



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



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

For the Fiscal Year ended  
June 30, 2014

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**

## **INTRODUCTORY SECTION**

**CITY OF SAN LUIS, ARIZONA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2014**

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# City of San Luis

## Finance Department

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December 1, 2014

**To the Honorable Mayor, City 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, 2014. Laws of the State of Arizona require that all local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of San Luis for the fiscal year ended June 30, 2014.

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Lumbard & Associates PLLC, whose report is included herein. As stated in the independent auditor's report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona for the fiscal year ended June 30, 2014, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's 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 report and provides an introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction 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 30 squares 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 four 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 high level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural activities, planning and zoning services, and general administrative services. San Luis offers a wide range of community facilities including two community centers, one swimming pool, and 4 parks encompassing 314 acres.

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 City of San Luis Municipal Development Authority, Inc., and the San Luis Community Facilities District as discussed further in Note 1.A of the notes to the financial statements.

## **Financial information**

**Internal Control:** Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1)

the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management

**Budget Control:** The City of San Luis, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The city's expenditure limitation for fiscal year 2014 was \$35.5 million.

The annual operating budget which is adopted by ordinance each fiscal year serves as the base for the City's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the City's financial operations including funding for 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 each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. The City is required to publish specific information, notices, and hold public hearings as defined by state statute. After all these requirements are met, the City may adopt the budget by August 15 or soon thereafter.

## **Economic Condition of City of San Luis, Arizona**

### **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. In north San Luis along Highway 95 there is a 40-acre privately owned industrial park on which emerged a new Business incubator and a 40-acre commercial area that is partially constructed. The State also is a significant economic presence thanks to the state prison that provides employment to more than 800 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.

The economy of the City is gradually improving. In 2014, direct local sales was \$6.5 million, an increase of \$220,000 or 3.4 percent and state sales tax of \$2.8 million was about 33.6 percent greater than the prior year. This is the first year of such large increase.

Nearly nine months after groundbreaking of a \$1.9 million business incubator, more than 85 percent of the project has been completed. The project includes 20,000 square feet of new office and manufacturing space mainly to assist in the starting-up and expanding businesses for seven tenants. The project is expected to provide 80 local jobs, is anticipated to be completed by mid-December.

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 few years, 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.

## Long-Term Financial Planning

The City's financial planning process is guided by the budget process. This process includes the annual budget that each department presents for review followed by acceptance, reductions, or additions depending on revenue and expenditure forecasts. Needless to say that the budget process includes input from City Council, the City Manager and citizens and also includes community budget hearings. The City Council formally adopts the budget for the following year by the end of June.

As part of the budget process, user fees related to enterprise funds are updated annually for applicable increases based on an existing rate study plan. It is customary for the water, wastewater, and sanitation funds to initiate bi-annually a review of existing rate study that extends over a ten-year financial forecast in order to determine the long-term funding availability. The City Council reviews the updated financial plans and the associated rates necessary to support the enterprise funds and their capital projects.

## Awards and Acknowledgments

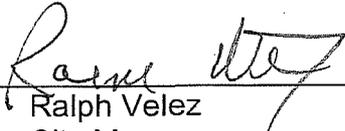
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its CAFR for the fiscal year that ended June 30, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

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

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

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

Respectfully submitted,

  
\_\_\_\_\_  
Ralph Velez  
City Manager

  
\_\_\_\_\_  
Ketic St. Louis, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of San Luis  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# CITY COUNCIL



Elected officials

As of June 30, 2014

*Gerardo Sanchez*  
*Mayor*

*Matias Rosales*  
*Vice-Mayor*  
*Africa Luna Carrasco*  
*Councilmember*  
*Gloria Torres*  
*Councilmember*

*Joe Harper*  
*Councilmember*  
*Maria C. Ramos*  
*Councilmember*  
*Marco Pinzon*  
*Councilmember*



Appointed officials

*Ralph Velez*  
*City Manager*

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

*Glenn Gimbut*  
*John Starkey*  
*Sonia Cuello*  
*Jenny Torres*  
*Chris Kasid*  
*Sharon Williams*  
*Ketie St. Louis*  
*Hank Green*  
*Jose Heredia*  
*Tadeo DeLahoya*  
*Daniel Paz*  
*Rosendo Morales*  
*Tadeo DeLahoya*  
*Javier Arellano*  
*Eulogio Vera*  
*Andrea Catania*  
*Olivia Jenkins*

## **FINANCIAL SECTION**



Lisa B. Lumbar, C.P.A., C.G.F.M.

