsen Unified School District	923	2	23.95%	845	1	24.08%
Cordova Harvesting	500	3	12.97%			
ACT Call Center	366	4	9.50%	812	2	23.14%
Walmart	321	5	8.33%	290	5	8.26%
City of San Luis	312	6	8.10%	243	6	6.93%
San Luis Detention Center	179	7	4.64%	123	7	3.51%
Factor Sales	144	8	3.74%	396	4	11.29%
Comite De Bienestar	65	9	1.69%	-		0.00%
Basha's/Food City	57	10	1.47%	-		0.00%
Total Employees	3,854		100.00%	3,509		100.00%

Source: Greater Yuma Economic Development Corporation

Notes:

(1) Data for 8 employers was the only available information for 2014.

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>2023</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>
General Fund										
General Government	95	76	76	91	89	79	56	58	55	57
Public Safety	106	98	98	80	83	96	89	94	85	90
Health and Welfare	7	5	5	4	4	4	3	4	4	2
Culture and Recreation	32	27	25	23	47	23	35	47	37	36
Community Development	16	16	14	12	12	10	9	9	8	9
Sub total General Fund	256	222	218	210	235	212	192	189	194	194
General Fund	256	222	218	210	235	212	192	189	194	194
Public Works & Streets	23	21	21	20	15	17	18	15	16	11
Enterprise Funds	62	58	53	40	30	53	50	32	32	32
Total Permanent Positions	341	301	292	270	280	282	260	237	237	237

Source: City Payroll

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

	Utility Rate Increases & Average Bill									
	<u>2023</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>
Water										
Average bill	\$45.12	\$46.11	\$48.10	\$48.84	\$48.28	\$48.16	\$48.45	\$48.03	\$46.59	\$45.05
% Increase	-2.15%	-4.14%	-1.52%	1.16%	0.25%	-0.60%	0.88%	3.09%	3.41%	7.98%
Wastewater										
Average bill	\$43.96	\$43.96	\$43.26	\$43.65	\$44.56	\$44.60	\$51.57	\$48.40	\$46.30	\$37.33
% Increase	0.00%	1.62%	-0.89%	-2.04%	-0.09%	-13.52%	6.56%	4.52%	24.03%	18.25%
Residential Solid Waste										
Average bill	\$18.01	\$17.90	\$17.48	\$17.51	\$17.64	\$17.82	\$17.03	\$16.95	\$16.86	\$16.89
% Increase	0.61%	2.40%	-0.17%	-0.74%	-1.01%	4.64%	0.47%	0.52%	-0.15%	-1.32%

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

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

	<u>2023</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>
Water										
Number of Accounts	8,393	8,103	7,949	7,614	7,194	6,828	6,669	6,384	6,190	6,023
% Increase	3.58%	1.94%	4.40%	5.84%	5.36%	2.38%	4.46%	3.13%	2.77%	2.26%
Wastewater										
Number of Accounts	8164	7972	7,721	7,383	7,027	6,618	6,495	6,216	5,990	5,827
% Increase	2.41%	3.25%	4.58%	5.07%	6.18%	1.89%	4.49%	3.77%	2.80%	2.44%
Residential Solid Waste										
Number of Accounts	7693	7559	7,319	6,983	6,620	6,222	6,113	5,825	5,643	5,549
% Increase	1.77%	3.28%	4.81%	5.48%	6.40%	1.78%	4.94%	3.23%	1.69%	3.41%

Source: City Customer Service and Billing records

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

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

Water Service Fees					
Residential			Commercial / Government / School		
Meter Size	1st 2,000 G	Excess / 000's	1st 2,000 G	Commercial / Gov't Excess / 000's	School
5/8" - 3/4"	\$ 16.40	\$ 2.51	\$ 41.70	\$ 3.16	\$ 2.95
1"	N/A	N/A	\$ 69.65	\$ 3.16	\$ 2.95
1 1/2"	N/A	N/A	\$ 138.88	\$ 3.16	\$ 2.95
2"	N/A	N/A	\$ 222.28	\$ 3.16	\$ 2.95
3"	N/A	N/A	\$ 486.69	\$ 3.16	\$ 2.95
4"	N/A	N/A	\$ 1,668.18	\$ 3.16	\$ 2.95
6"	N/A	N/A	\$ 3,475.37	\$ 3.16	\$ 2.95
8"	N/A	N/A	\$ 5,004.54	\$ 3.16	\$ 2.95

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

Wastewater Service Fees				
Residential			Commercial / Government / School	
Meter Size	Base	Excess / 000's	Base	Volume/000's
Senior 60+ yrs	\$ 25.60	N/A	N/A	N/A
5/8" - 3/4"	\$ 50.62	N/A	\$ 31.01	\$ 3.13
1" - 8"	N/A	N/A	\$ 31.01	\$ 3.13
Gadsden Residential	\$ 69.95	N/A	N/A	N/A
Gadsden School	\$ 260.47	N/A	N/A	N/A
Gasden Commercial	\$ 96.63	N/A	N/A	N/A

