

**CITY OF SAN LUIS, ARIZONA**  
**ANNUAL EXPENDITURE**  
**LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2015**

---

**Lumbard & Associates, P.L.L.C.**  
**(A Division of The Pun Group, LLP)**  
**4143 N. 12th Street, Suite 100**  
**Phoenix, Arizona 85014**  
**Phone (602) 274-9966**  
**Fax (602) 265-0021**  
**[www.llumbard.com](http://www.llumbard.com)**

**CITY OF SAN LUIS, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

Table of Contents

	<u>Page</u>
Independent Accountant's Report	1
Annual Expenditure Limitation Report- Part I	2
Annual Expenditure Limitation Report- Part II	3
Annual Expenditure Limitation Report- Reconciliation	4
Notes to Annual Expenditure Limitation Report	5 - 9



Lisa B. Lumbard, C.P.A., C.G.F.M  
Kenneth H. Pun, C.P.A., C.G.M.A

Frances Kuo, C.P.A., C.G.M.A  
Carlos E. Valdivia, C.P.A.  
Jeffrey D. Cospers  
Maria G. Ward

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

**Independent Accountant's Report**

The Auditor General of the State of Arizona  
The Honorable Mayor and Members of the Council  
of the City of San Luis, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of San Luis, Arizona for the year ended June 30, 2015. The City of San Luis, Arizona's management is responsible for this report. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the City of San Luis, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*Lumbard & Associates, PLLC*

January 18, 2016



**CITY OF SAN LUIS, ARIZONA**  
**Annual Expenditure Limitation Report—Part II**  
**Year Ended June 30, 2015**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 33,965,675	\$ 31,964,486	\$ 2,372,315	\$ -	\$ 68,302,476
B. Less exclusions claimed:					
1. Bond proceeds	238,101	372,927			611,028
Debt service requirements on bonded indebtedness - See Note 2	15,160,392	23,745,057			38,905,449
Proceeds from other long-term obligations					
Debt service requirements on other long-term obligations - See Note 3	74,491	1,021,301			1,095,792
2. Dividends, interest, and gains on the sale or redemption of investment securities					
3. Trustee or custodian					
4. Grants and aid from the federal government. See Note 4	840,628	1,156,793			1,997,421
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes					
6. Amounts received from the State of Arizona - See Note 4	7,618				7,618
7. Quasi-external interfund transactions					
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements					
9. Highway user revenues in excess of those received in fiscal year 1979-80. See Note 4	2,349,431				2,349,431
10. Contracts with other political subdivisions					
11. Refunds, reimbursements, and other recoveries					
12. Voter approved exclusions not identified above ( <b>attach resolution</b> )					
13. Prior years carryforward					
14. Total exclusions claimed	\$ 18,670,661	\$ 26,296,078	\$ -	\$ -	\$ 44,966,739
C. Amounts subject to the expenditure limitation ( <b>If an individual fund category/type amount is negative, reduce exclusions claimed to net to zero.</b> )	\$ 15,295,014	\$ 5,668,408	\$ 2,372,315	\$ -	\$ 23,335,737

See accompanying notes to report.



**CITY OF SAN LUIS, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015**

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

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System (UERS)*, as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures, expenses or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

**NOTE 2 - DEBT SERVICE REQUIREMENTS ON BONDED INDEBTEDNESS**

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expense.

	2015
Revenue bonds payable \$31,015,000:	
Principal retirements	\$ -
Interest and fiscal charges	332,551
 Revenue bonds payable \$40,000,000:	
Principal retirements	14,168,500
Interest and fiscal charges	659,341
Total debt service	\$ 15,160,392

The exclusion claimed for debt service requirements on bonded indebtedness in the Enterprise Funds consists of principal retirement and interest expense.

	2015
Revenue bonds payable \$31,015,000:	
Principal retirements	\$ -
Interest and fiscal charges	520,861
 Revenue bonds payable \$40,000,000:	
Principal retirements	22,191,501
Interest and fiscal charges	1,032,695
Total debt service	\$ 23,745,057

**CITY OF SAN LUIS, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015**

**NOTE 3 – DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS**

The exclusion claimed for debt service requirements on other long term obligations in the Governmental Funds consists of principal retirement and interest expense.

	2015
Wal-Mart Note payable - \$375,628:	
Principal retirements	\$ 21,385
1 <sup>st</sup> Bank of Yuma Note Payable - \$554,453	
Principal retirements	46,932
USDA Note payable - \$50,000:	
Principal retirements	5,934
Interest and fiscal charges	240
Total debt service	\$ 74,491

The exclusion claimed for debt service requirements on other long term obligations in the Enterprise Funds consists of principal retirement and interest expense.