Carlos E. Valdivia, C.P.A.  
C. Cristine Swan, C.P.A.  
A. Jake Litwiller  
Jeffrey D. Cosper  
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 AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the City of San Luis, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

During the fiscal year ended June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 65, Items Previously Reported as Assets and Liabilities. As a result, the City reported a change in accounting principle (See Note 1-S) Beginning net position was restated as debt issuance costs, except any portion related to prepaid insurance costs, are now recognized as an expense in the period incurred. Debt issuance costs were previously reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. The auditors' opinion was not modified with regards to the restatement.

### **Other Matters**

#### *Required Supplementary Information*

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 the Public Safety Personnel Retirement System Schedule of Funding Progress on page 47 and budgetary comparison information on pages 52 through 57 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Luis, Arizona's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The component unit schedule of cash flows is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

***Other Matters (Continued)***

The combining and individual nonmajor fund financial statements and the component unit schedule of cash flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the component unit schedule of cash flows are fairly stated in all material respects in relation to the basic 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, on our consideration of the City of San Luis, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering City of San Luis, Arizona's internal control over financial reporting and compliance.

*Lumbard & Associates, PLLC*

Phoenix, Arizona  
December 1, 2014

**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, 2014**

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, 2014. 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 2014**

- The assets of the City exceeded the liabilities at the close of the fiscal year by \$63.8 million.
- The City's net position of governmental activities increased approximately \$.96 million to \$47.57 million and business-type activities increased \$1.35 million to \$16.26 million representing 75 percent and 25 percent respectively, of the total net position of \$63.8 million.
- As of the close of the fiscal year the City's governmental funds reported combined ending fund balances of \$13.9 million, an increase of \$2.05 million over the prior year. Approximately 12 percent of this amount, or \$1.709 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$9.1 million, or 62 percent of total general fund expenditures and transfers for the fiscal year.
- General revenues from Governmental activities accounted for \$14.67 million in revenues or 68 percent of all revenues from Governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6.97 million or 32 percent of total governmental activities. The City had \$9.13 million of program revenues and \$13,909 in general revenues related to business-type activities.
- The City had \$20.68 million in expenses related to governmental activities; of which \$6.97 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$14.67 million were adequate to provide for the costs of these programs. The City had \$8 million in expenses related to business-type activities, of which \$9.1 million of these expenses were offset by program specific charges for services or grants and contributions.
- Among major governmental funds, the General Fund had \$16.5 million in revenues, which primarily consisted of taxes, licenses and permits, fines and forfeitures, intergovernmental, and rent revenues. The total expenditures of the General Fund were \$14.6 million. The General Fund's fund balance increased from \$7.3 to \$9.2 million. The Highway Users Fund had revenues of \$2.1 million, which consisted primarily of intergovernmental revenues, and expenditures of \$1.9 million.