Source: City Customer Service and Billing records

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

	<u>2023</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>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,196,668	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
Avg gallons/account/month	11,882	12,654	13,001	13,671	13,261	13,254	13,340	13,590	13,786	14,956
Avg gallons/account/year	142,579	151,845	156,015	164,049	159,132	159,048.33	160,082	163,080	165,427	179,477
Avg. daily demand (MGD)	3.8	3.75	3.74	3.53	3.23	3.23	445	453	460	499
Peak demand (MGD)	4.63	4.48	4.84	4.74	3.81	3.81	3.81	3.43	3.43	3.43
Number of wells in system	10	10	10	12	12	12	12	12	12	12
Available storage capacity (million Gallons)	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025
Miscellaneous data on wastewater utility										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual wastewater treated (000's)	651,801	580,295	526,272	613,095	586,810	514,839	458,763	465,867	471,403	463,767
Average daily flow (000's)	1,786	1,590	1,442	1,679	1,608	10,740	1,286	1,340	1,340	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	13,351	14,313	14,100	12,300	12,046	11,719	10,740	10,306	9,681	10,610

Source: City Customer Service and Billing records
Public Works records

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

		Building Permits									
		Fiscal Year									
		<u>2023</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>
Commercial											
	Number of Permits	5	9	2	6	1	1	6	16	16	16
	Value	\$ 6,512	\$ 25,898	\$ 5,721	\$ 17,447	10	\$568	\$7,091	\$51	\$128	\$2,181
Residential											
	Number of Dwelling Units	251	193	374	355	340	193	267	169	159	112
	Value	\$ 38,089	\$ 30,795	\$ 57,804	\$ 54,327	\$ 49,318	\$ 29,110	\$ 35,339	\$ 24,850	\$ 24,530	\$ 16,908
Other											
	Number of Permits	390	414	484	390	352	404	480	523	318	200
	Value	\$ 12,509	\$ 9,342	\$ 11,432	\$ 8,160	\$ 6,664	\$ 8,293	\$ 9,601	\$ 10,652	\$ 2,146	\$ 19,089
		Single Family Housing Sales									
		Calendar Year									
		<u>2023</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>
New units sold		235	244	349	317	314	258	228	175	88	56

Source: City Development Services

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

	Fiscal Year									
	<u>2023</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>
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed/ Charges adjudicated(resolved)	3,613	2,684	2,186	2,630	2,749	2,200	3,317	3,734	3,989	4,630
Charges dismissed	-	862	399	761	1,014	754	1,037	841	938	1,019
<i>Human Resources</i>										
# of employment Applications Processed	2,000	2,044	2,001	2,683	1,816	2,829	3,047	1,643	750	530
<i>Finance</i>										
# of Accounts Payable checks issued	5,549	5,398	4,247	4,456	4,780	4,721	4,785	4,264	4,201	3,848
# of Claims filed, injured or ill workers	107	68	104	221	33	27	16	13	29	27
# of electrical inspections performed	-	-	2	3	4	**	**	3	1	8
Notice of claims	6	4	3	14	7	14	3	2	4	1
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	9,677	5,171	5,518	5,556	7,276	5,467	4,889	5,920	5,483	5,694
# of Traffic Stops	6,406	4,134	3,553	4,147	5,463	4,786	5,220	4,681	6,393	6,834
# of Arrests on Warrants	204	254	362	360	396	374	468	439	**	**
<i>Fire</i>										
# of Ambulance Transport Services	3,576	3,523	3,430	3,341	2,972	2,699	2,767	2,665	2,476	2,318
# of Fire & Hazmat Incidents	117	68	71	50	61	63	41	57	28	78
HEALTH AND WELFARE										
# of Meals served - Food Assistance	15,399	11,470	2,168	5,590	4,787	5,783	7,791	8,869	7,963	9,604
# of citywide transit ridership	3,655	2,682	390	4,797	6,157	6,166	9,538	10,661	8,136	9,243

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

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

	Fiscal Year									
	<u>2023</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>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	43	40	41	37	34	33	31	26	26	18
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	93	73	77	71	72	70	69	70	70	57
Culture & Recreation										
Building	3	3	3	3	3	3	3	3	3	3
Equipment	54	52	45	41	38	37	39	33	33	23
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	4	4	2	2	2	2	3	3	3	5
Public Works and streets										
Building	1	1	1	1	1	1	1	1	1	1
Equipment	36	35	29	28	28	28	27	26	26	18
Enterprise										
Building	4	4	4	4	4	4	4	4	4	3
Equipment	80	76	71	68	67	61	61	51	51	44

Source: City records Finance Department