

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CITY OF SAN LUIS, AZ
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended
June 30, 2012

City of San Luis, Arizona



Ralph Velez, City Manager
Chief Executive Officer

Prepared By: Department of Finance

Ketie St. Louis, Finance Director
Chief Financial Officer

CITY OF SAN LUIS, ARIZONA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION



City of San Luis

Finance Department

November 12, 2012

To the Honorable Mayor, Members of Governing Council and Citizens of the City of San Luis, Arizona:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. Laws of the State of Arizona require that all local governments publish annually a complete set of audited financial statements. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of San Luis for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. 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.

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Lumbard & Associates PLLC, whose report is included herein. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the financial statements of the City of San Luis, Arizona for the fiscal year ended June 30, 2012, are fairly presented. The independent auditors' report is located at the front of the financial section of this report.

The independent audit of the financial statements of City of San Luis was 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. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal awards. This Single Audit Report is available in the City of San Luis' separately issued Single Audit Report.

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

Profile of the Government

The City of San Luis, incorporated in 1979, is located in the southwestern corner of Arizona immediately adjacent to both Mexico and California. It currently occupies 32 square miles and serves a population of approximately 26,000. The City of San Luis is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and six Council Members, all elected on a non-partisan basis. The Mayor is elected at-large for a four-year term. Council members are elected, for four-year terms, with three members elected every two years. The City Council is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

Between the 2000 census and the 2010 census the City's population increased by over 66.46 percent, from approximately 15,400 to approximately 25,500. The estimated current population is approximately 26,000. 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 two community centers, one swimming pool, and 5 parks encompassing 314 acres. The City opened its first large community park, Friendship Park, in the southern part of the City in fiscal year 1979. This 50 plus acre facility has athletic fields, playgrounds, ramadas and other amenities for the citizens' enjoyment.

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

The City of San Luis, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The city's expenditure limitation for fiscal year 2012 was \$30.1 million.

The annual budget serves as the base for the City's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets

display all of the City's financial operations including funding for two corporations outside the City's organizational structure. The Council adopted a Strategic Plan for San Luis, and in order to implement the Strategic Plan, each department and intergovernmental agency receiving City funds was asked to address the strategies in its requested budget documents. The City Manager submits the annual balanced budget to City Council before June of each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. The City is required to publish specific information, notices, and hold public hearings as defined by state statute. After all these requirements are met, the City shall adopt the budget by August 15th of the budget year.

Economic Condition of City of San Luis, Arizona

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

Retail trade, agriculture and manufacturing form a large portion of the local economy. Another significant segment is the light industry located on both sides of the United States/Mexico border. A new 40-acre privately owned industrial park and a 40-acre commercial area are currently under construction in north San Luis along Highway 95. The State also is a significant economic presence thanks to the state prison that provides employment to more than 750 professional and staff. In addition, since San Luis is a border/US Port of entry, the U.S. Government departments of INS, Customs and U.S. Marshall Prison facilities provide hundreds of jobs stationed in San Luis.

In fiscal year 2012 the City has continued to experience a downturn in the overall economy. However, there is quite a bit of opportunity and business potential still available for this area. Numerous commercial and retail developments are in various stages of planning.

One company is contemplating several facilities which will include two hotels and several other amenities. The realization of the project will attract major new commercial and office developments enhancing the economic outlook for the City.

The overall trend has been that commercial development is dependent on, and follows, residential development activity. Since residential construction has declined significantly over the last year, commercial activity has slowed dramatically. When the residential market turns, the City of San Luis will become a major commercial market for new construction within the Yuma County area.

Cash Management

The City's investment policy is to invest public funds with maximum security in a manner which will provide a reasonable return while meeting the daily cash flow demands of the

City and conform to all applicable state and local statutes. The primary objectives, in priority order, are safety of principal, liquidity, and attaining a market rate of return.

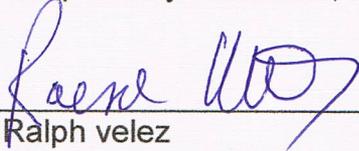
The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, commercial paper, U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool and overnight repurchase agreements collateralized by U.S. Government securities. The average yield on unrestricted investments was 2.34% for the year ended June 30, 2012. The book value of the City's unrestricted investment portfolio at June 30, 2012 was \$6,431,318. For further information on the City's investments please refer to Note 2 of the notes to the financial statements.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the staff of the Finance Department. We wish to express our appreciation to all members of other departments who assisted and contributed to the preparation of this report. Recognition and appreciation are also extended to the Mayor and the Governing Council for their leadership and dedication to serving the people of San Luis as well as for their support for maintaining the highest standards of professionalism in the management of the City of San Luis' finances.

Respectfully submitted,

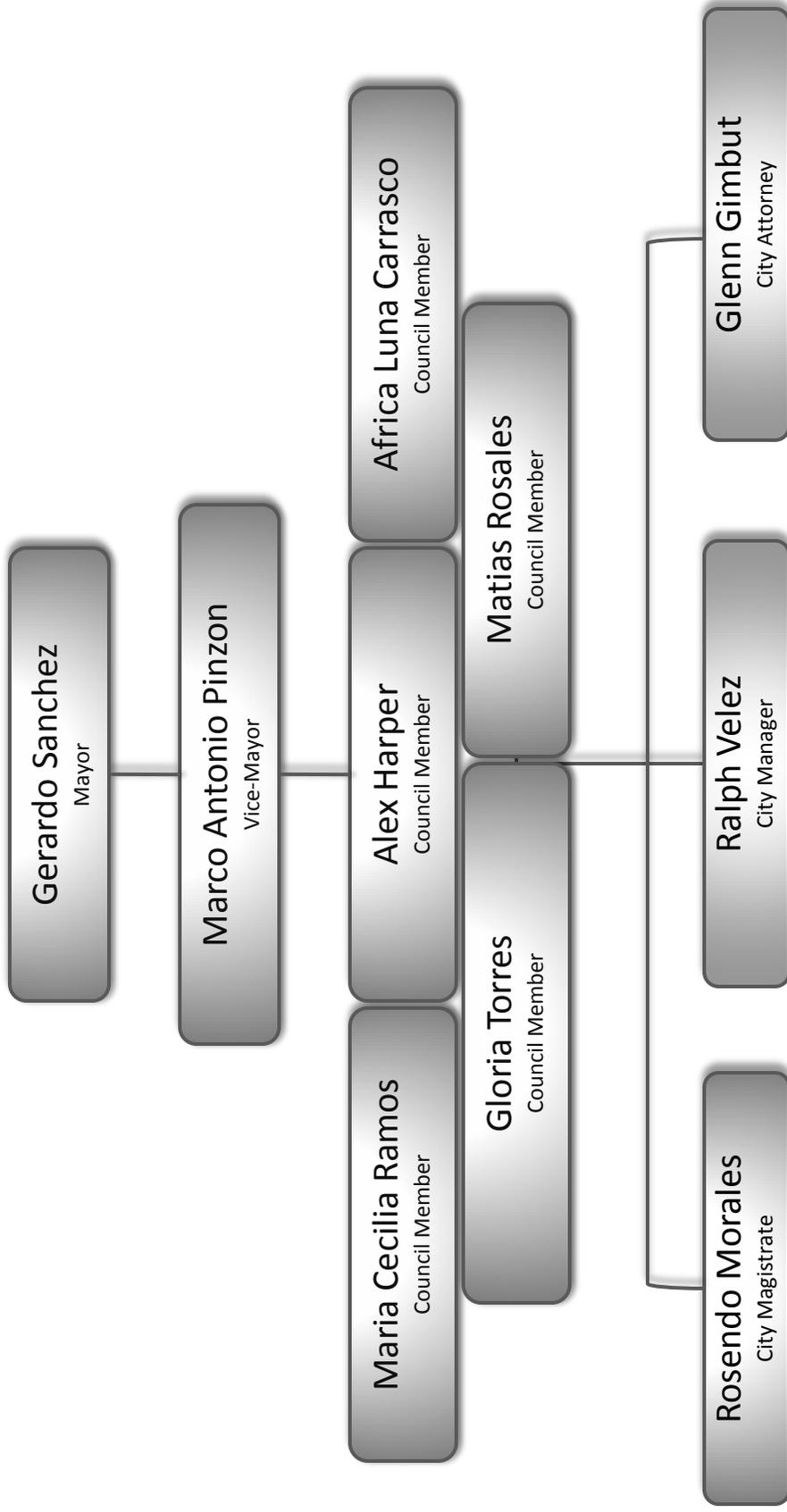


Ralph Velez
City Manager



Keturah St. Louis, CPA
Finance Director

CITY COUNCIL



CITY OF SAN LUIS

List of Elected and Appointed officials
June 30, 2012

Elected officials

Gerardo Sanchez
Mayor

Marco Pinzon
Vice-Mayor
Africa Luna Carrasco
Councilmember
Gloria Torres
Councilmember

Joe Harper
Councilmember
Maria C. Ramos
Councilmember
Matias Rosales
Councilmember



Appointed officials

Ralph Velez
City Manager

Attorney
City Clerk
Culture and Recreation Director
Community Development Director
Development Services Director
Finance Director
Fire Chief
Fleet & Facilities Supervisor
Human Resources Director
Information Technology Coordinator
Magistrate
Acting Police Chief
Public Works Director
Risk & Property Manager
Utilities Billings Manager

Glenn Gimbut
Sonia Cuello
Chris Kasid
Michael Trend
Sharon Williams
Ketie St. Louis
Hank Green
Jose Heredia
Ralph Velez
Daniel Paz
Rosendo Morales
Arturo Ramos
John Starkey
Andrea Catania
Olivia Jenkins

FINANCIAL SECTION



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Jared M. Hansen, C.P.A. M.B.A.
A. Jake Litwiller
Jeffrey D. Cospier

Stephanie M. Canez

American Institute of
Certified Public
Accountants
Government Audit
Quality Center

Government Finance
Officers Association

Arizona Society of
Certified Public
Accountants

Association of
Government
Accountants

Arizona Hispanic
Chamber of
Commerce

Rural Water
Association of Arizona

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Luis, Arizona, (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the aggregate nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the City of San Luis, Arizona, as of and for the year ended June 30, 2012, as displayed in the City's basic financial statements. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information as well as of the aggregate nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the City of San Luis, Arizona, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and the Highway Users Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012, on our consideration of the City'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages MDA-1 through MDA-14 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Luis, Arizona's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Leumbarol & Associates, PLLC

Phoenix, Arizona
November 12, 2012

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, 2012**

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, 2012. 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 FOR FISCAL YEAR 2012

- The assets of the City exceeded the liabilities at the close of the fiscal year by \$61.6 million.
- The City's net assets of governmental activities decreased approximately \$0.142 million to \$45.3 million and business-type activities decreased \$0.792 million to \$16.3 million representing 73 percent and 27 percent respectively, of the total net assets of \$61.6 million.
- As of the close of the fiscal year the City's governmental funds reported combined ending fund balances of \$9.7 million, a decrease of \$0.782 million over the prior year. Approximately 8 percent of this amount, or \$0.766 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$5.6 million, or 41 percent of total general fund expenditures and transfers for the fiscal year.
- General revenues from Governmental activities accounted for \$11.7 million in revenues or 70 percent of all revenues from Governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5.1 million or 30 percent of total governmental activities. The City had \$6.9 million of program revenues and \$0.013 million in general revenues related to business-type activities.
- The City had \$16.8 million in expenses related to governmental activities; of which \$5.1 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$11.7 million were adequate to provide for the costs of these programs. The City had \$7.7 million in expenses related to business-type activities, of which \$6.9 million of these expenses were offset by program specific charges for services or grants and contributions.
- Among major governmental funds, the General Fund had \$13.1 million in revenues, which primarily consisted of taxes, licenses and permits, fines and forfeitures, and intergovernmental revenues. The total expenditures of the General Fund were \$11.5 million. The General Fund's fund balance decreased from \$6.5 to \$5.9 million. The Highway Users Fund had revenues of \$1.6 million, which consisted primarily of intergovernmental revenues, and expenditures of \$1.4 million.

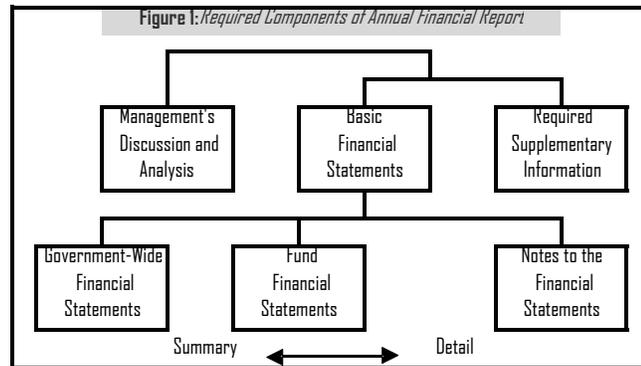
OVERVIEW OF FINANCIAL STATEMENTS

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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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



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

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

The *statement of activities* presents information showing how the City's net assets changed during the recent fiscal year. All changes in net assets 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, public works and streets, health and welfare, culture and recreation, and community development. 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, sanitation services, wastewater, and business center. The services are financed through user fees and charges.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

- ***Discretely presented component units*** – The City includes the activities of two other entities in its report – The San Luis Facility Development Corporation, which owns the Detention Facility, and the San Luis Corporation for the Arts & Humanities. Although legally separate, these “component units” are required to be included for fair presentation in conformity with Generally Accepted Accounting Principles. Financial information for these component units are reported separately from the financial information for the primary government.

The government-wide financial statements are on pages 1-4 of this report.

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 three categories: governmental funds, proprietary funds, and fiduciary 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.

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

The City maintains 9 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Highway Users and Municipal Projects Bond funds, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the other supplementary information section presented immediately following the notes to the financial statements.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

- **Proprietary funds.** The City has two types of proprietary fund. *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, sanitation services, business center, and wastewater, all four 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 insurance programs. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included with the governmental activities in the government-wide financial statements.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City has one fiduciary fund. The accounting used for fiduciary funds is much like that used for proprietary funds. Information regarding this fund may be found on pages 18-19.

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. The notes to the financial statements are on pages 20-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also includes certain *required supplementary information* concerning the City's progress in funding its obligation to provide health insurance benefits to retirees and pension benefits to its Public Safety employees. Required supplementary information can be found on page 48.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, (see figure 2) assets exceeded liabilities by \$61.6 million as of June 30, 2012. By far the largest portion of the City's net assets (71.8 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and construction in progress), 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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2012 and 2011.

Figure 2	NET ASSETS					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Current and other assets	15,912,768	15,601,926	7,107,980	7,141,663	23,020,748	22,743,589
Capital Assets	52,152,928	53,244,385	45,474,829	46,820,220	97,627,757	100,064,605
Total Assets	68,065,696	68,846,311	52,582,809	53,961,883	120,648,505	122,808,194
Long-term liabilities	18,938,936	20,035,372	34,993,019	35,568,964	53,931,955	55,604,336
Other liabilities	3,866,900	3,409,462	1,258,923	1,270,306	5,125,823	4,679,768
Total Liabilities	22,805,836	23,444,834	36,251,942	36,839,270	59,057,778	60,284,104
Net Assets						
Invested in Capital assets, net of related debt	33,670,959	33,676,211	10,549,845	11,335,286	44,220,804	45,011,497
Restricted	1,775,967	1,671,594	3,872,154	3,741,669	5,648,121	5,413,263
Unrestricted	9,812,934	10,053,672	1,908,868	2,045,658	11,721,802	12,099,330
Total net assets	45,259,860	45,401,477	16,330,867	17,122,613	61,590,727	62,524,090

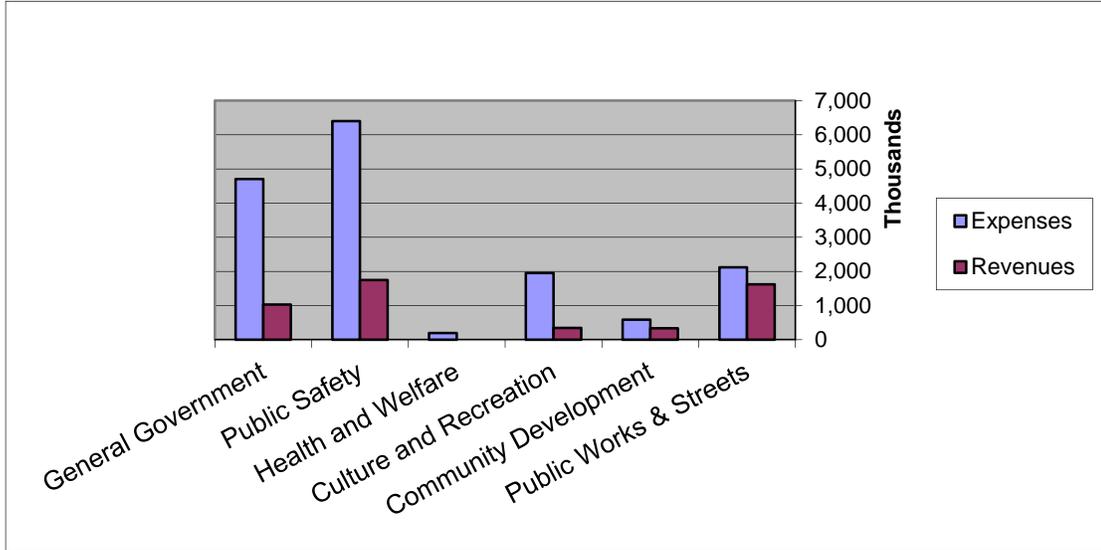
Governmental Activities: Net assets in governmental activities saw a decrease of \$0.142 million. The reasons for this change can be summarized as follows:

- Program revenues covered 30.1 percent of program expenses decreasing from 36.3 percent from last year.
- Program revenues totaled \$5.1 million, which was a decrease of \$0.8 million from the previous year. General revenues on the other hand increased from the prior year by over \$0.5 million totaling \$11.7 million. This amounts to an overall decrease in total revenue of 2 percent.
- Expenses totaled \$16.9 million, a 4 percent increase compared to the previous year.