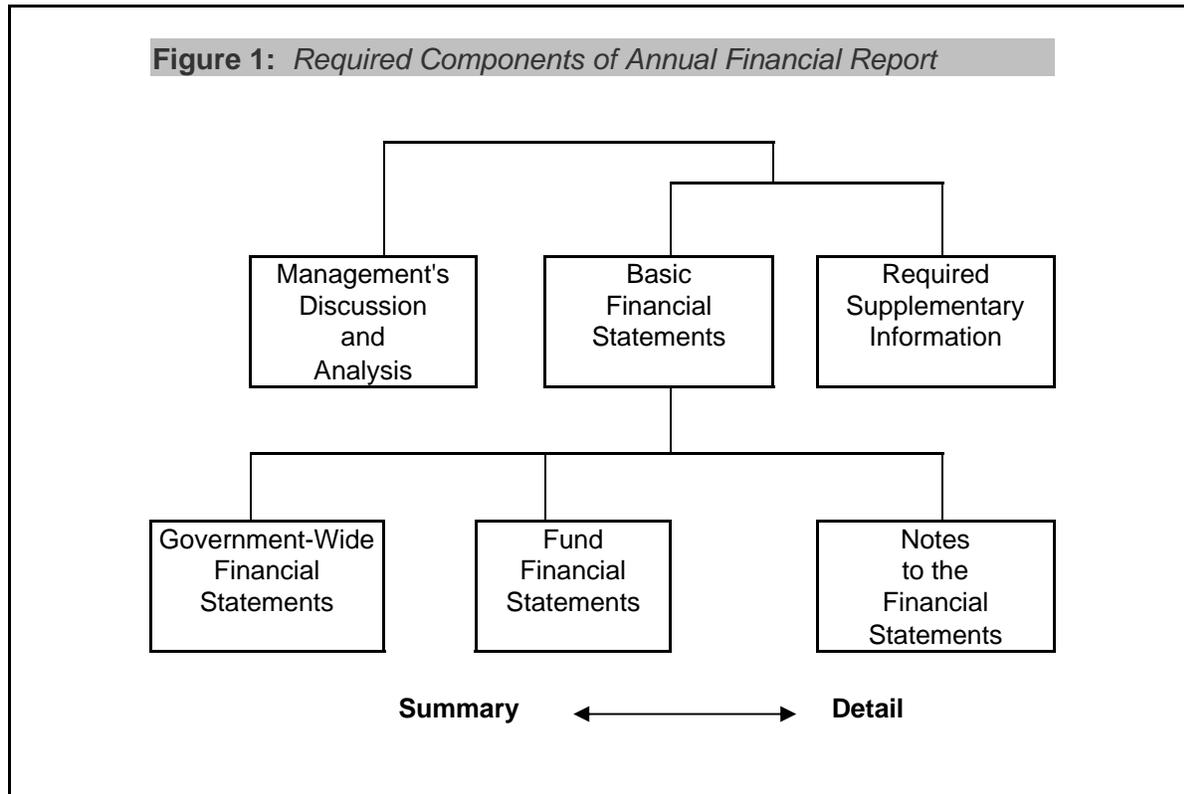
**OVERVIEW OF FINANCIAL STATEMENTS**

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, 2014**

**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 position and how they have changed. The statement of net position and the statement of activities help to determine if the City is in a better financial position as a result of the current year's activities.

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

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

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

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.
- **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.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the other supplementary information section presented immediately following the notes to the financial statements.

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 - 46 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 47.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, (see figure 2) assets exceeded liabilities by \$63.8 million as of June 30, 2014. By far the largest portion of the City's net position (71 percent) reflects its net 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, 2014**

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

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2014 and 2013.

NET POSITION						
Figure 2	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Current and other assets</b>	\$19,507,414	\$17,372,162	\$13,200,748	\$6,479,102	\$32,708,162	\$23,851,264
Capital assets, net	51,444,265	52,225,936	44,953,827	44,327,721	96,398,092	96,553,657
<b>Total Assets</b>	<b>70,951,679</b>	<b>69,598,098</b>	<b>58,154,575</b>	<b>50,806,823</b>	<b>129,106,254</b>	<b>120,404,921</b>
Deferred Outflow of Resources			33,460		33,460	-
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>70,951,679</b>	<b>69,598,098</b>	<b>58,188,035</b>	<b>50,806,823</b>	<b>129,139,714</b>	<b>120,404,921</b>
Long-term liabilities	18,304,249	18,541,496	39,930,695	34,495,364	58,234,944	53,036,860
Other liabilities	5,074,408	4,446,091	1,995,944	1,395,395	7,070,352	5,841,486
<b>Total Liabilities</b>	<b>23,378,657</b>	<b>22,987,587</b>	<b>41,926,639</b>	<b>35,890,759</b>	<b>65,305,296</b>	<b>58,878,346</b>
<b>Net Position</b>						
Net Investment in Capital assets	33,724,834	34,204,009	11,403,309	9,901,019	45,128,143	44,105,028
Restricted	2,479,675	2,517,103	9,905,406	4,052,098	12,385,081	6,569,201
Unrestricted	11,368,513	9,889,399	(5,047,319)	962,947	6,321,194	10,852,346
<b>Total net position</b>	<b>\$47,573,022</b>	<b>\$46,610,511</b>	<b>\$16,261,396</b>	<b>\$14,916,064</b>	<b>\$63,834,418</b>	<b>\$61,526,575</b>