	2015
GADA loan payable - \$10,725,000:	
Principal retirements	\$ 205,000
Interest and fiscal charges	816,301
Total debt service	\$ 1,021,301

**NOTE 4 – GRANTS AND AID FROM GOVERNMENTS**

The following schedule presents revenues from which exclusions have been claimed for Federal grants and aid, amounts received from the State of Arizona and highway user revenues in the Governmental Funds. The amounts excluded do not exceed expenditures of such revenues.

Grant and aid from the federal government	\$ 840,628
Amounts received from State of Arizona (Other grants)	7,618
Highway user revenues in excess of those received in Fiscal year 1979-80 (\$5,098)	2,349,431
Other revenues (non-excludable)	6,900,548
Total intergovernmental revenues as reported in the fund financial statements	\$ 10,098,225

The following schedule presents revenues from which exclusions have been claimed for Federal grants and aid in the Enterprise Funds. The amounts excluded do not exceed expenditures of such revenues.

Capital contributions from the federal government	\$ 1,156,793
---	--------------

**CITY OF SAN LUIS, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015**

**NOTE 5 – PRIOR YEARS CARRYFORWARD**

Prior years carry forward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and are available for expenditure in future years. During the prior and current fiscal year, bond proceeds in the enterprise funds were not fully spent on capital asset acquisitions resulting in a current year carry forward.

<b>Governmental Fund:</b>	<b>2015</b>
2014 - Unspent excludable revenue available for carryforward in future years	\$ 1,252,019
Highway user revenues received in the current fiscal year	2,126,238
Less: Highway user revenues received in the current fiscal year equal to fiscal year 1979-80 revenues received	(5,908)
Revenues available for exclusion in the current fiscal year	\$ 3,372,349
Actual expenditures of highway user revenues in the current fiscal year	2,355,339
Amount equal to 1979-80 revenues expended in the current fiscal year	(5,908)
Excludable revenues expended in the current fiscal year	\$ 2,349,431
Revenues available for exclusion in the current fiscal year	3,372,349
Revenues expended and claimed as an exclusion in the current fiscal year	(2,349,431)
Unspent excludable revenue available for carryforward in future years	\$ 1,022,918

**Enterprise Fund:**

2005 – Bond proceeds received	\$ 24,413,092
Less bond proceeds spent on capital acquisitions:	
2006	(9,561,055)
2007	(10,941,914)
2008	(422,728)
2009	(231,071)
2010	(21,351)
2011	(73,148)
2012	(495,323)
2013	(595,041)
2014	(238,020)
2015	(97,929)
Unexpended revenues available for expenditure in future years	\$ 1,735,512

**CITY OF SAN LUIS, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015**

**NOTE 6 – SEPARATE LEGAL ENTITIES**

The subtraction of \$2,675,588 for separate legal entities established under Arizona Revised Statutes consists of expenditures of municipal development and improvement corporations included within the City's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds and Enterprise Funds categories in the fund financial statements:

**Governmental Funds**

<b>The San Luis Civic Improvement Corporation (Municipal Project Bond Fund)</b>	
Community development	\$ 2,282
GADA loan payable - \$3,025,000:	
Interest and fiscal charges	166,375
Revenue bonds payable - \$31,015,000:	
Principal retirement	-
Interest and fiscal charges	332,551
Revenue bonds payable - \$40,000,000:	
Principal retirement	317,583
Interest and fiscal charges	659,341
Total	\$ 1,478,132

**Enterprise Funds**

<b>The Industrial Development Authority (Business Center)</b>	
Cost of sales and services	\$ 7,563
Depreciation	373,592
GADA loan payable - \$10,725,000:	
Interest and fiscal charges	816,301
Total	1,197,456
Total separate legal entities	\$ 2,675,588

**CITY OF SAN LUIS, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 YEAR ENDED JUNE 30, 2015**

**NOTE 7 – PRINCIPAL PAYMENTS ON LONG TERM DEBT**

Proceeds from the \$40,000,000 revenue bond were used for both governmental and business type activities and are reported in the financial statements accordingly. The addition of \$22,426,412 for principal payments on long-term debt in the Enterprise Funds reported on the reconciliation consists of:

	2015
GADA loan payable \$10,725,000:	
Principal retirements	\$ 205,000
1 <sup>st</sup> Bank of Yuma Note payable - \$554,453:	
Principal retirements	29,911
Revenue bonds payable \$40,000,000:	
Principal retirements	22,191,501
Total principal payments	\$ 22,426,412