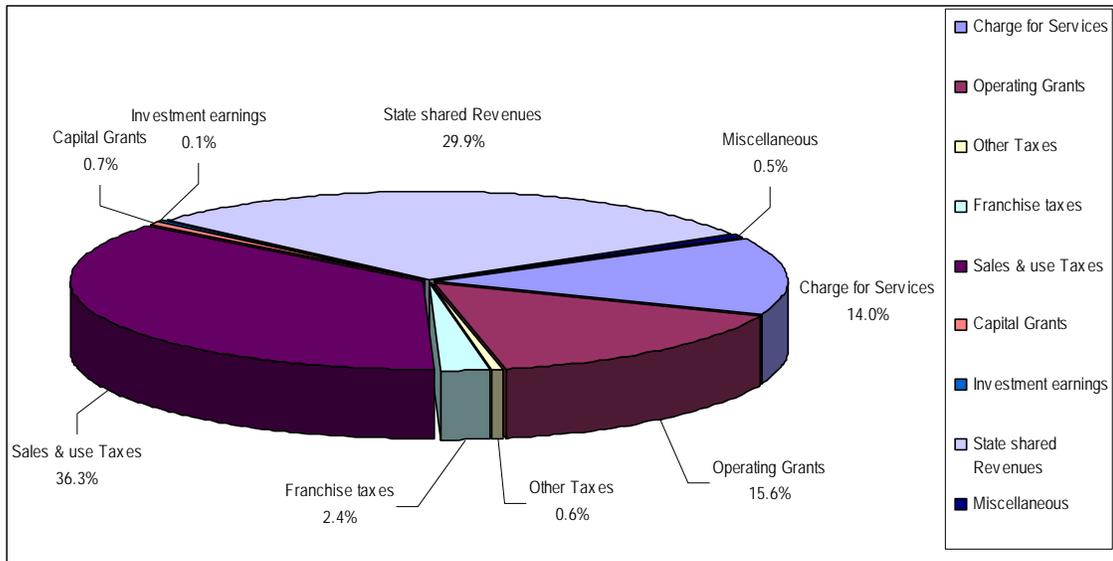
**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

*Figure 3 Expenses and Program Revenues
Governmental Activities*



*Figure 4: Government-Wide Revenue Sources
Governmental Activities*



**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Business-type Activities: Overall, the City's net assets for business-type activities decreased by \$0.791 million. The decrease results from all the enterprise, except for the water fund, which shared a cumulative net assets decrease of \$1.1 million. The City is currently reviewing the rates for user fees and charges to evaluate how to compensate for the shortfall.

The City's largest enterprise fund, the water fund had an increase of \$0.312 million in net assets. This resulted from the fund meeting more than its expected revenues while holding down expenses.

Figure 5: Expenses and Program Revenues - Business-type Activities

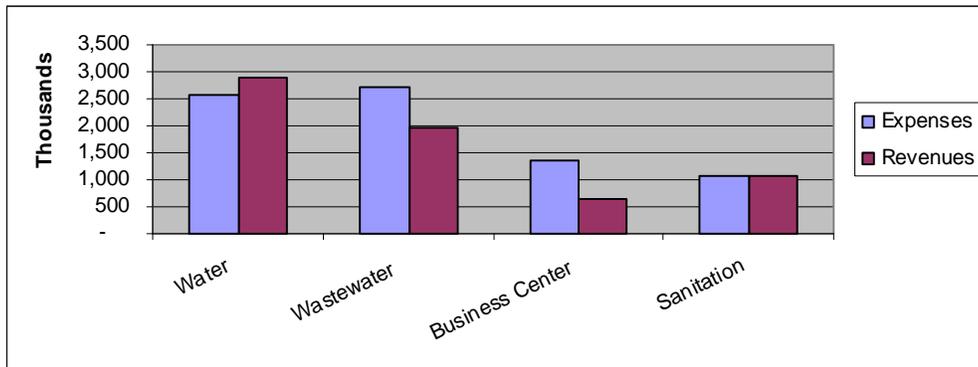
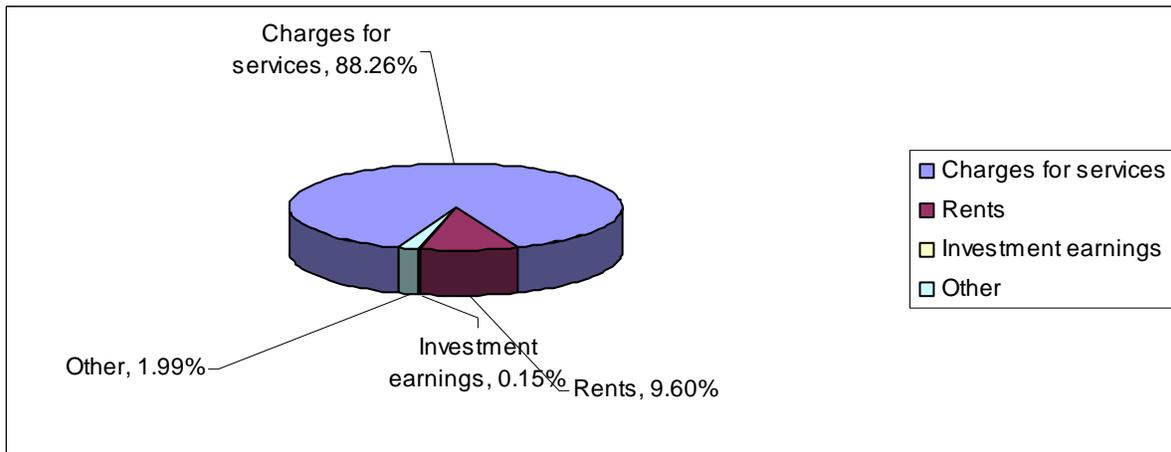


Figure 6. Revenue by Source Business-Type Activities



**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the City's funds

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

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

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 \$5.6 million and the total fund balance was \$5.9 million. As a measure of the General Fund's liquidity, the total fund balance represents approximately 43 percent of total General Fund expenditures and transfers out. A fund balance percentage of 15 to 20 percent of expenditures is typically considered a sign of financial health.

At June 30, 2012, the City's governmental funds reported combined fund balance of \$9.7 million, a decrease of \$0.781 million from the prior year.

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2012, were \$23.6 million. The total cost of all programs and services was \$24.6 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Figure 7.	2012	2011	2012	2011	2012	2011
	Governmental Activities	Governmental Activities, as restated	Business-type Activities	Business-type Activities, as restated	Total	Total as Restated
Revenues						
<i>Program Revenues:</i>						
Charges for services	2,348,807	1,875,193	6,545,651	5,132,942	8,894,458	7,008,135
Operating grants and contributions	2,601,626	2,715,700	-	-	2,601,626	2,715,700
Capital grants and contributions	122,614	1,314,549	361,918	-	484,532	1,314,549
<i>General Revenues:</i>						
City sales taxes	6,073,811	5,659,566	-	-	6,073,811	5,659,566
Franchise taxes	397,532	381,836	-	-	397,532	381,836
Other taxes	95,172	32,715	-	-	95,172	32,715
State shared revenues	4,997,430	4,840,064	-	-	4,997,430	4,840,064
Investment earnings	12,341	12,032	10,130	10,194	22,471	22,226
Miscellaneous	79,471	163,888	2,417	-	81,888	163,888
Rent income	-	-	-	629,265	-	629,265
Total Revenues	16,728,804	16,995,543	6,920,116	5,772,401	23,648,920	22,767,944
Expenses						
General Government	4,703,849	4,096,333	-	-	4,703,849	4,096,333
Public Safety	6,399,600	6,086,718	-	-	6,399,600	6,086,718
Health and Welfare	197,462	213,814	-	-	197,462	213,814
Culture and Recreation	1,949,400	1,855,966	-	-	1,949,400	1,855,966
Community Development	585,843	698,776	-	-	585,843	698,776
Public Works & Streets	2,121,419	2,270,980	-	-	2,121,419	2,270,980
Interest on Long-Term Debt	912,848	970,092	-	-	912,848	970,092
Water	-	-	2,578,057	2,642,458	2,578,057	2,642,458
Sanitation	-	-	1,060,828	1,008,758	1,060,828	1,008,758
Business Center	-	-	1,357,589	1,390,561	1,357,589	1,390,561
Wastewater	-	-	2,715,388	2,544,486	2,715,388	2,544,486
Total expenses	16,870,421	16,192,679	7,711,862	7,586,263	24,582,283	23,778,942
Increase/(decrease) in net assets	(141,617)	802,864	(791,746)	(1,813,862)	(933,363)	(1,010,998)
Net Assets Beginning of Year, as restated	45,401,477	44,598,613	17,122,613	18,936,475	62,524,090	63,535,088
Net Assets EOY, as restated	45,259,860	45,401,477	16,330,867	17,122,613	61,590,727	62,524,090

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

In addition, portions of the City net assets are restricted for the purposes of debt service repayment (5.9 percent), impact fees (2.4 percent), and highway users fund projects (0.8 percent).

The City's financial position is the product of multiple financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Governmental and Business-type activities. The following table (Figure 8) 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.

Figure 8. Activities	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General government	4,703,849	(3,674,126)
Public safety	6,399,600	(4,653,000)
Health and welfare	197,462	(197,462)
Culture and recreation	1,949,400	(1,605,917)
Community development	585,843	(251,286)
Public works and streets	2,121,419	(502,735)
Interest on long-term debt	912,848	(912,848)
Total expenses	16,870,421	(11,797,374)
Business-Type Activities		
Water	2,578,057	316,914
Wastewater	2,715,388	(388,683)
Business Center	1,357,589	(728,324)
Sanitation	1,060,828	(4,200)
Total expenses	7,711,862	(804,293)
Total	24,582,283	(12,601,667)

- The cost of all governmental activities this year was \$16.9 million. The cost of all business-type activities this year was \$7.7 million.
- Federal, State, and County governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$12.0 million.
- The net cost of governmental activities of \$11.8 million was financed by general revenues of \$11.7 million, which are made up of primarily taxes, donated capital and state shared revenues.
- Business type activities showed an increase in changes to net assets by \$1.0 million in the fiscal year ended June 30, 2012 as compared to the prior fiscal year due to rate increases of 15 percent for all the enterprise funds.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

The fund balance of the City's General Fund saw a decrease of \$0.603 million from the previous year. This decrease resulted from the City's decision to fund a self-funded insurance health plan in the amount of \$1.0 million. The Highway Users fund, on the other hand, experienced a small increase of \$0.104 million from the previous year. This increase was primarily due to a decrease in expenditures resulting from efficiency savings. Also, there was a general decline in fund balance of Other Governmental Funds.

As the City completed the year, its governmental funds reported a combined fund balance of \$9.7 million, a decrease of \$0.782 million due primarily to a decrease in receipts of governmental monies.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$16.3 million. The Enterprise Funds had a decrease in net assets of \$0.792 million. Revenues for the Water and Sewer funds increased this year as a result of a 15 percent 2-year rate increase designed primarily to provide additional resources to meet debt service requirements. Revenues for the Sanitation fund have somewhat stabilized while that fund experienced a decrease in expenses due in part to the elimination of commercial pick-ups for which the cost of disposal exceeded the revenues.

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. Budgetary schedules for the governmental funds are presented on pages 9-10 of the Basic Financial Statements.

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. Total amendments to the General Fund increased expenditures by \$1.1 million or 8.3 percent.

Six amendments to increase/decrease the City's total adopted budget of \$24.3 million occurred during fiscal year 2012. Budget amendments between funds or departments into operational expense/expenditure accounts did occur.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS

As of June 30, 2012, the City had invested \$97.6 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$1.9 million for the governmental activities and \$1.8 million for the business type activities.

The following schedule (Figure 9) presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2012.

**CAPITAL ASSETS
(net of Depreciation)**

Figure 9.	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	1,531,972	1,531,972	634,819	634,819	2,166,791	2,166,791
Buildings and improvements	17,911,678	18,245,980	4,468,210	4,221,885	22,379,888	22,467,865
Machinery and equipment	2,966,453	2,900,419	2,226,589	2,686,815	5,193,042	5,587,234
Construction in progress	41,089	59,620	20,231	90,274	61,320	149,894
Infrastructure	29,701,728	30,506,394	38,124,980	39,186,427	67,826,708	69,692,821
Total	<u>52,152,920</u>	<u>53,244,385</u>	<u>45,474,829</u>	<u>46,820,220</u>	<u>97,627,749</u>	<u>100,064,605</u>

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

- Completion of the extension for the Detention Center Facility related to the San Luis Facility Development Corporation 2011 bonds occurred during the early part of the second quarter of fiscal year 2012 at a cost of \$19.7 million.

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

DEBT ADMINISTRATION

At year end, the City's debts represent Revenue Bonds in the amount of \$37.9 Million for both Governmental and business-type activities that are backed solely by specified revenue sources (i.e., taxes and fees collected). The remainder which is composed of loans and notes are paid from user fees and charges and others.

The following schedule presents a summary of the City's outstanding long-term obligations for the fiscal year ended June 30, 2012.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

DEBT ADMINISTRATION (CONTINUED)

**OUTSTANDING DEBT
(Revenue Bonds, Notes & Loans)**

Figure 10.	Governmental Activities		Business-type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Revenue bonds payable	14,768,596	15,051,108	23,131,404	23,573,892	37,900,000	38,625,000
Loan payable	3,025,000	3,025,000	10,725,000	10,725,000	13,750,000	13,750,000
Note payable	322,536	945,481	844,703	854,658	1,167,239	1,200,139
Total	18,116,132	18,421,589	34,701,107	35,153,550	52,817,239	53,575,139

Additional information on the City's long-term obligations can be found in Notes 6 through 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

BORDER CROSSING

Class	FY 2012			FY 2011		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	219,346	170,677	6,547	185,797	154,686	5,547
Pedestrians	286,686	151,460	7,346	293,958	157,526	6,935
Commercial	4,530	1,974	97	4,328	2,080	96

- General fund revenues come from three main sources: local taxes state taxes and intergovernmental. The City of San Luis, like all Arizona cities, places significant reliance on collected sales tax. Overall, sales tax revenues encompassed 50.14% of General Fund revenues in fiscal year 2012. Our composition of sales taxes is made up of retail trade, whole sale trade, construction activities and communications all showed progress in a stabilized economy during 2012.
- The City also receives significant revenue allocations from the State for income tax, sales tax, gas tax, and motor vehicle tax. These revenue sources are placed in the City's General Fund, to support the City's day-to-day activities.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

There is quite a bit of opportunity and business potential still available within the City. One major developer in particular is contemplating the construction of several facilities in the City to include two hotels, one gas station and one restaurant. Those activities will certainly bring more jobs and more tax dollars in the economy.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	SLFDC Detention Facility	San Luis Arts & Humanities
ASSETS					
Cash and cash equivalents	\$ 1,869,096	\$ 2,851,806	\$ 4,720,902	\$ -	\$ 4,859
Investments	6,431,318	-	6,431,318	-	-
Prepaid items	205,011	-	205,011	-	-
Receivables (net of allowance)	2,833,046	492,755	3,325,801	-	46,000
Internal Balances	(2,030,021)	2,030,021	-	-	-
Due from Component Units	45,000	-	45,000	-	-
Inventories	71,797	80,363	152,160	-	-
Notes receivable	-	38,379	38,379	-	-
Deferred Charges	1,070,455	1,184,131	2,254,586	2,843,043	-
Restricted assets					
Cash and cash equivalents	4,299,899	-	4,299,899	-	-
Investments	83,188	415,169	498,357	6,630,381	-
Due from other governments	1,033,979	15,356	1,049,335	-	-
Capital assets not being depreciated					
Land	1,531,972	634,819	2,166,791	661,359	-
Construction in progress	41,089	20,231	61,320	-	-
Capital assets net of accumulated depreciation					
Buildings and improvements	22,738,380	5,389,265	28,127,645	34,129,886	-
Machinery and equipment	7,496,348	7,143,330	14,639,678	329,194	-
Infrastructure	39,515,425	46,775,546	86,290,971	-	-
Accumulated depreciation	(19,170,286)	(14,488,362)	(33,658,648)	(5,261,366)	-
Total assets	\$ 68,065,696	\$ 52,582,809	\$ 120,648,505	\$ 39,332,497	\$ 50,859

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	SLFDC Detention Facility	San Luis Arts & Humanities
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	\$ 853,023	\$ 99,933	\$ 952,956	\$ -	\$ -
Accrued payroll and taxes	443,941	60,531	504,472	-	-
Court bonds payable	7,099	-	7,099	-	-
Customer deposits	150	136,687	136,837	-	-
Due to primary government	-	-	-	-	45,000
Accrued interest	432,174	961,772	1,393,946	562,334	-
Unearned Revenue	2,130,513	-	2,130,513	-	2,500
Non current liabilities					
Due within one year	834,750	582,291	1,417,041	1,515,000	-
Due in more than one year	18,104,186	34,410,728	52,514,914	42,018,401	-
Total liabilities	\$ 22,805,836	\$ 36,251,942	\$ 59,057,778	\$ 44,095,735	\$ 47,500
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	33,670,959	10,549,845	44,220,804	(13,674,328)	-
Restricted for:					
Debt service	1,256,619	2,384,700	3,641,319	4,239,944	-
Impact fees	-	1,487,454	1,487,454	-	-
HURF	519,348	-	519,348	-	-
Unrestricted	9,812,934	1,908,868	11,721,802	4,671,146	3,359
Total net assets	\$ 45,259,860	\$ 16,330,867	\$ 61,590,727	\$ (4,763,238)	\$ 3,359

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs:</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 4,703,849	\$ 1,002,249	\$ 6,006	\$ 21,468
Public safety	6,399,600	677,226	1,033,122	36,252
Health and welfare	197,462	-	-	-
Culture and recreation	1,949,400	284,797	-	58,686
Community development	585,843	334,557	-	-
Public works and streets	2,121,419	49,978	1,562,498	6,208
Interest on long-term debt	912,848	-	-	-
Total governmental activities	16,870,421	2,348,807	2,601,626	122,614
Business-type activities:				
Water	2,578,057	2,884,311	-	10,660
Wastewater	2,715,388	1,975,447	-	351,258
Business Center	1,357,589	629,265	-	-
Sanitation	1,060,828	1,056,628	-	-
Total business-type activities	7,711,862	6,545,651	-	361,918
Total primary government	\$ 24,582,283	\$ 8,894,458	\$ 2,601,626	\$ 484,532
Component Units:				
SLFDC Detention Facility	\$ 13,250,044	\$ 12,280,789	\$ -	\$ -
SL Arts & Humanities	20,247	17,959	3,500	-
Total components units	\$ 13,270,291	\$ 12,298,748	\$ 3,500	\$ -