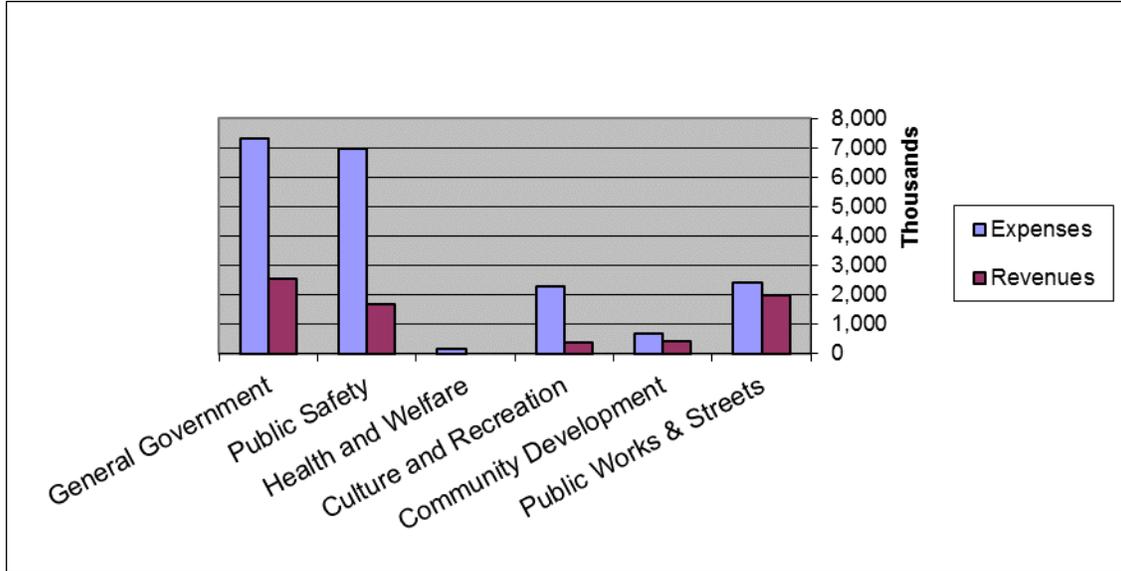
**Governmental Activities:** Net position in governmental activities saw an increase of \$.963 million. The reasons for this change can be summarized as follows:

- Program revenues covered 35.11 percent of program expenses decreasing from 45.5 percent from last year.
- Program revenues totaled \$7.0 million, which was a decrease of \$1.2 million from the previous year. General revenues on the other hand increased from the prior year by over \$1.63 million totaling \$14.7 million. This amounts to an overall increase in total revenue of 2.1 percent.
- Expenses totaled \$20.7 million, a 9.9 percent increase compared to the previous year.

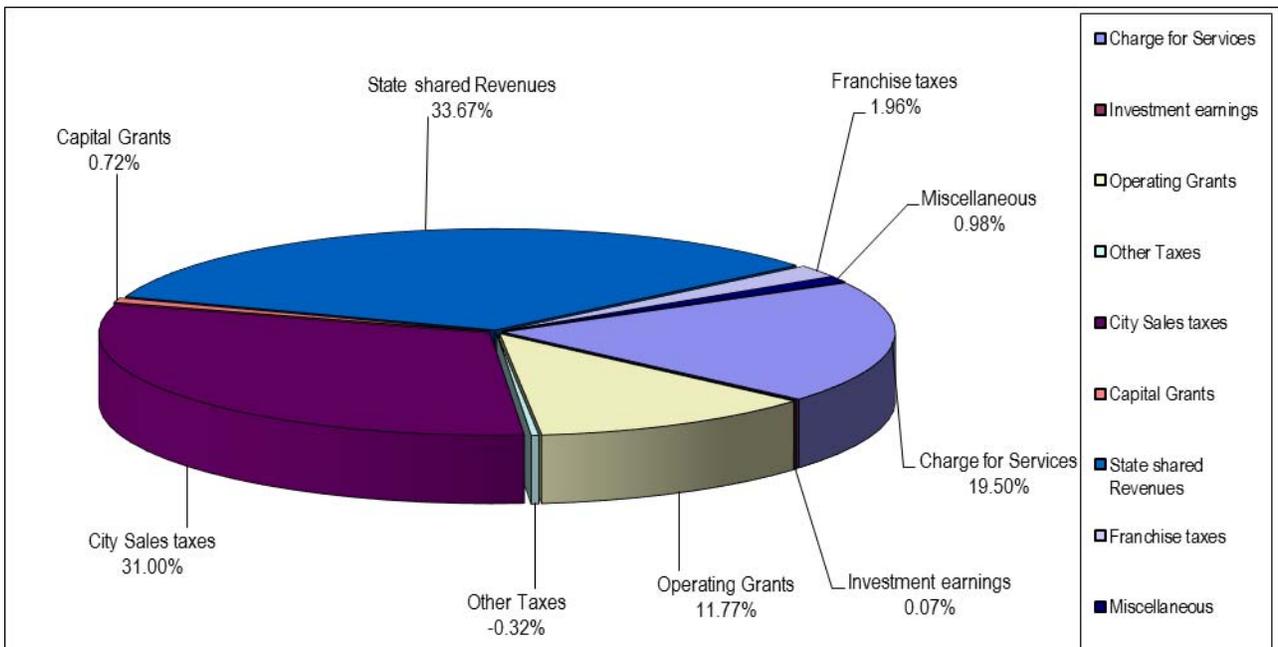
**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