General revenues:

Taxes:

City sales taxes for general purposes

Franchise taxes

Other taxes

State shared revenue

Investment earnings

Other

Total general revenues and transfers

Changes in net assets

Net assets, beginning of year, as restated

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	SLFDC Detention Facility	SL Arts & Humanities
\$ (3,674,126)	\$ -	\$ (3,674,126)	\$ -	\$ -
(4,653,000)	-	(4,653,000)	-	-
(197,462)	-	(197,462)	-	-
(1,605,917)	-	(1,605,917)	-	-
(251,286)	-	(251,286)	-	-
(502,735)	-	(502,735)	-	-
(912,848)	-	(912,848)	-	-
<u>(11,797,374)</u>	<u>-</u>	<u>(11,797,374)</u>	<u>-</u>	<u>-</u>
-	316,914	316,914	-	-
-	(388,683)	(388,683)	-	-
-	(728,324)	(728,324)	-	-
-	(4,200)	(4,200)	-	-
<u>-</u>	<u>(804,293)</u>	<u>(804,293)</u>	<u>-</u>	<u>-</u>
<u>(11,797,374)</u>	<u>(804,293)</u>	<u>(12,601,667)</u>	<u>-</u>	<u>-</u>
-	-	-	(969,255)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,212</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(969,255)</u>	<u>1,212</u>
6,073,811	-	6,073,811	-	-
397,532	-	397,532	-	-
95,172	-	95,172	-	-
4,997,430	-	4,997,430	-	-
12,341	10,130	22,471	177,377	-
79,471	2,417	81,888	-	-
<u>11,655,757</u>	<u>12,547</u>	<u>11,668,304</u>	<u>177,377</u>	<u>-</u>
<u>(141,617)</u>	<u>(791,746)</u>	<u>(933,363)</u>	<u>(791,878)</u>	<u>1,212</u>
<u>45,401,477</u>	<u>17,122,613</u>	<u>62,524,090</u>	<u>(3,971,360)</u>	<u>2,147</u>
<u>\$ 45,259,860</u>	<u>\$ 16,330,867</u>	<u>\$ 61,590,727</u>	<u>\$ (4,763,238)</u>	<u>\$ 3,359</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CITY OF SAN LUIS, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	MAJOR FUNDS				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 5,473,743	\$ 453,250	\$ -	\$ 1,056,997	\$ 6,983,990
Restricted cash and cash equivalents	-	-	4,383,087	-	4,383,087
Accounts receivable (net)	2,809,822	-	54	12,851	2,822,727
Due from governmental entities	644,790	149,829	-	239,360	1,033,979
Due from other funds	-	-	-	954,280	954,280
Due from Component Units	45,000	-	-	-	45,000
Prepaid items	166,193	3,527	-	35,291	205,011
Supplies Inventory	44,938	26,859	-	-	71,797
Total assets	\$ 9,184,486	\$ 633,465	\$ 4,383,141	\$ 2,298,779	\$ 16,499,871
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 632,941	\$ 15,577	\$ 583	\$ 153,680	\$ 802,781
Accrued payroll and taxes	424,732	19,209	-	-	443,941
Due to other funds	71,971	79,331	2,693,765	139,234	2,984,301
Court bonds payable	7,099	-	-	-	7,099
Customer deposits	150	-	-	-	150
Accrued interest	-	-	432,174	-	432,174
Deferred revenue	2,130,513	-	-	-	2,130,513
Total liabilities	3,267,406	114,117	3,126,522	292,914	6,800,959
Fund balances:					
Non-spendable fund Balance					
Non spendable in form	211,131	30,386	-	35,291	276,808
Restricted for:					
HURF	-	488,962	-	-	488,962
Committed	106,250	-	-	-	106,250
Assigned					
Debt service fund	-	-	1,256,619	-	1,256,619
Special revenue funds	-	-	-	1,038,188	1,038,188
Capital project funds	-	-	-	932,386	932,386
Unassigned	5,599,699	-	-	-	5,599,699
Total fund balances	5,917,080	519,348	1,256,619	2,005,865	9,698,912
Total liabilities and fund balances	\$ 9,184,486	\$ 633,465	\$ 4,383,141	\$ 2,298,779	\$ 16,499,871

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

**CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total governmental fund balances **\$ 9,698,912**

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

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

Governmental capital assets	\$ 71,323,214	
Less accumulated depreciation	<u>(19,170,286)</u>	52,152,928

Deferred grant revenues are not available to pay current expenditures and, therefore are deferred in the funds. 1,070,455

The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net assets. 1,276,501

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

Compensated absences payable	\$ (456,967)	
Capital leases payable	(133,235)	
Revenue bonds payable	(15,001,198)	
Loans payable	(3,025,000)	
Note payable	<u>(322,536)</u>	<u>(18,938,936)</u>

Net assets of governmental activities **\$ 45,259,860**

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	MAJOR FUNDS				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
Revenues:					
Taxes	\$ 6,566,515	\$ -	\$ -	\$ -	\$ 6,566,515
Special assessments	-	-	-	290,987	290,987
Licenses and permits	349,777	-	-	-	349,777
Intergovernmental	4,997,430	1,562,498	-	1,045,336	7,605,264
Charges for services	44,513	-	-	116,406	160,919
Fines and forfeitures	331,964	-	-	191,089	523,053
Investment earnings	8,204	384	616	2,233	11,437
Rents	656,722	-	-	2,500	659,222
Other	140,909	-	-	-	140,909
Total revenues	13,096,034	1,562,882	616	1,648,551	16,308,083
Expenditures:					
Current					
General government	3,910,599	-	-	122,160	4,032,759
Public safety	5,086,692	-	-	1,002,344	6,089,036
Public works and streets	-	1,188,760	-	49,978	1,238,738
Health and welfare	165,387	-	-	-	165,387
Culture and recreation	1,391,961	-	-	241,009	1,632,970
Community development	560,865	-	2,990	1,176	565,031
Capital outlay	149,750	221,755	-	550,166	921,671
Debt service					
Interest and fiscal charges	15,744	530	864,349	-	880,623
Principal retirement	182,574	12,174	282,513	-	477,261
Total expenditures	11,463,572	1,423,219	1,149,852	1,966,833	16,003,476
Excess (deficiency) of revenues over expenditures	1,632,462	139,663	(1,149,236)	(318,282)	304,607
Other financing sources (uses):					
Transfers in	-	-	1,149,237	48,900	1,198,137
Transfers out	(2,235,770)	(35,291)	-	(13,609)	(2,284,670)
Total other financing sources (uses)	(2,235,770)	(35,291)	1,149,237	35,291	(1,086,533)
Changes in fund balances	(603,308)	104,372	1	(282,991)	(781,926)
Fund balances - beginning	6,532,888	414,976	1,256,618	2,276,356	10,480,838
Prior Period Adjustment	(12,500)	-	-	12,500	-
Fund balances - beginning as restated	6,520,388	414,976	1,256,618	2,288,856	10,480,838
Fund balances - ending	\$ 5,917,080	\$ 519,348	\$ 1,256,619	\$ 2,005,865	\$ 9,698,912

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

**CITY OF SAN LUIS, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net change in fund balances - total governmental funds \$ (781,926)

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

Expenditures for capitalized assets	\$ 835,872	
Less current year depreciation	<u>(1,916,297)</u>	(1,080,425)

The disposal of capital assets resulted in a loss / (gain) of the statement of activities. However the L/(G) is not an expenditure in the governmental funds. (11,034)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term debt on the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 445,036

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 10,231

Net revenues, including transfers, of internal service funds determined to be governmental type 1,276,501

Change in net assets in governmental activities \$ (141,617)

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,789,050	\$ 5,789,050	\$ 6,566,515	\$ 777,465
Licenses and permits	362,390	362,390	349,777	(12,613)
Intergovernmental	4,960,760	4,960,760	4,997,430	36,670
Charges for services	67,700	67,700	44,513	(23,187)
Fines and forfeitures	360,000	360,000	331,964	(28,036)
Investment earnings	6,000	6,000	8,204	2,204
Rents	623,200	623,200	656,722	33,522
Other	147,800	147,800	140,909	(6,891)
Total revenues	<u>12,316,900</u>	<u>12,316,900</u>	<u>13,096,034</u>	<u>779,134</u>
Expenditures:				
Current				
General government	4,671,335	4,538,125	3,910,599	(627,526)
Public safety	5,082,600	5,133,550	5,086,692	(46,858)
Health and welfare	209,000	209,350	165,387	(43,963)
Culture and recreation	1,386,330	1,416,440	1,391,961	(24,479)
Community development	589,103	591,023	560,865	(30,158)
Capital outlay	86,520	155,330	149,750	(5,580)
Debt service				
Interest and fiscal changes	15,600	15,600	15,744	144
Principal retirement	181,850	181,850	182,574	724
Total expenditures	<u>12,222,338</u>	<u>12,241,268</u>	<u>11,463,572</u>	<u>(777,696)</u>
Excess (deficiency) of revenues over expenditures	<u>94,562</u>	<u>75,632</u>	<u>1,632,462</u>	<u>1,556,830</u>
Other financing sources (uses):				
Transfers out	-	(2,235,835)	(2,235,770)	65
Total other financing sources (uses)	<u>-</u>	<u>(2,235,835)</u>	<u>(2,235,770)</u>	<u>65</u>
Change in fund balances	<u>94,562</u>	<u>(2,160,203)</u>	<u>(603,308)</u>	<u>1,556,895</u>
Fund balances - beginning	6,532,888	6,532,888	6,532,888	-
Prior Period Adjustment	-	-	(12,500)	(12,500)
Fund balances - beginning as restated	<u>6,532,888</u>	<u>6,532,888</u>	<u>6,520,388</u>	<u>(12,500)</u>
Fund Balances - ending	<u>\$ 5,478,213</u>	<u>\$ 4,372,685</u>	<u>\$ 5,917,080</u>	<u>\$ 1,544,395</u>

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
HIGHWAY USERS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,606,810	\$ 1,606,810	\$ 1,562,498	\$ (44,312)
Investment Earnings	400	400	384	(16)
TOTAL REVENUES	<u>1,607,210</u>	<u>1,607,210</u>	<u>1,562,882</u>	<u>(44,328)</u>
EXPENDITURES				
Current				
Public Works and Streets	1,326,470	1,328,450	1,188,760	(139,690)
Capital Outlay	218,000	218,000	221,755	3,755
Debt Service				
Interest and fiscal changes	600	600	530	(70)
Principal retirement	12,200	12,200	12,174	(26)
Total Expenditures	<u>1,557,270</u>	<u>1,559,250</u>	<u>1,423,219</u>	<u>(136,031)</u>
Excess (deficiency) of revenues over expenditures	<u>49,940</u>	<u>47,960</u>	<u>139,663</u>	<u>91,703</u>
Other financing sources (uses):				
Transfers out	(55,340)	(55,340)	(35,291)	20,049
Total other financing sources (uses)	<u>(55,340)</u>	<u>(55,340)</u>	<u>(35,291)</u>	<u>20,049</u>
Change in fund balances	<u>(5,400)</u>	<u>(7,380)</u>	<u>104,372</u>	<u>111,752</u>
Fund balances, July 1, 2011	<u>414,976</u>	<u>414,976</u>	<u>414,976</u>	<u>-</u>
Fund Balances, June 30, 2012	<u>\$ 409,576</u>	<u>\$ 407,596</u>	<u>\$ 519,348</u>	<u>\$ 111,752</u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SAN LUIS, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds				Internal Service	
	Water	Wastewater	Business Center	Sanitation	Total	Insurance Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,129,300	\$ 437,059	\$ 1,285,447	\$ -	\$ 2,851,806	\$ 1,316,424
Accounts receivable (net)	378,917	95,658	-	33,536	508,111	10,319
Notes receivable	38,379	-	-	-	38,379	-
Due from other funds	2,044,224	917,710	-	-	2,961,934	-
Prepaid items and other assets	57,682	12,181	223	10,277	80,363	-
Total current assets	3,648,502	1,462,608	1,285,670	43,813	6,440,593	1,326,743
Non-current assets:						
Restricted cash and cash equivalents	-	-	415,169	-	415,169	-
Land	190,271	100,337	344,211	-	634,819	-
Buildings and improvements	-	419,968	4,942,701	26,596	5,389,265	-
Infrastructure	19,300,423	27,475,123	-	-	46,775,546	-
Machinery and equipment	2,025,547	995,077	2,674,708	1,447,998	7,143,330	-
Construction in progress	334	19,897	-	-	20,231	-
Accumulated depreciation	(4,465,133)	(6,298,552)	(2,454,040)	(1,270,637)	(14,488,362)	-
Deferred bond issuance cost	558,552	625,579	-	-	1,184,131	-
Total non-current assets	17,609,994	23,337,429	5,922,749	203,957	47,074,129	-
Total assets	21,258,496	24,800,037	7,208,419	247,770	53,514,722	1,326,743
LIABILITIES						
Current liabilities:						
Accounts payable	43,414	18,731	-	37,788	99,933	50,242
Accrued payroll and taxes	32,534	18,503	-	9,494	60,531	-
Due to other funds	-	-	10	931,903	931,913	-
Customer deposits	129,637	7,050	-	-	136,687	-
Accrued interest	264,870	281,733	415,169	-	961,772	-
Current portion of long-term debt	270,883	266,639	-	44,769	582,291	-
Total current liabilities	741,338	592,656	415,179	1,023,954	2,773,127	50,242
Non-current liabilities:						
Non-current portion of long-term debt	11,455,716	12,228,693	10,725,000	1,319	34,410,728	-
Total non-current liabilities	11,455,716	12,228,693	10,725,000	1,319	34,410,728	-
Total liabilities	12,197,054	12,821,349	11,140,179	1,025,273	37,183,855	50,242
NET ASSETS						
Invested in capital assets, net of related debt	5,361,388	10,236,474	(5,217,420)	169,403	10,549,845	-
Restricted for debt service	753,447	800,915	830,338	-	2,384,700	-
Restricted for impact fees	717,642	769,812	-	-	1,487,454	-
Unrestricted	2,228,965	171,487	455,322	(946,906)	1,908,868	1,276,501
Total net assets	\$ 9,061,442	\$ 11,978,688	\$ (3,931,760)	\$ (777,503)	\$ 16,330,867	\$ 1,276,501

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds					Internal Service Fund
	Water	Wastewater	Business Center	Sanitation	Total	Insurance Fund
Operating revenues:						
Charges for services	\$ 2,775,049	\$ 1,975,297	\$ -	\$ 1,035,867	\$ 5,786,213	\$ 419,818
Rent	-	-	629,265	-	629,265	-
Other	109,262	150	-	20,761	130,173	-
Total operating revenues	<u>2,884,311</u>	<u>1,975,447</u>	<u>629,265</u>	<u>1,056,628</u>	<u>6,545,651</u>	<u>419,818</u>
Operating expenses:						
Cost of sales and services	1,482,781	1,371,428	50,130	942,580	3,846,919	-
Insurance Premiums/Claims	-	-	-	-	-	230,754
Depreciation	507,394	743,937	477,121	114,683	1,843,135	-
Total operating expenses	<u>1,990,175</u>	<u>2,115,365</u>	<u>527,251</u>	<u>1,057,263</u>	<u>5,690,054</u>	<u>230,754</u>
Operating income (loss)	<u>894,136</u>	<u>(139,918)</u>	<u>102,014</u>	<u>(635)</u>	<u>855,597</u>	<u>189,064</u>
Nonoperating revenues (expenses):						
Investment earnings	7,970	1,543	617	-	10,130	904
Interest and fiscal charges	(566,399)	(575,962)	(830,338)	(3,565)	(1,976,264)	-
Bond issuance costs	(21,483)	(24,061)	-	-	(45,544)	-
Gain/Loss on Disposal	2,417	-	-	-	2,417	-
Total nonoperating revenues (expenses)	<u>(577,495)</u>	<u>(598,480)</u>	<u>(829,721)</u>	<u>(3,565)</u>	<u>(2,009,261)</u>	<u>904</u>
Income before Contributions and Transfers	316,641	(738,398)	(727,707)	(4,200)	(1,153,664)	189,968
Capital contributions	10,660	351,258	-	-	361,918	-
Transfer in	-	14,929	-	-	14,929	1,086,533
Transfer out	(14,929)	-	-	-	(14,929)	-
Changes in net assets	<u>312,372</u>	<u>(372,211)</u>	<u>(727,707)</u>	<u>(4,200)</u>	<u>(791,746)</u>	<u>1,276,501</u>
Total net assets, beginning of year	<u>8,749,070</u>	<u>12,350,899</u>	<u>(3,204,053)</u>	<u>(773,303)</u>	<u>17,122,613</u>	<u>-</u>
Total net assets, end of year	<u>\$ 9,061,442</u>	<u>\$ 11,978,688</u>	<u>\$ (3,931,760)</u>	<u>\$ (777,503)</u>	<u>\$ 16,330,867</u>	<u>\$ 1,276,501</u>

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

CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise Funds					Internal Service Fund
	Water	Wastewater	Business Center	Sanitation	Total	Insurance Fund
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>						
Cash flows from operating activities:						
Cash received from customers	\$ 1,655,571	\$ 2,223,288	\$ 892,966	\$ 1,063,423	\$ 5,835,248	\$ 409,499
Cash payments to suppliers for goods and services	(592,520)	(903,847)	(50,844)	(683,188)	(2,230,399)	(180,512)
Cash payments to employees for services	(894,567)	(488,091)	-	(266,220)	(1,648,878)	-
Net cash provided by (used for) operating activities	168,484	831,350	842,122	114,015	1,955,971	228,987
Cash flows from noncapital and related financing activities:						
Transfer in	-	-	-	-	-	1,086,533
Net cash provided by noncapital and related financing activities	-	-	-	-	-	1,086,533
Cash flows from capital and related financing activities:						
Capital Contribution	10,660	351,258	-	-	361,918	-
Payments for capital acquisitions	(115,588)	(349,593)	-	(30,142)	(495,323)	-
Principal paid on long-term debt	(226,436)	(253,206)	-	(80,308)	(559,950)	-
Interest paid on long-term debt	(570,687)	(580,524)	(830,338)	(3,565)	(1,985,114)	-
Net cash provided by (used for) capital and related financing activities	(902,051)	(832,065)	(830,338)	(114,015)	(2,678,469)	-
Cash flows from investing activities:						
Investment income	7,970	1,543	617	-	10,130	904
Net cash provided by investing activities	7,970	1,543	617	-	10,130	904
Net increase/(decrease) in cash and cash equivalents	(725,597)	828	12,401	-	(712,368)	1,316,424
Cash and cash equivalents, beginning of year	1,854,897	436,231	1,688,215	-	3,979,343	-
Cash and cash equivalents, end of year	\$ 1,129,300	\$ 437,059	\$ 1,700,616	\$ -	\$ 3,266,975	\$ 1,316,424
Cash received from customers:						
Rent	\$ -	\$ -	\$ 629,265	\$ -	\$ 629,265	\$ -
Charges for services	2,884,311	1,975,447	-	1,056,628	5,916,386	419,818
(Increase)/ decrease in accounts receivable	(5,907)	(27,502)	52,439	302	19,332	(10,319)
(Increase)/ decrease in prepaid items	(23,485)	(6,157)	-	(10,277)	(39,919)	-
(Increase)/ decrease in due from governmental entities	(1,199,348)	281,500	211,262	16,770	(689,816)	-
	<u>1,655,571</u>	<u>2,223,288</u>	<u>892,966</u>	<u>1,063,423</u>	<u>5,835,248</u>	<u>409,499</u>
Cash payments to suppliers for goods and services						
Cost of sales and services (non-payroll)	(590,072)	(873,961)	(50,133)	(673,672)	(2,187,838)	(230,754)
Increase/ (decrease) in accounts payable	(2,448)	(29,886)	(711)	(9,516)	(42,561)	50,242
	<u>(592,520)</u>	<u>(903,847)</u>	<u>(50,844)</u>	<u>(683,188)</u>	<u>(2,230,399)</u>	<u>(180,512)</u>
Cash payments to employees for services						
Cost of sales and services (payroll)	(893,256)	(497,431)	-	(269,024)	(1,659,711)	-
Increase/ (decrease) in accrued payroll and taxes	8,837	11,873	-	5,491	26,201	-
Increase/ (decrease) in compensated absences payable	(10,148)	(2,533)	-	(2,687)	(15,368)	-
	<u>(894,567)</u>	<u>(488,091)</u>	<u>-</u>	<u>(266,220)</u>	<u>(1,648,878)</u>	<u>-</u>

CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise Funds					Internal Service Fund
	Water	Wastewater	Business Center	Sanitation	Total	Insurance Fund
Reconciliation of Operating Income to						
Net Cash Provided by (Used for) Operating Activities						
Operating income (loss)	\$ 894,136	\$ (139,918)	\$ 102,013	\$ (635)	\$ 855,596	\$ 189,064
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Depreciation and amortization	507,394	743,937	477,119	114,683	1,843,133	-
Change in assets and liabilities:						
(Increase)/ decrease in accounts receivable	(5,715)	(27,045)	52,439	1,025	20,704	(10,319)
(Increase)/ decrease in prepaid items	(23,485)	(6,157)	-	(10,277)	(39,919)	-
Increase/ (decrease) in accounts payable	(48,937)	(30,393)	(721)	4,970	(75,081)	50,242
Increase/ (decrease) in accrued payroll and taxes	44,439	9,426	-	2,688	56,553	-
Increase/ (decrease) in due from other funds	-	-	211,262	-	211,262	-
Increase/ (decrease) in due to other funds	(1,199,348)	281,500	10	1,561	(916,277)	-
Total adjustments	(725,652)	971,268	740,109	114,650	1,100,375	39,923
Net cash provided by (used for) operating activities	\$ 168,484	\$ 831,350	\$ 842,122	\$ 114,015	\$ 1,955,971	\$ 228,987

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

COMPONENT UNITS

**CITY OF SAN LUIS, ARIZONA
 COMPONENT UNITS
 STATEMENT OF NET ASSETS
 June 30, 2012**

	SLFDC Detention Facility	San Luis Arts & Humanities
<u>ASSETS</u>		
<i>Cash and cash equivalents</i>	\$ -	\$ 4,859
Receivables (net of allowance)	-	46,000
Restricted cash and cash equivalents	6,630,381	-
<i>Capital Assets:</i>		
Land	661,359	-
Buildings and improvements	34,129,886	-
Machinery and equipment	329,194	-
Accumulated depreciation	(5,261,366)	-
Deferred Charges	2,843,043	-
	\$ 39,332,497	\$ 50,859
<u>LIABILITIES</u>		
<i>Current Liabilities</i>		
Due to Primary Government	\$ -	\$ 45,000
Accrued interest	562,334	-
Deferred revenue	-	2,500
<i>Non current liabilities:</i>		
Due Within One Year	1,515,000	-
Due in More Than One Year	42,018,401	-
	44,095,735	47,500
<u>NET ASSETS</u>		
Invested in Capital assets, net of related debt	(13,674,328)	-
Restricted for debt service	4,239,944	-
Unrestricted	4,671,146	3,359
	\$ (4,763,238)	\$ 3,359

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

**CITY OF SAN LUIS, ARIZONA
COMPONENT UNITS
STATEMENT OF ACTIVITIES
For the Fiscal Year ended June 30, 2012**

	<u>SLFDC Detention Facility</u>	<u>San Luis Arts & Humanities</u>
Program Expenses		
General Operations	\$ 8,959,203	\$ -
Depreciation	1,447,055	-
Professional Fees	-	20,247
Interest Expense	2,653,200	-
Bond Issue Costs	190,586	-
	<u>13,250,044</u>	<u>20,247</u>
Total Program Expenses		
Program Revenues		
Charges for services	12,280,789	17,959
Operating Grants	-	3,500
	<u>12,280,789</u>	<u>21,459</u>
Total Program Revenues		
Program Income (Loss)	<u>(969,255)</u>	<u>1,212</u>
General Revenues		
Interest Revenues	<u>177,377</u>	<u>-</u>
Total General Revenues	<u>177,377</u>	<u>-</u>
Change in Net Assets	(791,878)	1,212
Net Assets - Beginning	<u>(3,971,360)</u>	<u>2,147</u>
Net Assets - Ending	<u>\$ (4,763,238)</u>	<u>\$ 3,359</u>

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

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF CASH FLOWS - COMPONENT UNIT
YEAR ENDED JUNE 30, 2012**

	<u>SLFDC Detention Facility</u>
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from customers	\$ 12,281,724
Cash payments to suppliers for goods and services	<u>(12,663,836)</u>
Net cash provided by (used for) operating activities	<u>(382,112)</u>
Cash flows from capital and related financing activities:	
Payments for capital acquisitions	(6,077,535)
Principal paid on long-term debt	(760,953)
Interest paid on long-term debt	<u>(2,661,690)</u>
Net cash provided by (used for) capital and related financing activities	<u>(9,500,178)</u>
Cash flows from investing activities:	
Investment income	<u>177,377</u>
Net cash provided by investing activities	<u>177,377</u>
Net decrease in cash and cash equivalents	(9,704,913)
Cash and cash equivalents, beginning of year	<u>16,335,294</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,630,381</u></u>
Cash received from customers:	
Charges for services	\$ 12,280,789
(Increase)/ decrease in accounts receivable	<u>935</u>
	<u><u>\$ 12,281,724</u></u>
Cash payments to suppliers for goods and services	
Cost of sales and services (non-payroll)	\$ (8,959,202)
Increase/ (decrease) in accounts payable	<u>(3,704,633)</u>
	<u><u>\$ (12,663,835)</u></u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by (Used for) Operating Activities</u>	
Operating income (loss)	<u>\$ 1,874,532</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	1,447,055
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	935
Increase/ (decrease) in accounts payable	<u>(3,704,633)</u>
Total adjustments	<u>(2,256,643)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (382,111)</u></u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF FIDUCIARY FUND NET ASSETS
JUNE 30, 2012**

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 32,027</u>
Total assets	<u>32,027</u>
<u>NET ASSETS</u>	
Held in trust for pension benefits	<u><u>\$ 32,027</u></u>

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

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2012**

	<u>Pension Trust</u>
Additions:	
Investment earnings	\$ 86
Total additions	86
Changes in net assets	86
Net assets, beginning of year	31,941
Net assets, end of year	\$ 32,027

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

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of San Luis, Arizona (the City) and its discretely presented units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

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. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units are combined with the City for financial statement presentation purposes, and are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities that must be included as part of its financial reporting entity for fair presentation in conformity with Generally Accepted Accounting Principles.

Blended Component Units

Some component units, despite being legally separate from the City government, are so intertwined with the City, whether through common governing boards or through providing services solely to the City that they are, in substance, the same as the City government. The blended component units that fit either criteria are presented below.

The San Luis Civic Improvement Corporation (SLCIC) was established for the sole purpose of acquiring, financing, constructing, improving, and purchasing real and personal property on behalf of the City for civic, municipal, and government purposes. For the fiscal year ended June 30, 2012, the activity of the SLCIC is reported in the Municipal Projects Bond Fund and the benefiting enterprise funds in the City's financial statements.

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. 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
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The San Luis Employees' Health Benefit Trust Fund (EBT) 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. The activity of the EBT is reported as the Insurance Fund, an internal service fund.

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

Discretely Presented Component Units

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

The San Luis Municipal Property Corporation (SLMPC) is an Arizona nonprofit corporation formed under the provision of Title 10 of the Arizona Revised Statutes. It has a five-member Board of Directors appointed by City Council. The Corporation was organized to acquire, construct, reconstruct, or improve buildings and other real and personal property suitable for leasing or sale to the City. For the audit period ended June 30, 2012, there was no activity.

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. In the fiscal year ended June 30, 2006, and subsequently in February of 2011, the SLFDC was used to issue \$27,795,000 and \$20,165,000 in bonds to build and extend respectively a detention center from which the City is to derive certain revenues. The activity is reported in the City's Detention Center Fund.

The Industrial Development Authority of the City of San Luis (IDA) was incorporated in 2000 by the City to acquire, own, construct, lease, sell, and dispose of all kinds of properties on behalf of the City to, amongst other things, develop trade, encourage production, and assure job opportunities in the City of San Luis. The IDA was used to acquire, renovate and furnish the facility for leasing to an unrelated company that operates a call center to provide employment opportunities to local residents. In 2009, the debt was retired by a GADA Loan to the City and the City took over the assets, liabilities, and all activities of the then call center facility which is now reported as an enterprise fund. For the audit period ended June 30, 2012, there was no activity reported for the IDA.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The San Luis Corporation for the Arts and Humanities was incorporated in 2006 as a not-for-profit organization for the purpose of promoting Arts & Humanities in San Luis. Three board members distinct from City Council manage the affairs of the corporation. The City is able to significantly influence its operations. Council has the rights to approve incurred debts, sales, lease, exchange or pledge of all assets. The activity is reported in the San Luis Arts & Humanities fund.

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

Joint Ventures

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

The City participates under a membership provision with three other entities in a jointly governed organization, the Greater Yuma 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 Yuma area. Members are required to pay a fee of \$50,000 per year for operational expenses of the corporation. The City carries in its budget an annual appropriation of \$50,000 to retain its membership. The City does not retain an on-going financial interest or an on-going financial responsibility in the GYPA. Complete financial statements of the GYPA may be obtained from the GYPA's office at P.O. Box 4601, Yuma, AZ 85366.

Related Organizations

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide and Proprietary Fund Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Receivables that will not be collected within the availability period have been reported as deferred revenue on the governmental fund financial statements.

The City reports the following major governmental funds.

General Fund – 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 Fund – This fund accounts for the revenue received from the State for public works and streets.

Municipal Projects Bond Fund – This fund accounts for the construction of the City's various construction projects.

Proprietary Fund Financial Statements - 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 City's enterprise fund are charges to customers for water, wastewater, and sanitation services and rental income from the business center. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds.

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

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

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

Sanitation Fund – This fund is used to account for the activities of the City's sanitation operations.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

Internal Service Fund The Internal Service 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.

Pension Trust Fund – The Pension Trust Fund is used to account for the City's Volunteer Firefighters' Relief and Pension Fund, a defined contribution plan for which the assets are held by the City in a trustee capacity. Contributions are made by the City as well as the City's volunteer firefighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, for the restricted purpose then unrestricted resources as they are needed.

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
- Assessment Districts
- Judicial Collection Enhancement
- San Luis Community Facilities District

Capital Projects Funds

- Capital Outlay Reserve
- Community Development Fund

Fiduciary funds are reported by fund type.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

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

The appropriated budget is prepared by fund and department on the same basis of accounting as required for governmental fund types and conforms to GAAP. Amendments are required for any revisions that increases total expenditures of any fund or that change functional appropriations. During the year, several amendments to the original budget were necessary. 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.

E. Cash, Cash Equivalents and Investments

For purposes of the Statement of Cash Flows, the City considers cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months from the date of acquisition to be cash equivalents.

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 on the statement of net assets/balance sheet.

F. Investment Income (Loss)

Investment income (loss) is composed of interest and net changes in the fair value of applicable investments.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables and Payables

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.”

All trade and other receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

H. Inventory

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed in the government-wide and proprietary financial statements and as expenditures when purchased in the governmental fund financial statements.

I. 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.

J. Restricted Assets

Certain proceeds of the City’s bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

K. Capital Assets

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	50
Improvements other than buildings	7-50
Vehicles, machinery, and equipment	5-15

Interest is capitalized in the discretely presented component units on assets acquired with tax-exempt debt.

L. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Annual leave, based on graduated scale of years of employment, is credited to each employee as it accrues and differs between administrative and public safety functions. The then maximum accrual allowed follows the aforementioned pattern of accrued hours and cannot exceed twice the yearly earned hours. Vacation benefits vest at the employee's current rate of pay.

The current and long-term liabilities for accumulated vacation are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and proprietary fund type statement of net assets.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications

Government-wide and Proprietary Fund Statements

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

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

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

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

Committed Fund Balance – 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. Any changes or removal of specific purposes requires majority action by the governing body.

Assigned Fund Balance – Amounts are constrained by the City's intent to be used for specific purposes. Intent should be expressed by the Council or its designee.

- Subsequent year's expenditures – Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.
- Assigned for Capital Projects – Portion of fund balance that has been budgeted or designated by Council for capital projects.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

P. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2- CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a policy for custodial credit risk. As of June 30, 2012, City deposits of \$2,427,739 were uninsured and collateralized with securities held by the pledging financial institution.

The investments of the City and its component units at June 30, 2012, were as follows:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-5	6-10
U.S. agency securities	\$ 3,665,826	\$ 498,357	\$ -	\$ 3,167,469
Money market funds	7,762,810	7,762,810	-	-
State Treasurer's investment pool	7,787,627	7,787,627	-	-
Total	\$ 19,216,263	\$16,048,794	\$ -	\$ 3,167,469

Interest Rate Risk. 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.

Credit Risk. The City has no investment policy that would further limit its investment choices. As of June 30, 2012, the City's investment in the State Treasurer's Government Investment Pool (LGIP) did not receive a credit quality rating from national rating agency. The City's investments in U.S. agencies were rated AAA by Moody's Investors Service and AAAM by Standard & Poor's.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2- CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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, 2012 is stated at cost which approximates fair value.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2012, the City had \$11,428,636 of U.S. agency securities, and money market funds that were uninsured and held by the counterparty's trust department or agent not in the City's name. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2012, the City's investments include 19.08% invested in U.S. agency securities, 40.40% invested in money market funds, and 40.53% invested in the State Treasurer's investment pool.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments	
Cash on hand	\$ 4,400
Amount of deposits	3,397,079
Amount of investments	<u>19,216,263</u>
Total	<u>\$ 22,617,742</u>

	Primary Government				Component Units		Total
	Governmental Activities	Business- type Activities	Internal Activities	Pension Trust Fund	SLFDC Detention Facility	San Luis Arts & Humanities	
Statement of Net Assets							
Cash and cash equivalents	\$ 6,983,990	\$ 2,851,806	\$1,316,424	\$ 32,027	\$ -	\$ 4,859	\$11,189,106
Restricted cash and cash equivalents	<u>4,383,087</u>	<u>415,169</u>	<u>-</u>	<u>-</u>	<u>6,630,380</u>	<u>-</u>	<u>11,428,636</u>
Total	<u>\$ 11,367,077</u>	<u>\$ 3,266,975</u>	<u>\$1,316,424</u>	<u>\$ 32,027</u>	<u>\$ 6,630,380</u>	<u>\$ 4,859</u>	<u>\$22,617,742</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3- INTERFUND BALANCES AND ACTIVITY

At June 30, 2012, inter-fund balances and activity were as follows:

Due to/from other funds:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General	\$ -	\$ 71,971
Highway User	-	79,331
Municipal Projects Bond Fund	-	2,693,765
Non-Major Governmental	954,280	139,234
Water	2,044,224	-
Wastewater	917,710	-
Business Center	-	10
Sanitation	-	931,903
	<u>-</u>	<u>931,903</u>
Total	<u>\$ 3,916,214</u>	<u>\$ 3,916,214</u>

Interfund borrowing resulted from the borrowing of funds to cover deficit cash in prior years and transfers made after the current fiscal year-end to eliminate deficit fund balances in several funds and report operating transfers for the fiscal year. All inter-fund balances are expected to be paid within one year.

Interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 2,235,770
HURF	-	35,291
Municipal Project	1,149,237	-
Non-Major Governmental	48,900	13,609
Water	-	14,929
Wastewater	14,929	-
Insurance Fund	1,086,533	-
	<u>1,086,533</u>	<u>-</u>
Total	<u>\$ 2,299,599</u>	<u>\$ 2,299,599</u>

Transfers between funds are used (1) to close out balances of inactive funds, (2) to cover the overdrawn fund of the municipal project (3) in support of activities of the grants funds as City's match funds for various programs.

CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$20,129 for utility receivables and \$284,345 for Governmental funds receivable. As of year-end, the City's net receivables for individual major governmental funds, non-major governmental funds in the aggregate, and major enterprise funds are as follows:

	General Fund	Highway Users Fund	Municipal Projects Bond	Non-Major Governmental Funds	Water	Wastewater	Sanitation	Insurance Fund
Accounts Receivable	\$ 636,450	\$ -	\$ 54	\$ 12,851	\$378,391	\$ 80,827	\$ 33,536	\$ 10,319
Fines Receivable	2,173,372	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	38,379	-	-	-
Due from governmental entities	644,790	149,829	-	239,360	525	14,831	-	-
Net total receivables	<u>\$ 3,454,612</u>	<u>\$ 149,829</u>	<u>\$ 54</u>	<u>\$ 252,211</u>	<u>\$417,295</u>	<u>\$ 95,658</u>	<u>\$ 33,536</u>	<u>\$ 10,319</u>

Governmental funds report deferred 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, deferred revenue consisting mostly of fines receivable were reported in the General Fund of \$2,130,513.

NOTE 5- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2012 follows:

Governmental Activities	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,531,972	\$ -	\$ -	\$ 1,531,972
Construction in progress	59,623	11,111	(29,645)	41,089
Total capital assets, not being depreciated	<u>1,591,595</u>	<u>11,111</u>	<u>(29,645)</u>	<u>1,573,061</u>
Capital assets, being depreciated:				
Infrastructure	39,515,425	-	-	39,515,425
Buildings and improvements	22,504,244	234,135	-	22,738,379
Machinery and equipment	6,918,969	620,269	(42,889)	7,496,349
Total capital assets being depreciated	<u>68,938,638</u>	<u>854,404</u>	<u>(42,889)</u>	<u>69,750,153</u>
Less accumulated depreciation for:				
Infrastructure	(9,009,029)	(804,663)	-	(9,813,692)
Buildings and improvements	(4,258,263)	(568,436)	-	(4,826,699)
Machinery and equipment	(4,018,553)	(543,198)	31,856	(4,529,895)
Total accumulated depreciation	<u>(17,285,845)</u>	<u>(1,916,297)</u>	<u>31,856</u>	<u>(19,170,286)</u>
Total capital assets, being depreciated, net	<u>51,652,793</u>	<u>(1,061,893)</u>	<u>(11,033)</u>	<u>50,579,867</u>
Governmental activities capital assets, net	<u>\$ 53,244,388</u>	<u>\$ (1,050,782)</u>	<u>\$ (40,678)</u>	<u>\$ 52,152,928</u>

CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5- CAPITAL ASSETS (CONTINUED)

Business-Type Activities as restated	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 634,819	\$ -	\$ -	\$ 634,819
Construction in progress	90,274	20,231	(90,274)	20,231
Total	725,093	20,231	(90,274)	655,050
Capital assets, being depreciated:				
Infrastructure	46,775,547	-	-	46,775,547
Buildings and improvements	4,969,295	419,969	-	5,389,264
Machinery and equipment	6,976,998	166,332	-	7,143,330
Total	58,721,840	586,301	-	59,308,141
Less accumulated depreciation for:				
Infrastructure	(7,589,120)	(1,061,446)	-	(8,650,566)
Buildings and improvements	(747,408)	(173,646)	-	(921,054)
Machinery and equipment	(4,290,185)	(608,040)	(18,517)	(4,916,742)
Total accumulated depreciation	(12,626,713)	(1,843,132)	(18,517)	(14,488,362)
Total capital assets, being depreciated, net	46,095,127	(1,256,831)	(18,517)	44,819,779
Business-type activities capital assets, net	<u>\$ 46,820,220</u>	<u>\$ (1,236,600)</u>	<u>\$ (108,791)</u>	<u>\$ 45,474,829</u>
Discretely Presented Component Units	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 661,359	\$ -	\$ -	\$ 661,359
Construction in progress	9,625,422	-	(9,625,422)	-
Total	10,286,781	-	(9,625,422)	661,359
Capital assets, being depreciated:				
Buildings and improvements	18,453,744	15,676,142	-	34,129,886
Machinery and equipment	302,379	26,815	-	329,194
Total	18,756,123	15,702,957	-	34,459,080
Less accumulated depreciation for:				
Buildings and improvements	(3,693,277)	(1,414,424)	-	(5,107,701)
Machinery and equipment	(121,035)	(32,631)	-	(153,666)
Total accumulated depreciation	(3,814,312)	(1,447,055)	-	(5,261,367)
Total capital assets, being depreciated, net	14,941,811	14,255,902	-	29,197,713
Business-type activities capital assets, net	<u>\$ 25,228,592</u>	<u>\$ 14,255,902</u>	<u>\$ (9,625,422)</u>	<u>\$ 29,859,072</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 368,272
Public safety	305,187
Public works and streets	879,311
Health and welfare	29,909
Culture and recreation	318,189
Community development	<u>15,429</u>

Total depreciation expense	<u>\$ 1,916,297</u>
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Business-type activities:	
Water	\$ 507,394
Wastewater	743,936
Business Center	477,119
Sanitation	<u>114,683</u>

Total depreciation expense	<u>\$ 1,843,132</u>
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Discretely Presented Component Units:	
SLFDC – Detention Facility	<u>\$ 1,447,055</u>

Total depreciation expense	<u>\$ 1,447,055</u>
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NOTE 6- OBLIGATIONS UNDER CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of certain administrative equipment, a modular building, public safety vehicles, and playground equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of capital lease payments as of June 30, 2012 were as follows:

Year Ending June 30:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	136,951	51,979
2014	1,504	1,766
2015	1,504	1,766
2016	<u>376</u>	<u>441</u>
Total minimum lease payments	140,335	55,952
Less: amount representing interest	<u>(7,100)</u>	<u>(1,706)</u>
Present value of minimum lease payments	<u>\$ 133,235</u>	<u>\$ 54,246</u>
Due within one year	<u>\$ 130,354</u>	<u>\$ 50,860</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7- OPERATING LEASES

The City leases copiers/printers under certain non-cancelable operating leases. Operating leases do not give rise to property rights or lease obligations (long-term debt); therefore, the results of the lease agreements are not reflected in the City's Statement of Net Assets. Lease payments effected during the fiscal year 2012 amounted to \$47,168.

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

Year Ending June 30,	Amount
2013	37,707
2014	29,759
2015	8,188
2016	5,026
2017	1,270
Total	\$ 81,950

NOTE 8- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2012 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

In October 2005, the San Luis Civic Improvement Corporation (SLCIC) issued Excise Tax Revenue Bonds Series 2005 totaling \$40,000,000 to finance the construction of several projects and to payoff previously issued notes and bonds payable. The principal and interest on the bonds are not a general obligation of the Corporation and City, but a limited obligation of the Corporation and City payable solely from and are secured by a pledge of the City's unrestricted excise taxes and specific water sales.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2012
Governmental activities	3.75-5.00%	7/1/09-38	\$ 14,768,596
Business-type activities	3.75-5.00%	7/1/09-38	23,131,404
Total			\$ 37,900,000

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8- REVENUE BONDS PAYABLE (CONTINUED)

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

Year ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 294,203	\$ 691,906	\$ 460,797	\$ 1,083,702
2014	305,893	679,338	479,107	1,064,017
2015	317,583	666,089	497,417	1,043,266
2016	331,222	652,302	518,778	1,021,672
2017	342,912	638,405	537,088	999,906
2018-22	1,940,570	2,961,280	3,039,430	4,638,124
2023-27	2,443,248	2,443,472	3,826,752	3,827,103
2028-32	3,070,621	1,803,167	4,809,379	2,824,221
2033-37	3,885,037	963,758	6,084,963	1,509,492
2038-39	1,837,307	92,986	2,877,693	145,639
Total	<u>\$14,768,596</u>	<u>\$11,592,703</u>	<u>\$23,131,404</u>	<u>\$18,157,142</u>

Deferred Charges

In October 2005, the San Luis Civic Improvement Corporation issued Excise Tax Revenue Bonds Series 2005 totaling \$40,000,000 to finance the construction of several projects and to pay off previously issued notes and bonds payable including the 1987 Series Bond. As a result, the 1987 Series bonds are considered defeased, and the liability for these bonds has been removed from the enterprise funds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$239,794. This difference, reported in the accompanying financial statements as deferred charges which are shown as a deduction from bonds payable, is being charged to operations through the year 2016 using the straight-line method. Amortization for the year ended June 30, 2012 was \$21,800.

COMPONENT UNITS

In October 2005, the San Luis Facility Development Corporation (SLFDC) issued Senior Lien Project Revenue Bonds Series 2005 totaling \$27,795,000 to finance the construction of a regional detention facility. The principal and interest on the bonds are not a general obligation of the Corporation and City, but the issuer entered into agreements to house prisoners and the revenues there from are to be pledged to secure payment of the bonds. Again, in February 2011, the SLFDC issued Senior Lien Project Revenue Bonds Series 2011 totaling \$20,165,000 to finance the construction for an expansion of the existing regional detention facility. The bonds were issued with the same terms and conditions as the previous issues.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8- REVENUE BONDS PAYABLE (CONTINUED)

<u>Revenue Bonds</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2012</u>
Series 2005 Detention Facility	6.00-7.250%	5/1/08-27	\$ 24,175,000
Series 2011 Detention Facility	6.75-8.625%	5/1/08-27	\$ 20,165,000
Total			<u>\$ 44,340,000</u>

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

	<u>Principal</u>		<u>Interest</u>	
	<u>2005 issues</u>	<u>2011 issues</u>	<u>2005 issues</u>	<u>2011 issues</u>
Year ending June 30:				
2013	\$ 865,000	\$ 650,000	\$ 1,710,188	\$ 1,663,819
2014	920,000	705,000	1,656,125	1,613,444
2015	975,000	765,000	1,598,625	1,558,463
2016	1,035,000	825,000	1,537,688	1,498,456
2017	1,110,000	895,000	1,465,238	1,433,425
2018 – 22	6,830,000	5,735,000	6,043,300	5,935,450
2023 – 27	12,440,000	10,590,000	3,280,988	3,114,244
Total	<u>\$24,175,000</u>	<u>\$20,165,000</u>	<u>\$17,292,152</u>	<u>\$16,817,301</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9- NOTE OBLIGATIONS

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

	CURRENT PORTION	LONG TERM PORTION	TOTAL
Notes payable to the Wal-mart stores 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 Wal-mart store until fully paid.	\$ -	\$ 303,494	\$ 303,494
Notes payable to the United States Department of Agriculture (USDA) for \$50,000 dated February 23, 2006 for furnishing Cultural Center. Note is due in monthly installments of \$513 including principal and interest at 4.25% for 120 months.	5,452	13,590	19,042
Note payable to the GADA organization for \$3,025,000 dated February 1, 2009 for other municipal projects. Note requires monthly interest payments with an annual variable interest rate averaging 6% per year. Principal is paid once a year starting on July 2036 until the loan expires on July 2038.	-	3,025,000	3,025,000
Total Notes Payable	\$ 5,452	\$ 3,342,084	\$ 3,347,536

Debt service requirements on all loans payable to maturity are shown below.

	Principal	Interest	Total
Year ending June 30:			
2013	\$ 5,452	\$ 166,375	\$ 171,827
2014	5,688	166,375	172,063
2015	5,935	166,375	172,310
2016	1,965	166,375	168,340
2017	-	166,375	166,375
Thereafter	3,328,496	3,431,588	6,760,084
Total Payments	\$ 3,347,536	\$ 4,263,463	\$ 7,610,999

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9- NOTE OBLIGATIONS (CONTINUED)

Business-type activities:

	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
Notes payable to the Greater Arizona Development Authority (GADA) organization for \$10,725,000 dated February 1, 2009 for refinancing of Business Center debt and for other municipal projects. Note requires monthly interest payments with an annual variable interest rate averaging 8% per year. Principal is paid once a year starting on July 2014 until the loan expires on July 2036.	\$ -	\$ 10,725,000	\$ 10,725,000
Notes payable to the USDA for \$430,500 dated July 17, 2008. Note is due in monthly installments of \$1,835 including principal and interest at 4.125% for 480 months.	5,168	405,715	410,883
Notes payable to the USDA for \$450,000 July 17, 2008. Note is due in monthly installments of \$1,917 including principal and interest at 4.125% for 480 months.	<u>5,207</u>	<u>428,612</u>	<u>433,819</u>
Total Notes Payable	<u>\$ 10,375</u>	<u>\$ 11,559,327</u>	<u>\$ 11,569,702</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2013	\$ 10,375	\$ 865,264	\$ 875,639
2014	10,742	864,839	875,581
2015	216,193	1,062,378	1,278,571
2016	231,663	1,062,365	1,294,028
2017	242,153	1,056,477	1,298,630
Thereafter	<u>10,858,576</u>	<u>10,127,059</u>	<u>20,985,635</u>
Total Payments	<u>\$11,569,702</u>	<u>\$15,038,382</u>	<u>\$26,608,084</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 10- CHANGE IN LONG-TERM LIABILITIES

Compensated Absences

The City's policy relating to compensated absences is described in Note 1-L. As shown in the table below, the long-term portion of this debt, amounting to \$456,967 for governmental activities and \$68,035 for business-type activities at June 30, 2012 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the General Fund.

Long-term liability activity for all categories for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 467,198	\$ 288,573	\$ 298,804	\$ 456,967	\$ 404,741
Capital leases payable	305,037	-	171,802	133,235	130,354
Revenue bonds payable	15,051,108	-	282,512	14,768,596	294,203
Revenue bonds premium	241,548	-	8,946	232,602	-
Revenue Bonds / GADA Loans	3,025,000	-	-	3,025,000	-
Note payable	<u>945,481</u>	<u>-</u>	<u>622,945</u>	<u>322,536</u>	<u>5,452</u>
Governmental activities long-term liabilities	<u>\$ 20,035,372</u>	<u>\$ 288,573</u>	<u>\$ 1,385,009</u>	<u>\$ 18,938,936</u>	<u>\$ 834,750</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Compensated absences	\$ 84,030	\$ 133,535	\$ 149,530	\$ 68,035	\$ 60,259
Capital leases payable	173,674	-	119,428	54,246	50,860
Revenue bonds payable	34,298,892	-	442,488	33,856,404	460,797
Revenue bonds premium	266,710	-	9,879	256,831	-
Note payable	854,658	-	9,955	844,703	10,375
Deferred charges	<u>(109,000)</u>	<u>-</u>	<u>(21,800)</u>	<u>(87,200)</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 35,568,964</u>	<u>\$ 133,535</u>	<u>\$ 709,480</u>	<u>\$ 34,993,019</u>	<u>\$ 582,291</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Discretely presented units					
Revenue bonds payable	\$ 45,155,000	\$ -	\$ 815,000	\$ 44,340,000	\$ 1,515,000
Revenue bonds discount	<u>(860,646)</u>	<u>-</u>	<u>(54,046)</u>	<u>(806,600)</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 44,294,354</u>	<u>\$ -</u>	<u>\$ 760,954</u>	<u>\$ 43,533,400</u>	<u>\$ 1,515,000</u>

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012**

NOTE 11- CONTINGENT LIABILITIES

Federal and State grants and loans – The City has received a number of grants from both the Federal and State governments. Although the programs have been audited by the respective agencies, not all audits have been approved as of June 30, 2012; 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.

NOTE 12- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances/Net Assets – At June 30, 2012, the following individual major and non-major governmental fund reported deficits in fund balance or fund net assets.

	Deficit
Enterprise Funds:	
Business Center	\$ 3,931,760
Sanitation	777,503
Discretely Presented Units:	
SLFDC - Detention Facility	4,763,238

The deficits arose because of operations during the year and prior years. Additional revenues are expected to be received in future fiscal years to eliminate the deficits.

NOTE 13- RISK MANAGEMENT

The City of San Luis, Arizona is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

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

The City is insured by Arizona State Workers’ Compensation Insurance Fund for potential worker-related accidents.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14- RETIREMENT PLANS

Arizona State Retirement System

A. Plan Descriptions

All full time employees of the City, except for Public Safety personnel are covered by the Arizona State Retirement System (ASRS), which is a cost-sharing multiple-employer defined benefit plan. Benefits are established by state statute and the plans generally provide retirement, health insurance and long-term disability benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree's average compensation. Long-term disability benefits vary by circumstances, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid at a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and their dependents. The System issues a comprehensive financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910, or by calling (602) 240-2000 or (800) 621-3778.

B. Funding Policy

Covered employees were required by statute to contribute 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of their salaries to the system during fiscal year 2011-2012 and the City was required to match it (9.87 percent, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability). The Arizona Revised Statutes (ARS) provide statutory authority for determining the employees' and employers' contribution amounts as percentage of covered payroll. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona Legislature is able to impose a contribution rate other than the actuarially determined rate. There were 136 participants in the ASRS as of June 30, 2012.

C. Annual Pension Cost

The City's contribution for the current year and two preceding years, all of which were equal to the required contributions, were as follows:

<u>Fiscal Year Ended</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	438,865	34,730	21,602
2011	427,739	28,010	11,868
2012	496,135	31,668	12,064

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Arizona Public Safety Personnel Retirement System (Full-Time Police and Fire Employees)

A. Plan Description

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers full-time sworn police officers and firefighters personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing to Public Safety Personnel Retirement System, 3010 E. Camelback Ave., Suite 200 Phoenix, AZ 85016-4416 or by calling (602) 255-5575.

B. Funding Policy

For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll to the Plan, and the City was required to contribute at the actuarially determined rate of 14.37 percent for police and 11.02 percent for fire. There were 63 participants in the PSPRS as of June 30, 2012.

C. Annual Pension Cost and Net Pension Obligation

	PSPRS	
	Police	Fire
Contribution rates:		
City	14.37%	11.02%
Plan Members	8.65%	8.65%
Contributions Made	\$372,873	\$256,492

The June 30, 2011 annual required contributions for the PSPRS were determined as part of the June 30, 2005 actuarial valuations using the entry-age actuarial cost method. The actuarial assumptions included (a) 8.25 percent investment rate of return and (b) projected salary increases ranging from 5.0 percent to 8.0 percent per year. Both (a) and (b) included an inflation component of 5.0 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 7-year period. The unfunded (excess) actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011, was 25 years.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Arizona Public Safety Personnel Retirement System (Full-Time Police and Fire Employees)

Annual pension cost information as of June 30, 2011 for the last three preceding years for the agent plan follows:

Three-Year Trend Information

Police Plan:

Pension

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 213,475	100.00%	\$ -
2010	224,936	100.00%	-
2011	199,877	100.00%	-

Health

Year Ended June 30,	Annual OPEB)	Percentage Contributed	Net OPEB Obligation
2009	\$ 116,174	- %	\$ -
2010	126,610	- %	-
2011	189,551	- %	-

Fire Plan:

Pension

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 122,794	100.00%	\$ -
2010	114,806	100.00%	-
2011	105,978	100.00%	-

Health

Year Ended June 30,	Annual OPEB)	Percentage Contributed	Net OPEB Obligation
2009	\$ 60,587	- %	\$ -
2010	71,293	- %	-
2011	119,225	- %	-

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Arizona Public Safety Personnel Retirement System (Full-Time Police and Fire Employees)

D. Funded status and funding progress

As of June 30, 2011, the most recent actuarial calculation date, the police plan was 77.3 percent funded and the firefighters plan was 104 percent funded. The actuarial accrued liability for benefits was \$5.3 million and \$2.2 million and the actuarial value of assets was \$4.1 million and \$2.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.2 million and (\$0.87) million respectively. The covered payrolls (annuals of active employees covered by the plans) were \$1.6 million and \$1.2 million, and the ratio of the UAAL to the covered payroll was 73.9 percent and zero percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the Financial Statements, presents multi-year trend information about the fluctuations of value of plan assets over time relative to the actuarial accrued liability for benefits.