*Figure 3 Expenses and Program Revenues  
Governmental Activities*



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

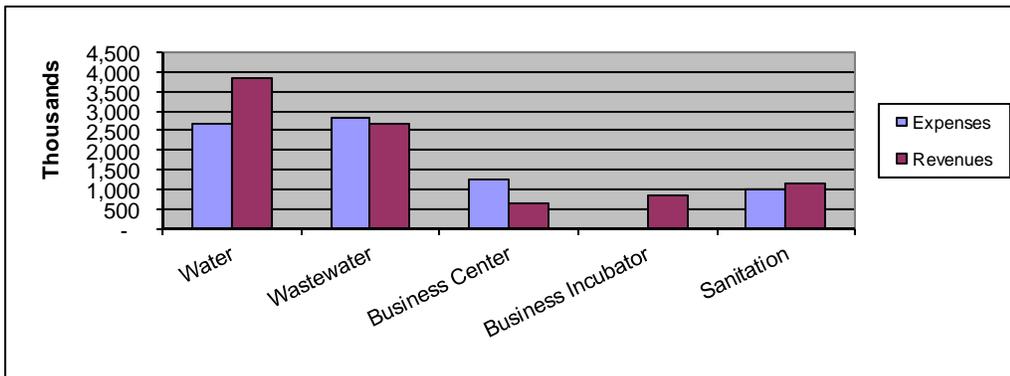


**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

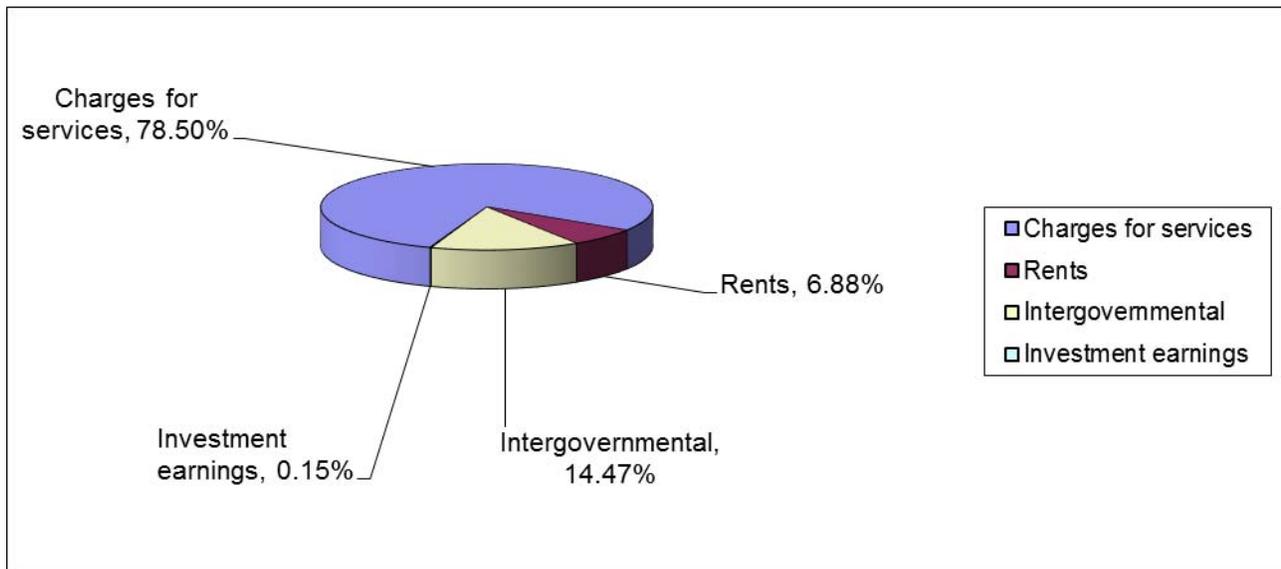
**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

**Business-type Activities:** Overall, the City's net position for business-type activities shows an increase by \$1.35 million. The increase results from the water fund earning \$.348 million more in income before contributions than the previous year supplemented by a \$.5 million grant for water line improvement and the business incubator which also is the recipient of more than \$.8 million in grants. The City new rate study for user fees and charges will extend over several fiscal years to compensate for historical shortfalls.