Volunteer Firefighters Pension and Relief Fund

Plan Description – The Volunteer Firefighters’ Pension and Relief Fund (“the Fund”) is a discretionary defined benefit plan directly administered by the City. Approximately five (5) volunteer firefighters participate in the Fund. The Fund was established to provide pension benefits for its qualified volunteer firefighters in accordance with Title 9, Chapter VIII, Article 3 of the Arizona Revised Statutes. The Board of Trustees administers the fund. No actuarial valuation of the Fund’s position has been made. Assets of the Fund are invested in an account with the State Treasurer’s Local Government Investment Pool.

A summary of activity and balances in the Firefighter’s Pension Trust for the year ended June 30, 2012 follows:

	Beginning Balance June 30, 2011	Contributions/ Earnings	Benefits Paid	Ending Balance June 30, 2012
Assets				
Cash and equivalents	\$ 31,941	\$ 86	\$ -	\$ 32,027

NOTE 15- RELATED PARTY TRANSACTIONS

The City contracted with a company owned by a City employee for bee removal services. Total payments to the employee during the fiscal year were \$7,480.

NOTE 16- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for special revenue fund projects totaling almost \$650K. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2012. The remaining balance for work not yet complete at the end of the year is estimated at \$620K.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 17- PRIOR PERIOD ADJUSTMENTS

Although the July 1, 2011 government-wide net assets does not differ to the prior year ending balance, the fund balance for the General Fund was restated as a result of reporting separately the activities of the San Luis Community Facilities District (SLCFD) that were being previously included in the General Fund from inception. The adjustment is reflected accordingly in the SLCFD as a non-major fund.

Governmental Funds	
Governmental Activities	Governmental Activities
Net assets June 30, 2011, as previously reported	\$ 45,401,477
Remove activities of SLCFD from the General Fund	(15,000)
Report separately the activities of SLCFD	<u>15,000</u>
Net Assets, June 30, 2011	<u>\$ 45,401,477</u>

NOTE 18- PLEDGED REVENUES

Due to an increase in services caused by a growing population, the City needed to expand its facilities to better serve its citizens. Since the funding for such expansion was not readily available, the City decided to issue the 2005 series Civic Improvement Corporation bonds in the amount of \$40 million. The bonds were issued for a term of 33 years. The proceeds were used to finance its public buildings such as: City Hall, Police and Fire stations as well as infrastructure for Water and Sewer storage capacities. These bonds were funded with pledged revenues payable solely from Excise taxes and the revenues directly or indirectly derived from the operation and use of the water system. Therefore, the City pledged all excise taxes, franchise, privilege and business taxes, State-shared sales and income taxes, fees or licenses and permits.

NOTE 19- SUBSEQUENT EVENTS

The City evaluated subsequent events through November 12, 2012, the date of the audit report. No significant events that would materially impact the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SAN LUIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT RETIREMENT PLAN FUNDING PROGRESS
JUNE 30, 2012**

Police Plan

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percent Funded (1) / (2)	Unfunded AAL (2)(1)	Annual Covered Payroll (3)	Unfunded AAL as a Percent of Covered Payroll
2008	3,077,722	4,007,035	76.8%	929,313	1,767,348	52.6%
2009	3,456,797	4,096,686	84.4%	639,889	1,512,888	42.3%
2010	3,644,443	4,435,443	82.2%	791,000	1,716,107	46.1%
2011	4,057,857	5,251,620	77.3%	1,193,763	1,616,316	73.9%

Fire Plan

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percent Funded (1)/(2)	Unfunded AAL (2)(1)	Annual Covered Payroll (3)	Unfunded AAL as a Percent of Covered Payroll
2008	1,448,527	1,501,521	96.5%	52,994	997,455	5.3%
2009	1,761,576	1,568,346	112.3%	(193,231)	995,811	0.0%
2010	2,051,952	1,788,479	114.7%	(263,473)	1,003,196	0.0%
2011	2,275,495	2,187,634	104.0%	(87,861)	1,221,676	0.0%

Health Insurance

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percent Funded (1)/(2)	Unfunded AAL (2)(1)	Annual Covered Payroll (3)	Unfunded AAL as a Percent of Covered Payroll
2007	0	135,247	0%	135,247	2,710,690	4.99%
2008	0	160,714	0%	160,714	2,764,803	5.81%
2009	0	176,761	0%	176,761	2,508,699	7.05%
2010	0	197,903	0%	197,903	2,719,303	7.28%
2011	0	308,776	0%	308,776	2,837,992	10.9%

**SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS**

Special Revenue Funds

A special revenue fund is established to account for specific revenues, which are legally restricted to expenditure for particular purposes. The special Revenue Funds used by the City are listed below:

Police Grant and Special Revenue Fund

This fund is used to account for the activities of the Police and Fire Departments. The receipts are primarily comprised of intergovernmental revenues generally based upon application to granting agencies by the City and availability of funding by grantors. Grant money may be used only for the purpose of the approved budget and is subject to grantor expenditure guidelines. Primary expenditures are for public safety overtime costs.

Judicial Collection Enhancement Fund

The Judicial collection Enhancement fund is a constitutionally designated fund. Revenues for this fund are derived from jury fees charged in jury cases in accordance with state law.

Assessment District Fund

Revenues from this fund are derived from fees imposed on a selected group of property owners, levy as a secondary property tax for the purpose of reimbursing the City for high costs of Street Light Improvement and maintenance improvements.

San Luis Community Facilities District

This fund was established to account for revenues received from leasing City land to WAAHEC for a walk-in clinic.

Capital Projects Funds

A capital project fund is established to account for the acquisition and construction of major capital facilities other than those financed by Special Revenue Fund and Enterprise Fund resources. A capital project fund enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

Capital Outlay Reserve Fund

This fund accounts for revenues received from outside sources, i.e. and expenditures associated with development impact fees assessed to fund infrastructure and other expenditures for growth-related projects.

Cultural Center Fund

The Cultural Center Fund is established to account for amount used for the purpose of Cultural Development in constructing and maintaining curbs, sidewalks and gutters. The primary sources are comprised of intergovernmental revenues from Federal and State.

**CITY OF SAN LUIS, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

SPECIAL REVENUES

	Police Grants and Special Revenues	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	560	1,926	10,365	-
Due from governmental entities	236,265	-	-	-
Due from other funds	-	669,990	267,940	15,000
Prepaid items	-	-	-	-
Total assets	\$ 236,825	\$ 671,916	\$ 278,305	\$ 15,000
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	4,419	23,300	-	-
Due to other funds	136,139	-	-	-
Total liabilities	140,558	23,300	-	-
Fund balances:				
Unassigned	96,267	648,616	278,305	15,000
Total fund balances	96,267	648,616	278,305	15,000
Total liabilities and fund balances	\$ 236,825	\$ 671,916	\$ 278,305	\$ 15,000

CAPITAL PROJECTS

Capital Outlay Reserve Fund	Cultural Center	Totals
\$ 1,056,997	\$ -	\$ 1,056,997
-	-	12,851
-	3,095	239,360
1,350	-	954,280
-	35,291	35,291
<u>\$ 1,058,347</u>	<u>\$ 38,386</u>	<u>\$ 2,298,779</u>
125,961	-	153,680
-	3,095	139,234
<u>125,961</u>	<u>3,095</u>	<u>292,914</u>
<u>932,386</u>	<u>35,291</u>	<u>2,005,865</u>
<u>932,386</u>	<u>35,291</u>	<u>2,005,865</u>
<u>\$ 1,058,347</u>	<u>\$ 38,386</u>	<u>\$ 2,298,779</u>

CITY OF SAN LUIS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUES			
	Police Grants	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
Revenues:				
Special assessments	\$ -	\$ -	\$ 290,987	\$ -
Intergovernmental	1,033,122	6,006	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	191,089	-	-
Interest Revenues	-	-	-	-
Other	-	-	-	2,500
Total revenues	1,033,122	197,095	290,987	2,500
Expenditures:				
Current				
General government	-	116,960	-	-
Public safety	1,002,344	-	-	-
Public works and streets	-	-	49,978	-
Culture and recreation	-	-	241,009	-
Community development	-	-	-	-
Capital outlay	31,184	278,280	-	-
Total expenditures	1,033,528	395,240	290,987	-
Excess (deficiency) of revenues over expenditures	(406)	(198,145)	-	2,500
Other financing sources (uses):				
Transfers in	13,609	-	-	-
Transfers out	-	(13,609)	-	-
Total other financing sources (uses)	13,609	(13,609)	-	-
Change in fund balances	13,203	(211,754)	-	2,500
Fund balances - beginning	83,064	860,370	278,305	-
Prior Period Adjustment	-	-	-	12,500
Fund balances - beginning as restated	83,064	860,370	278,305	12,500
Fund balances - ending	\$ 96,267	\$ 648,616	\$ 278,305	\$ 15,000

CAPITAL PROJECTS

<u>Capital Outlay Reserve Fund</u>	<u>Cultural Center</u>	<u>Totals</u>
\$ -	\$ -	\$ 290,987
-	6,208	1,045,336
116,406	-	116,406
-	-	191,089
2,233	-	2,233
-	-	2,500
<u>118,639</u>	<u>6,208</u>	<u>1,648,551</u>
5,200	-	122,160
-	-	1,002,344
-	-	49,978
-	-	241,009
-	1,176	1,176
<u>235,670</u>	<u>5,032</u>	<u>550,166</u>
<u>240,870</u>	<u>6,208</u>	<u>1,966,833</u>
<u>(122,231)</u>	<u>-</u>	<u>(318,282)</u>
-	35,291	48,900
-	-	(13,609)
-	35,291	35,291
<u>(122,231)</u>	<u>35,291</u>	<u>(282,991)</u>
1,054,617	-	2,276,356
-	-	12,500
<u>1,054,617</u>	<u>-</u>	<u>2,288,856</u>
<u>\$ 932,386</u>	<u>\$ 35,291</u>	<u>\$ 2,005,865</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL PROJECT BOND FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 616	\$ 616
Total revenues	<u>-</u>	<u>-</u>	<u>616</u>	<u>616</u>
Expenditures:				
Current				
Community development	-	-	2,990	2,990
Debt service				
Interest and fiscal changes	870,000	870,000	864,349	(5,651)
Principal retirement	283,000	283,000	282,513	(487)
Total expenditures	<u>1,153,000</u>	<u>1,153,000</u>	<u>1,149,852</u>	<u>(3,148)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,153,000)</u>	<u>(1,153,000)</u>	<u>(1,149,236)</u>	<u>3,764</u>
Other financing sources (uses):				
Transfers in	1,149,300	1,149,300	1,149,237	(63)
Total other financing sources (uses)	<u>1,149,300</u>	<u>1,149,300</u>	<u>1,149,237</u>	<u>(63)</u>
Change in fund balances	(3,700)	(3,700)	1	3,701
Fund balances - beginning	<u>1,256,618</u>	<u>1,256,618</u>	<u>1,256,618</u>	<u>-</u>
Fund Balances - ending	<u>\$ 1,252,918</u>	<u>\$ 1,252,918</u>	<u>\$ 1,256,619</u>	<u>\$ 3,701</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
POLICE GRANTS
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,189,770	\$ 1,189,770	\$ 1,033,122	\$ (156,648)
Total revenues	<u>1,189,770</u>	<u>1,189,770</u>	<u>1,033,122</u>	<u>(156,648)</u>
Expenditures:				
Current				
Public safety	1,059,770	1,127,710	1,002,344	(125,366)
Capital outlay	130,000	130,000	31,184	(98,816)
Total expenditures	<u>1,189,770</u>	<u>1,257,710</u>	<u>1,033,528</u>	<u>(224,182)</u>
Excess (deficiency) of revenues over expenditures	-	(67,940)	(406)	67,534
Other financing sources (uses):				
Transfers in	-	16,980	13,609	(3,371)
Total other financing sources (uses)	<u>-</u>	<u>16,980</u>	<u>13,609</u>	<u>(3,371)</u>
Change in fund balances	-	(50,960)	13,203	64,163
Fund balances - beginning	<u>83,064</u>	<u>83,064</u>	<u>83,064</u>	<u>-</u>
Fund Balances - ending	<u>\$ 83,064</u>	<u>\$ 32,104</u>	<u>\$ 96,267</u>	<u>\$ 64,163</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUDICIAL COLLECTION ENHANCEMENT
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 6,006	\$ 6,006
Fines and Forfeitures	131,500	192,000	191,089	(911)
TOTAL REVENUES	<u>131,500</u>	<u>192,000</u>	<u>197,095</u>	<u>5,095</u>
Expenditures:				
Current				
General Government	142,390	143,160	116,960	(26,200)
Capital Outlay	136,190	267,230	278,280	11,050
Total Expenditures	<u>278,580</u>	<u>410,390</u>	<u>395,240</u>	<u>(15,150)</u>
Excess (deficiency) of revenues over expenditures	<u>(147,080)</u>	<u>(218,390)</u>	<u>(198,145)</u>	<u>20,245</u>
Other financing sources (uses):				
Transfers out	-	(16,980)	(13,609)	3,371
Total other financing sources (uses)	<u>-</u>	<u>(16,980)</u>	<u>(13,609)</u>	<u>3,371</u>
Change in fund balances	(147,080)	(235,370)	(211,754)	23,616
Fund balances - beginning	<u>860,370</u>	<u>860,370</u>	<u>860,370</u>	<u>-</u>
Fund Balances - ending	<u><u>\$ 713,290</u></u>	<u><u>\$ 625,000</u></u>	<u><u>\$ 648,616</u></u>	<u><u>\$ 23,616</u></u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ASSESSMENT DISTRICTS
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 313,120	\$ 313,120	\$ 290,987	\$ (22,133)
Total revenues	<u>313,120</u>	<u>313,120</u>	<u>290,987</u>	<u>(22,133)</u>
Expenditures:				
Current				
Public safety	53,779	53,779	49,978	(3,801)
Culture and recreation	<u>259,341</u>	<u>259,341</u>	<u>241,009</u>	<u>(18,332)</u>
Total expenditures	<u>313,120</u>	<u>313,120</u>	<u>290,987</u>	<u>(22,133)</u>
Change in fund balances	-	-	-	-
Fund balances - beginning	<u>278,305</u>	<u>278,305</u>	<u>278,305</u>	-
Fund Balances - ending	<u>\$ 278,305</u>	<u>\$ 278,305</u>	<u>\$ 278,305</u>	<u>\$ -</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL OUTLAY RESERVE FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 101,800	\$ 101,800	\$ 116,406	\$ 14,606
Investment earnings	-	-	2,233	2,233
Total revenues	<u>101,800</u>	<u>101,800</u>	<u>118,639</u>	<u>16,839</u>
Expenditures:				
Current				
General government	-	-	5,200	5,200
Capital Outlay	<u>219,000</u>	<u>280,370</u>	<u>235,670</u>	<u>(44,700)</u>
Total expenditures	<u>219,000</u>	<u>280,370</u>	<u>240,870</u>	<u>(39,500)</u>
Change in fund balances	(117,200)	(178,570)	(122,231)	56,339
Fund balances - beginning	<u>1,054,617</u>	<u>1,054,617</u>	<u>1,054,617</u>	<u>-</u>
Fund Balances - ending	<u>\$ 937,417</u>	<u>\$ 876,047</u>	<u>\$ 932,386</u>	<u>\$ 56,339</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CULTURAL CENTER
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,158,340	\$ 1,158,340	\$ 6,208	\$ (1,152,132)
Total Revenue	<u>1,158,340</u>	<u>1,158,340</u>	<u>6,208</u>	<u>(1,152,132)</u>
Expenditures:				
Current				
Community Development	-	1,180	1,176	(4)
Capital Outlay	<u>1,158,340</u>	<u>1,157,160</u>	<u>5,032</u>	<u>(1,152,128)</u>
Total Expenditures	<u>1,158,340</u>	<u>1,158,340</u>	<u>6,208</u>	<u>(1,152,132)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>55,340</u>	<u>55,340</u>	<u>35,291</u>	<u>(20,049)</u>
Total other financing sources (uses)	<u>55,340</u>	<u>55,340</u>	<u>35,291</u>	<u>(20,049)</u>
Change in fund balances	55,340	55,340	35,291	(20,049)
Fund balances - beginning	<u>83,064</u>	<u>83,064</u>	<u>-</u>	<u>(83,064)</u>
Fund Balances - ending	<u>\$ 138,404</u>	<u>\$ 138,404</u>	<u>\$ 35,291</u>	<u>\$ (103,113)</u>

STATISTICAL SECTION

CITY OF SAN LUIS, ARIZONA
Statistical Section

This part of the City of San Luis, Arizona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<i>Contents</i>	<i>Page</i>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	61
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source.	66
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	72
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	76
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	79

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$33,670,959	\$33,676,211	\$33,561,001	\$20,863,383	\$22,096,036	\$17,025,677	\$20,391,123	\$20,663,152	\$15,413,305	\$8,464,054
Restricted	1,775,967	1,671,594	1,427,157	4,592,820	4,605,445	10,865,480	4,556,181	-	-	130,402
Unrestricted	9,812,934	10,053,672	9,610,455	12,608,868	6,428,171	(3,115,598)	745,087	3,363,416	2,660,857	1,813,048
Total Primary Government Net Assets	\$45,259,860	\$45,401,477	\$44,598,613	\$38,065,071	\$33,129,652	\$24,775,559	\$25,692,391	\$24,026,568	\$18,074,162	\$10,407,504
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$10,549,845	\$11,335,286	\$12,641,773	\$17,754,682	\$14,094,461	\$9,535,191	\$11,232,106	\$10,726,802	\$8,124,475	\$9,948,219
Restricted	3,872,154	3,741,669	3,785,623	2,645,628	2,183,356	1,547,955	1,547,955	226,160	1,090,777	41,728
Unrestricted	1,908,868	2,045,658	2,509,079	2,506,053	2,947,426	3,884,099	2,245,612	1,973,607	982,640	(1,835,671)
Total Primary Government Net Assets	\$16,330,867	\$17,122,613	\$18,936,475	\$22,906,363	\$19,225,243	\$14,967,245	\$15,025,673	\$12,926,569	\$10,197,892	\$8,154,276
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$44,220,804	\$45,011,497	\$46,202,774	\$38,618,065	\$36,190,497	\$26,560,868	\$31,623,229	\$31,389,954	\$23,537,780	\$18,412,273
Restricted	5,648,121	5,413,263	5,212,780	7,238,448	6,788,801	12,413,435	6,104,136	226,160	1,090,777	172,130
Unrestricted	11,721,802	12,099,330	12,119,534	15,114,921	9,375,597	768,501	2,990,699	5,337,023	3,643,497	(22,623)
Total Primary Government Net Assets	\$61,590,727	\$62,524,090	\$63,535,088	\$60,971,434	\$52,354,895	\$39,742,804	\$40,718,064	\$36,953,137	\$28,272,054	\$18,561,780

Source: Statement of Net Assets
 City financial records and reports

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
General Government	\$4,703,849	\$4,096,333	\$4,250,328	\$5,631,037	\$5,640,433	\$2,535,787	\$2,520,296	\$1,388,250	\$1,608,279	\$1,395,723
Public Safety	6,399,600	6,086,718	6,054,459	12,326,527	9,233,750	6,394,239	5,924,750	4,451,774	3,936,286	3,549,264
Health and Welfare	197,462	213,814	235,594	329,290	545,081	620,257	297,916	291,955	279,799	243,366
Culture and Recreation	1,949,400	1,855,966	2,192,471	2,180,227	2,314,793	1,740,916	1,176,851	877,297	822,843	666,881
Community Development	585,843	698,776	751,305	2,158,457	718,941	800,806	148,806	4,951	155,004	180,747
Public Works & Streets	2,121,419	2,270,980	2,552,573	2,899,630	2,678,498	2,314,026	1,896,622	1,999,728	1,676,159	183,626
Interest on Long-Term Debt	912,848	970,092	989,460	3,480,809	3,234,265	3,012,814	1,957,994	14,295	27,378	-
Total Governmental activities expenses	\$16,870,421	\$16,192,679	\$17,026,190	\$28,805,977	\$24,365,761	\$17,418,845	\$13,923,235	\$9,028,250	\$8,505,748	\$6,219,607
Business-type activities										
Water	\$2,578,057	\$2,642,458	\$2,799,088	\$2,847,656	\$2,587,707	\$2,367,415	\$1,661,098	\$1,179,853	\$1,074,019	\$756,335
Wastewater	2,715,388	2,544,486	2,721,154	2,644,682	2,551,794	1,564,941	1,474,714	1,302,412	942,428	624,611
Business Center	1,357,589	1,390,561	1,450,087	-	-	-	-	-	-	-
Sanitation	1,060,828	1,008,757	1,206,998	1,177,957	1,189,520	1,237,948	909,711	745,857	693,231	705,483
Industrial Park	-	-	-	78,097	78,097	132,065	117,716	41,645	127,447	16,967
Total business-type activities expenses	\$7,711,862	\$7,586,262	\$8,177,327	\$6,870,295	\$6,407,118	\$5,302,369	\$4,163,239	\$3,269,767	\$2,837,125	\$2,103,396
Total Primary Government expenses	\$24,582,283	\$23,778,941	\$25,203,517	\$35,476,272	\$30,772,879	\$22,721,214	\$18,086,474	\$12,298,017	\$11,342,873	\$8,323,003
Program revenues										
Governmental activities										
Charges for services	2,348,807	1,849,704	1,578,963	1,574,253	1,930,027	1,784,277	1,365,287	1,052,587	1,152,707	835,380
Operating Grants and Contributions	2,601,626	2,715,700	2,251,704	2,471,619	2,875,139	2,625,838	1,084,459	499,777	435,270	1,989,789
Capital Grants and Contributions	122,614	1,314,549	547,555	6,312,084	9,693,641	421,405	2,290,980	798,070	801,981	240,840
Total Governmental activities program revenues	5,073,047	5,879,953	4,378,222	10,357,956	14,498,807	4,831,520	4,740,726	2,350,434	2,389,958	3,066,009
Business Type activities										
Charges for services	6,545,651	5,762,207	5,642,003	5,319,475	5,128,639	4,460,123	3,951,221	3,780,708	2,994,311	2,098,433
Operating Grants and Contributions	361,918	-	-	30,000	22,400	76,360	-	-	-	-
Capital Grants and Contributions	-	-	-	2,512,240	5,707,191	10,865	2,061,206	-	1,896,083	-
Total business-type activities program revenues	6,907,569	5,762,207	5,642,003	7,861,715	10,858,230	4,547,348	6,012,427	3,780,708	4,890,394	2,098,433
Total primary government program revenues	11,980,616	11,642,160	10,020,225	18,219,671	25,357,037	9,378,868	10,753,153	6,131,142	7,280,352	5,164,442
Net (Expense)/Revenue	(11,797,374)	(10,312,726)	(12,647,988)	(18,448,021)	(9,866,954)	(12,587,325)	(9,182,509)	(6,677,816)	(6,115,790)	(3,153,598)
Governmental Activities:	(804,293)	(1,824,055)	(2,535,324)	1,191,420	4,451,112	(755,021)	1,849,188	510,941	2,053,269	(4,963)
Business Type activities	(12,601,667)	(12,136,781)	(15,183,292)	(17,256,601)	(5,415,842)	(13,342,346)	(7,333,321)	(6,166,875)	(4,062,521)	(3,158,561)

Source: City financial records and reports

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in net Assets										
Taxes										
Sales and use taxes	\$6,073,811	\$5,659,566	\$7,498,691	\$7,125,840	\$4,621,222	\$3,901,795	\$3,896,708	\$2,914,039	\$2,345,057	\$2,152,034
Franchise taxes	397,532	381,836	351,505	346,429	337,757	269,360	189,364	160,181	156,651	162,728
Other taxes	95,172	32,715	76,342	12,347	34,274	186,530	349,613	-	-	-
State shared Revenues	4,997,430	4,840,064	5,491,122	6,126,141	6,239,750	5,680,860	4,923,909	4,900,707	4,499,375	3,188,424
Investment Earnings	12,341	12,032	10,072	13,748	240,139	694,606	329,383	57,865	31,536	26,847
Miscellaneous	79,471	189,377	41,593	222,292	-	568,107	271,111	120,119	80,593	13,067
Transfer in (out)			(169,525)	-	-	-	-	-	-	-
Total governmental activities	\$11,655,757	\$11,115,590	\$13,299,800	\$13,846,797	\$11,473,142	\$11,301,258	\$9,960,088	\$8,152,911	\$7,113,212	\$5,543,100
Business-type activities										
Investment Earnings	\$10,130	\$10,194	\$17,994	\$32,580	\$191,587	\$813,066	\$247,218	\$31,094	\$26,909	\$16,972
Miscellaneous	\$2,417	-	-	-	-	-	46,208	24,953	22,027	-
Transfer in (out)			169,525	-	-	-	-	-	-	-
Total Business Type activities	\$12,547	\$10,194	\$187,519	\$32,580	\$191,587	\$813,066	\$293,426	\$56,047	\$48,936	\$16,972
Total primary government	\$11,668,304	\$11,125,784	\$13,487,319	\$13,879,377	\$11,664,729	\$12,114,324	\$10,253,514	\$8,208,958	\$7,162,148	\$5,560,072
Change in net assets										
Governmental Activities	(\$141,617)	\$802,864	\$2,987,074	\$1,198,830	\$1,621,597	\$7,305,687	(\$2,278,048)	(\$1,029,598)	\$435,396	(\$409,963)
Business Type activities	(791,746)	(1,813,861)	(1,636,536)	(3,132,012)	3,849,700	4,894,913	(576,960)	1,905,235	559,877	2,070,241
Total Primary Government	(\$933,363)	(\$1,010,997)	\$1,350,538	(\$1,933,182)	\$5,471,297	\$12,200,600	(\$2,855,008)	\$875,637	\$995,273	\$1,660,278

Source: City financial records and reports

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$211,131	\$1,218,352	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Committed	106,250	-	-	-	-	-	-	-	-	-
Unassigned	5,599,699	5,314,536	-	-	-	-	-	-	-	-
Total General Fund	\$5,917,080	\$6,532,888	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All other governmental funds										
Nonspendable	\$65,677	\$31,625	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Restricted	488,962	383,351	-	-	-	-	-	-	-	-
Assigned	3,227,193	3,532,974	-	-	-	-	-	-	-	-
Total all other governmental funds	\$3,781,832	\$3,947,950	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Fund										
Unreserved	-	-	6,244,397	3,554,287	823,410	748,003	1,872,500	2,143,403	1,347,280	1,369,212
Total General Fund	\$0	\$0	\$6,244,397	\$3,554,287	\$823,410	\$748,003	\$1,872,500	\$2,143,403	\$1,347,280	\$1,369,212
All other governmental funds										
Reserved	- \$	- \$	\$1,320,251	\$4,426,742	\$3,441,745	\$7,779,313	\$1,010,649	- \$	- \$	\$130,402
Unreserved, reported in:										
Undesignated	-	-	43,273	1,581,519	667,614	744,443	12,428,076	438,472	669,301	-
Special revenue funds	-	-	1,163,015	1,057,942	980,483	690,345	452,796	397,758	341,486	318,741
Capital projects funds	-	-	946,543	1,555,997	50	(114,244)	1,187,116	639,207	446,460	125,095
Total all other governmental funds	\$0	\$0	\$3,473,082	\$8,622,200	\$5,089,892	\$9,099,857	\$15,078,637	\$1,475,437	\$1,457,247	\$574,238

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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Taxes	\$6,566,515	\$6,074,117	\$7,926,538	\$7,484,617	\$4,993,254	\$4,357,685	\$4,435,261	\$3,074,220	\$2,501,708	\$2,314,761
Special Assessments	290,987	267,579	156,102	169,935	341,947	153,609	72,399	80,703	62,371	16,618
Licenses and permits	349,777	355,759	393,365	458,802	555,409	673,105	1,338,032	582,685	908,744	533,320
Interest earnings	11,437	12,032	10,072	13749	166,878	694,607	329,383	57,883	32,045	26,882
Fines and forfeits	523,053	491,230	553,262	549,231	592,197	445,553	362,062	346,200	276,681	277,118
Intergovernmental	7,605,264	8,763,843	7,846,596	9,191,793	9,134,943	8,708,833	6,667,206	5,914,749	5,509,876	5,530,254
Charges for user services	160,919	151,474	304,930	358,428	514,023	640,635	-	-	-	18,940
Rents	659,222	712,121	384,118	358,520	240,935	22,498	-	-	-	-
Others	140,909	167,388	103,039	230,842	210,196	99,902	346,337	351,615	211,744	53,943
Total revenues	\$16,308,083	\$16,995,543	\$17,678,022	\$18,815,917	\$16,749,781	\$15,796,427	\$13,550,680	\$10,408,055	\$9,503,170	\$8,771,836
Expenditures:										
General government	\$4,032,759	\$3,636,045	\$3,775,913	\$3,889,489	\$3,826,844	\$2,729,881	\$2,327,863	\$1,246,052	\$1,460,237	\$1,395,723
Public safety	6,089,036	5,695,080	5,701,487	5,562,706	5,561,179	5,463,125	5,604,614	4,255,975	3,767,547	3,713,992
Public works	1,238,738	1,403,846	1,679,798	1,867,333	2,100,147	1,800,433	1,927,219	1,542,353	1,330,477	1,166,460
Community, recreational, and cultural	2,198,001	2,239,756	2,648,083	3,339,382	2,624,039	2,044,387	1,224,022	806,223	928,080	864,245
Health and welfare	165,387	187,211	201,555	288,465	512,345	586,007	268,325	264,484	254,001	243,366
Capital outlay	921,671	1,649,441	1,289,406	2,058,853	6,854,982	9,617,830	3,631,564	1,694,147	791,852	971,918
Debt service/authorities:										
Interest	880,623	928,920	948,289	839,906	791,882	786,950	606,964	14,295	27,378	34,907
Principal	477,261	492,044	542,425	408,910	319,375	481,962	234,843	89,200	123,357	126,785
Bond issue costs	-	-	-	-	-	-	1,319,899	-	-	-
Total expenditures	\$16,003,476	\$16,232,343	\$16,786,956	\$18,255,044	\$22,590,793	\$23,510,575	\$17,145,313	\$9,912,729	\$8,682,929	\$8,517,396
Excess (Deficiency) of Revenues Over Expenditures	\$304,607	\$763,200	\$891,066	\$560,873	(\$5,841,012)	(\$7,714,148)	(\$3,594,633)	\$495,326	\$820,241	\$254,440
OTHER FINANCING SOURCES (USES)										
Premium on debt issued	-	-	-	-	-	-	286,279	-	-	-
Debt issued	-	-	-	-	-	-	15,586,908	-	-	-
Notes Issued	-	-	-	3,025,000	375,628	40,000	10,000	-	-	-
capital leases	-	-	-	-	1,115,798	9,871	1,043,680	436,386	50,876	-
Transfer from Other Funds	1,198,137	1,153,242	18,537	43,605	612,201	161,193	-	-	349,873	-
Transfer to Other Funds	(2,284,670)	(1,153,242)	(188,062)	(43,605)	(612,201)	(161,193)	-	-	(359,914)	(4,857)
Total other financing sources (Uses)	(1,086,533)	0	(169,525)	3,025,000	1,491,426	49,871	16,926,867	436,386	40,835	(4,857)
NET CHANGE IN FUND BALANCES	(781,926)	763,200	721,541	3,585,873	(4,349,586)	(7,664,277)	13,332,234	931,712	861,076	249,583
Debt Services as a percentage of noncapital expenditures	9.89%	10.80%	10.64%	8.35%	7.60%	10.05%	7.42%	1.28%	1.95%	2.19%

Source: City financial records and reports

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

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Charges for service									
General Government	\$1,002,249	\$531,031	\$587,365	\$648,751	\$713,179	\$604,973	\$998,456	\$662,687	\$776,411
Public Safety	677,226	686,632	356,262	363,882	216,217	61,832	329,719	349,825	276,681
Health and Welfare	-	-	-	-	-	4,640	-	-	-
Culture and Recreation	284,797	264,622	176,077	66,070	74,558	47,877	37,112	40,075	40,050
Community Development	334,557	318,051	407,927	395,856	584,126	911,345	-	-	59,565
Public Works & Streets	49,978	49,368	33,432	169,935	341,947	153,609	-	-	-
Operating grants and contributions	2,601,626	2,715,700	2,269,604	2,471,619	2,875,139	2,625,839	1,084,459	499,777	435,270
Capital grants and contributions	122,614	1,314,549	547,555	6,241,843	9,693,641	421,405	2,290,980	798,070	801,981
Total governmental activities program revenues	\$5,073,047	\$5,879,953	\$4,378,222	\$10,357,956	\$14,498,807	\$4,831,520	\$4,740,726	\$2,350,434	\$2,389,958
Business-type activities									
Charges for service									
Water	\$2,884,311	\$2,547,790	\$2,409,843	\$2,253,608	\$2,167,833	\$1,963,730	\$1,720,861	\$1,391,744	\$1,393,894
Wastewater	1,975,447	1,537,835	1,456,616	1,354,541	1,244,636	1,309,580	1,172,275	1,516,730	976,037
Business Center	629,265	629,265	629,268	618,777	629,265	115,365	-	-	-
Sanitation	1,056,628	1,047,317	1,146,276	1,092,549	1,059,287	983,383	978,123	792,152	558,178
Industrial Park	-	-	-	-	27,618	88,065	79,962	80,082	66,202
Operating grants and contributions	-	-	-	30,000	22,400	76,360	-	-	-
Capital grants and contributions	361,918	-	-	2,512,240	5,707,191	10,865	2,061,206	-	1,896,083
Total Business Type activities program revenues	\$6,907,569	\$5,762,207	\$5,642,003	\$7,861,715	\$10,858,230	\$4,547,348	\$6,012,427	\$3,780,708	\$4,890,394
Total primary government program revenues	\$11,980,616	\$11,642,160	\$10,020,225	\$18,219,671	\$25,357,037	\$9,378,868	\$10,753,153	\$6,131,142	\$7,280,352

Note: Data is not available prior to FY2004

Source: City financial records and reports

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
General Government	\$1,029,723	\$54,389	\$640,571	\$722,004	\$719,519	\$608,191	\$1,599,795	\$1,028,777	\$776,411	\$894,426
Public Safety	1,746,600	1,746,918	910,540	9,589,253	779,629	403,758	702,471	748,064	614,623	486,908
Health and Welfare	-	-	-	-	-	8,420	-	-	-	-
Culture and Recreation	343,483	320,814	198,810	273,942	108,843	178,001	643,614	40,075	458,631	36,026
Community Development	334,557	1,529,630	527,822	1,025,956	693,867	960,408	-	-	59,565	4,257
Public Works & Streets	1,618,684	1,728,202	2,100,479	7,343,275	2,553,786	2,672,742	1,794,846	533,518	480,728	1,644,392
Unallocated General Revenues	11,655,757	11,115,590	13,299,800	13,846,798	11,473,143	11,301,258	9,960,088	8,152,911	7,113,212	5,543,100
Total Governmental Activities	\$16,728,804	\$16,995,543	\$17,678,022	\$32,801,228	\$16,328,787	\$16,132,778	\$14,700,814	\$10,503,345	\$9,503,170	\$8,609,109
Business-type activities										
Water	\$2,884,311	\$2,547,790	\$2,409,843	\$2,472,311	\$2,167,833	\$2,027,490	\$3,190,423	\$1,391,744	\$1,442,838	\$1,011,259
Wastewater	1,975,447	1,537,835	1,456,616	1,092,549	1,244,636	1,322,180	1,763,919	1,516,730	976,037	597,734
Business Center	629,265	629,265	-	-	-	-	-	-	-	-
Sanitation	1,056,628	1,047,317	1,146,276	1,553,236	1,081,687	983,383	978,123	792,152	558,178	489,440
Industrial Park	-	-	169,525	-	27,618	98,930	79,962	80,082	66,202	78,255
Unallocated General Revenues	12,547	10,194	187,519	32,580	191,587	813,066	293,426	56,047	48,936	16,972
Total Business Type Activities	\$6,558,198	\$5,772,401	\$5,369,779	\$5,150,676	\$4,713,361	\$5,245,049	\$6,305,853	\$3,836,755	\$3,092,191	\$2,193,660

Notes:

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
City Sales Tax	\$6,073,811	\$5,659,566	\$7,498,691	\$7,125,840	\$4,621,222	\$3,901,795	\$3,896,708	\$2,914,039	\$2,345,057	\$2,152,034
Franchise Tax	397,532	381,836	351,505	346,429	337,757	269,360	189,364	160,181	156,651	162,728
Special Districts*	290,987	267,579	156,102	169,935	341,947	153,609	72,399	80,703	62,371	16,618
Others	95,172	32,715	76,342	12,347	34,274	170,120	349,613	-	-	-
Total tax revenues	\$6,857,502	\$6,341,696	\$8,082,639	\$7,654,551	\$5,335,201	\$4,494,884	\$4,508,084	\$3,154,922	\$2,564,079	\$2,331,379

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
State Shared Sales Tax	\$1,992,968	\$1,771,253	\$1,682,728	\$1,824,384	\$2,107,358	\$2,179,431	\$1,678,573	\$1,419,435	\$1,289,043	\$1,198,300
Urban Revenue Sharing	2,152,641	2,231,840	2,960,504	3,417,109	3,226,939	2,603,373	1,604,204	1,408,514	1,383,813	1,609,983
Highway Users	1,562,498	1,678,834	1,700,626	1,804,058	2,093,904	2,098,587	1,492,855	1,627,818	1,420,376	1,332,864
Auto-in-lieu	851,821	836,971	847,890	884,648	905,453	898,056	687,255	605,121	562,794	542,870
Local Transportation Aid	-	-	35,312	104,499	108,840	109,993	105,205	101,538	97,328	93,307
Federal	1,004,693	2,177,538	565,787	1,152,596	679,861	819,393	1,099,113	747,876	738,482	727,861
Others	40,643	67,407	53,749	4,499	12,588	-	-	4,448	18,041	25,070
Total tax revenues	\$7,605,264	\$8,763,843	\$7,846,596	\$9,191,793	\$9,134,943	\$8,708,833	\$6,667,206	\$5,914,749	\$5,509,876	\$5,530,254

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 SEVEN FISCAL YEARS**

	Fiscal Year						
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Retail Sales	\$3,046,645	\$2,901,155	\$2,813,146	\$3,069,240	\$1,846,807	\$1,396,322	\$1,459,863
Contracting	1,574,491	1,413,388	3,354,443	2,776,939	1,815,150	1,635,271	1,651,766
Rentals	\$280,163	244,048	274,975	301,065	197,161	150,024	147,024
Communications/Utilities	\$624,166	570,915	584,850	560,704	402,304	357,975	326,738
Restaurant/Bar	\$342,810	309,338	294,048	249,331	235,140	206,264	208,974
Use	\$131,100	83,071	110,978	58,856	45,286	42,343	59,446
Other	\$74,436	137,650	66,250	109,705	79,374	113,595	42,897
	\$6,073,811	\$5,659,566	\$7,498,691	\$7,125,840	\$4,621,222	\$3,901,795	\$3,896,708

% Growth by year							
Retail Sales	5.0%	3.1%	-8.3%	66.2%	32.3%	-4.4%	49.9%
Contracting	11.4%	-57.9%	20.8%	53.0%	11.0%	-1.0%	22.9%
Rentals	14.8%	-11.2%	-8.7%	52.7%	31.4%	2.0%	27.0%
Utilities	9.3%	-2.4%	4.3%	39.4%	12.4%	9.6%	50.2%
Restaurant/Bar	10.8%	5.2%	17.9%	6.0%	14.0%	-1.3%	27.7%
Use	57.8%	-25.1%	88.6%	30.0%	7.0%	-28.8%	37.9%
Other	-45.9%	107.8%	-39.6%	38.2%	-30.1%	164.8%	-23.7%
	63.3%	19.5%	75.0%	285.5%	77.9%	141.0%	191.9%

Note: Includes governmental fund types
Information is unavailable prior to FY05 due to limits of tax software.

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

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

	2012				2005			
	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	464	27.50%	\$3,046,645	50.16%	260	30.84%	\$974,168	33.43%
Contracting	616	36.51%	1,574,491	25.92%	268	31.79%	1,343,611	46.11%
Rentals	128	7.59%	280,163	4.61%	99	11.74%	115,779	3.97%
Communications/Utilities	60	3.56%	624,166	10.28%	50	5.93%	217,532	7.46%
Restaurant/Bar Use	41	2.43%	342,810	5.64%	22	2.61%	163,583	5.61%
Other	183	10.85%	131,100	2.16%	63	7.47%	43,122	1.48%
	1,687	100.00%	\$6,073,811	100.00%	843	100.00%	\$2,914,039	100.00%

Note: Includes governmental fund types
Information is unavailable prior to FY05 due to limits of tax software.

Source: AZ Department of Revenues
City financial Records and reports

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Municipal Bonds	Notes Payable	Capital Leases	Municipal Bonds/Loans	Notes Payable	Capital Leases			
2012	\$15,001,198	\$3,347,536	\$133,235	\$34,113,235	\$854,658	\$54,246	\$53,504,108	7.65%	2,058
2011	15,292,656	3,970,481	305,037	34,565,602	866,495	173,673	54,653,849	6.40%	2,102
2010	15,574,373	3,992,005	582,176	24,277,708	864,211	350,649	55,839,041	6.06%	2,148
2009	15,846,348	4,013,134	945,566	24,699,558	866,495	524,699	57,074,895	6.25%	2,238
2008	15,855,295	1,009,406	1,507,405	24,709,436	-	432,321	50,449,133	6.05%	1,964
2007	15,864,241	43,087	1,379,787	24,719,314	-	518,948	47,441,822	7.47%	1,924
2006	15,873,187	8,059	1,375,100	24,729,192	-	705,780	42,088,939	7.15%	1,777
2005	-	194,000	665,346	-	-	208,524	8,239,323	1.53%	369
2004	-	283,200	377,680	-	-	255,780	8,471,575	1.76%	394
2003	-	367,500	430,903	-	-	336,010	7,583,165	1.73%	376
2002	-	447,200	511,229	-	-	410,723	4,958,758	1.23%	263

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 - CIVIC IMPROVEMENT CORPORATION
GOVERNMENTAL PORTION
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Pledged revenues (1)	11,781,918	11,341,493	\$12,882,852	\$13,168,416	\$10,790,053	\$9,624,486	\$7,885,545
Debt service requirements (2)							
Principal	\$282,513	\$272,771	\$263,029	-	-	-	-
Interest	703,624	714,730	725,117	730,049	730,049	730,049	511,034
Total Annual Requirements	\$986,137	\$987,501	\$988,146	\$730,049	\$730,049	\$730,049	\$511,034
Estimated Coverage	11.95	11.49	13.04	18.04	14.78	13.18	15.43

Note:

Civic Improvement Corporation (CIC) Bonds issued by the City of San Luis in 2005

(1) Pledged revenues on the Civic Improvement Corporation (CIC) 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.

(2) Debt service requirements reflect the governmental portion of outstanding CIC issues. Water and Wastewater allocations of CIC issues are excluded. Those portions are serviced by the Water Utility, Wastewater Utility funds.

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

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

	Fiscal Year						
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Gross Revenues	\$4,869,271	\$4,095,810	\$3,866,459	\$4,025,548	\$3,412,469	\$3,273,310	\$2,915,084
Operating Expenses	4,042,114	3,954,072	3,061,620	3,222,085	3,069,232	3,052,599	2,368,587
Net Revenues available	<u>\$827,157</u>	<u>\$141,738</u>	<u>\$804,839</u>	<u>\$803,463</u>	<u>\$343,237</u>	<u>\$220,711</u>	<u>\$546,497</u>
Debt Service Requirements							
Principal	\$442,487	\$427,229	\$411,971	-\$	-\$	-\$	-\$
Interest	1,102,056	1,119,450	1,135,719	1,143,444	1,143,444	1,143,444	800,411
Total bond Expense	<u>\$1,544,543</u>	<u>\$1,546,679</u>	<u>\$1,547,690</u>	<u>\$1,143,444</u>	<u>\$1,143,444</u>	<u>\$1,143,444</u>	<u>\$800,411</u>
Ratio of Total Revenue/Bond Expense	0.536	0.092	0.520	0.703	0.300	0.193	0.683

Note: Civic Improvement Corporation (CIC) Bonds issued by the City of San Luis in October of 2005

(1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.

(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds less depreciation and amortization.

(3) Includes principal for Water and Sewer Revenue bonds, Water Infrastructure Finance Authority bonds, and the utility portion of the Municipal Development Authority bonds.

(4) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net assets.

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

CITY OF SAN LUIS
Computation of Direct and Overlapping Debt*
June 30, 2012

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Arizona Western College	64,760,000	5.34% (1)	3,456,317
Gadsden Elementary School District	325,000	85.33% (2)	277,326
Yuma County Library	46,755,000	5.34% (1)	2,495,369
Yuma Union High School District No 70	29,920,000	5.34% (1)	<u>1,596,865</u>
Subtotal Overlapping Debt			7,825,877
City of San Luis	18,249,367	100.00% (3)	<u>18,249,367</u>
Total Direct and Overlapping Debt			26,075,244

Sources: YUMA County Finance Department

* Note: (1) Based on State and County abstract of the assessment Roll, Arizona Department of Revenue
(2) School District valuation applicable percentage based on attendees
(3) City Records

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

Fiscal Year	(1)	(3)		(2)		(2)		(2)
	Population	Personal Income	Labor force	Employment	Unemployment	Unemployment rate	percentage	
2012	26,000	\$26,889	17,249	5,614	11,635		67.5%	
2011	26,000	\$32,828	15,896	5,489	10,407		65.5%	
2010	25,505	36,103	8,466	4,109	4,357		51.5%	
2009	25,682	35,584	7,986	4,175	3,811		47.7%	
2008	24,654	33,838	7,176	4,267	2,909		40.5%	
2007	23,680	26,804	6,150	5,057	2,093		34.0%	
2006	22,351	26,352	6,375	4,112	2,263		35.5%	
2005	21,488	25,036	6,668	4,000	2,668		40.0%	
2004	20,158	23,857	6,355	3,865	2,490		39.2%	
2003	18,838	23,276	6,404	3,630	2,774		43.3%	

Data Sources:

- (1) Census Bureau
- (2) AZ. Department of Economic Security
- (3) Greater Yuma Economic Development Corporation

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

Employer	2012			2005		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
ACT Call Center	912	1	16.13%			
Gadsden Unified School District	832	2	14.71%	460	2	11.50%
Arizona State Prison	755	3	13.35%	700	1	17.50%
Factor Sales/King Market	396	4	7.00%	150	4	3.75%
Walmart	254	5	4.49%	-	-	-
City of San Luis	219	6	3.87%	180	3	4.50%
San Luis Detention Center	111	7	1.96%	-	-	-
Journey Homes	-	-	-	130	5	3.25%
Riedel Construction	-	-	-	120	6	3.00%
Basha's/Food City	-	-	-	120	7	3.00%
Total Employees	3,479		61.52%	1,860		46.50%

Source: Greater Yuma Economic Development Corporation (GYEDC) & SL Chamber of Commerce

Notes:

(1) The year 2005 is the first year available.

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

Permanent Position by Function	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
General Government	54	52	51	56	56	54	58	57	40	37
Public Safety	87	86	77	72	72	70	67	67	67	61
Health and Welfare	2	2	3	3	3	3	3	3	3	3
Culture and Recreation	28	22	21	26	26	20	19	19	19	10
Community Development	9	9	11	10	10	9	8	8	7	7
Sub total General Fund	180	171	163	167	167	156	155	154	136	118
General Fund	180	171	163	167	167	156	155	154	136	118
Public Works & Streets	13	15	16	20	20	20	20	20	20	20
Enterprise Funds	26	30	31	33	33	28	28	28	28	28
Total Permanent Positions	219	216	210	220	220	204	203	202	184	166

Source: City Payroll

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

		Utility Rate Increases & Average Bill									
		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water											
	Average bill	\$38.31	\$36.56	\$33.92	\$35.70	\$33.58	\$31.24	\$29.84	\$25.55	\$26.89	\$21.29
	% Increase	4.79%	7.78%	-5.00%	6.31%	7.48%	4.69%	16.83%	-5.01%	26.35%	-0.59%
Wastewater											
	Average bill	\$29.41	\$23.24	\$22.10	\$24.58	\$21.30	\$22.41	\$22.01	\$29.83	\$20.93	\$14.19
	% Increase	26.55%	5.19%	-10.11%	15.40%	-4.96%	1.83%	-26.20%	42.51%	47.53%	1.55%
Solid Waste											
	Average bill	\$16.45	\$15.89	\$17.60	\$17.66	\$17.96	\$17.24	\$18.36	\$15.65	\$11.90	\$11.54
	% Increase	3.52%	-9.74%	-0.34%	-1.67%	4.16%	-6.09%	17.33%	31.52%	3.07%	2.55%

Source: City Customer Service and Billing records

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

	Utility Accounts									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water										
Number of Accounts	6,036	5,701	5,865	5,722	5,316	5,105	4,805	4,540	4,319	3,959
% Increase	5.88%	-2.80%	2.50%	7.64%	4.13%	6.24%	5.84%	5.12%	9.09%	15.42%
Wastewater										
Number of Accounts	5,597	5,514	5,491	5,264	4,869	4,683	4,438	4,215	3,886	3,511
% Increase	1.51%	0.42%	4.31%	8.11%	3.97%	5.52%	5.29%	8.47%	10.68%	10.83%
Solid Waste										
Number of Accounts	5,249	5,172	5,330	5,082	4,857	4,679	4,439	4,218	3,909	3,533
% Increase	1.49%	-2.96%	4.88%	4.63%	3.80%	5.41%	5.24%	7.90%	10.64%	11.10%

Source: City Customer Service and Billing records

CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - RATES

Charges for Water Services
Based Minimum Monthly Bill

Meter Size	-----Service Fees-----			
	Residential		Commercial	
	1st 2,000 G	Excess/000's	1st 2,000 G	Excess/000's
5/8" - 3/4"	\$10.42	\$1.59	\$26.50	\$2.01
1"	N/A	N/A	44.25	\$2.01
1 1/2"	N/A	N/A	88.23	\$2.01
2"	N/A	N/A	141.22	\$2.01
3"	N/A	N/A	309.20	\$2.01
4"	N/A	N/A	1,059.81	\$2.01
6"	N/A	N/A	2,207.95	\$2.01
8"	N/A	N/A	3,179.44	\$2.01

Charges for Waste-Water Services
Based Minimum Monthly Bill

Meter Size	-----Service Fees-----			
	Residential		Commercial	
	Base	Excess/000's	Base	Volume/000's
Senior 60+ yrs	\$11.80	N/A	N/A	N/A
5/8" - 3/4"	\$23.32	N/A	\$14.29	\$1.44
1" - 8"	N/A	N/A	N/A	Varies

Source: City Customer Service and Billing records

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,025,510	1,122,644	1,052,673	1,030,064	1,089,127	1,118,302	1,218,587	789,808	750,644	680,854
Avg gallons/account/month	14,158	16,410	15,387	14,636	15,862	17,530	19,892	13,698	13,778	13,137
Avg gallons/account/year	169,899	196,920	184,647	175,629	190,340	210,365	238,705	164,372	165,340	157,642
Avg. daily demand (MGD)	472	547	513	488	529	584	663	457	459	438
Peak demand (MGD)	3.43	3.43	3.33	3.23	3.23	3.23	3.23	3.23	3.23	3.23
Number of wells in system	12	12	12	12	12	12	10	10	10	10
Available storage capacity (million Gallons)	4,025	4,025	4,025	4,025	4,025	4,025	3,025	3,127	3,127	3,127
Miscellaneous data on wastewater utility										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	1,500	1,500	1,500
Annual wastewater treated (000's)	437,574	445,704	437,715	433,508	418,973	467,808	473,542	371,182	361,998	231,609
Average daily flow (000's)	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,000	1,000	1,000

Source: City records

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Commercial										
Number of Permits	16	13	12	12	16	11	7	N/A	N/A	N/A
Value	\$5,943	\$7,560	\$1,048	\$3,629	\$3,059	\$13,879	\$17,274	\$1,111	\$15,211	\$2,330
Residential										
Number of Dwelling Units	81	68	182	245	193	259	315	N/A	N/A	N/A
Value	\$12,627	\$11,078	\$20,338	\$24,754	\$21,041	\$25,324	\$28,125	\$14,575	\$15,973	\$28,744
Other										
Number of Permits	149	134	127	162	216	268	183	N/A	N/A	N/A
Value	\$2,452	\$1,554	\$1,165	\$2,652	\$2,736	\$2,941	\$2,101	\$273	\$55	\$3,148

Single Family Housing Sales

	Calendar Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
New units sold	N/A	63	85	218	231	215	328	161	472	394

Source: City Development Services

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

	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	18	17	19	18	17	13	9	7	5	5
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	53	50	56	52	50	43	41	40	31	31
Culture & Recreation										
Building	3	3	3	3	3	3	2	2	2	1
Equipment	22	19	19	14	13	11	11	6	5	5
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	6	6	6	6	6	6	6	3	2	2
Public Works and streets										
Building	1	1	1	-	-	-	-	-	-	-
Equipment	17	17	20	20	20	20	17	13	9	9
Enterprise										
Building	3	3	3	3	3	3	1	1	1	1
Equipment	49	47	48	49	47	46	39	26	26	26

Source: City records Finance Department