**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, 2014**

**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 \$9.06 million and the total fund balance was \$9.2 million. As a measure of the General Fund's liquidity, unassigned fund balance represents approximately 62 percent of total general fund expenditures, while total fund balance represents approximately 63.16 percent of that same amount. A fund balance percentage of 15 to 20 percent of expenditures is typically considered a sign of financial health.

At June 30, 2014, the City's governmental funds reported combined fund balance of \$13.9 million, an increase of \$2.05 million from the prior year.

**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2014, were \$30.8 million. The total cost of all programs and services was \$28.47 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

**Changes in net position**

Figure 7.	2014	2013	2014	2013	2014	2013
	Governmental Activities	Governmental Activities, as restated	Business- type Activities	Business- type Activities	Total	Total as Restated
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$4,247,096	\$3,862,020	\$7,804,740	\$6,959,393	\$12,051,836	\$10,821,413
Operating grants and contributions	2,564,023	3,343,398	-	-	2,564,023	3,343,398
Capital grants and contributions	157,458	947,390	1,322,452	481,955	1,479,910	1,429,345
General Revenues:						
City sales taxes	6,750,517	6,531,779	-	-	6,750,517	6,531,779
State sales taxes	-	2,104,763	-	-	-	2,104,763
Franchise taxes	427,800	432,371	-	-	427,800	432,371
Other taxes	(69,355)	1,296	-	-	(69,355)	1,296
State shared revenues	7,331,517	3,620,684	-	-	7,331,517	3,620,684
Investment earnings	16,064	28,197	13,909	20,935	29,973	49,132
Miscellaneous	213,640	321,613	-	(19,999)	213,640	301,614
<b>Total Revenues</b>	<b>21,638,760</b>	<b>21,193,511</b>	<b>9,141,101</b>	<b>7,442,284</b>	<b>30,779,861</b>	<b>28,635,795</b>
<b>Expenses</b>						
General Government	7,322,938	6,458,869	-	-	7,322,938	6,458,869
Public Safety	6,949,558	6,519,936	-	-	6,949,558	6,519,936
Health and Welfare	168,499	168,025	-	-	168,499	168,025
Culture and Recreation	2,285,536	2,043,985	-	-	2,285,536	2,043,985
Community Development	691,362	550,348	-	-	691,362	550,348
Public Works & Streets	2,427,548	2,174,454	-	-	2,427,548	2,174,454
Interest on Long-Term Debt	830,808	1,921,021	-	-	830,808	1,921,021
Water	-	-	2,672,415	3,251,940	2,672,415	3,251,940
Wastewater	-	-	2,849,798	3,383,156	2,849,798	3,383,156
Business Center	-	-	1,263,313	1,282,395	1,263,313	1,282,395
Sanitation	-	-	1,010,243	939,596	1,010,243	939,596
<b>Total expenses</b>	<b>20,676,249</b>	<b>19,836,638</b>	<b>7,795,769</b>	<b>8,857,087</b>	<b>28,472,018</b>	<b>28,693,725</b>
<b>Increase/(decrease) in net position</b>	<b>962,511</b>	<b>1,356,873</b>	<b>1,345,332</b>	<b>(1,414,803)</b>	<b>2,307,843</b>	<b>(57,930)</b>
Net Position Beginning of Year, as restated	46,610,511	45,253,638	14,916,064	16,330,867	61,526,575	61,584,505
Net Position EOY, as restated	<b>\$47,573,022</b>	<b>\$46,610,511</b>	<b>\$16,261,396</b>	<b>\$14,916,064</b>	<b>\$63,834,418</b>	<b>\$61,526,575</b>

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

In addition, portions of the City net position are restricted for the purposes of debt service repayment (6.43 percent), impact fees (1.22 percent), and highway users fund projects (2.34 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
<b>Governmental Activities</b>		
General government	\$ 7,322,938	\$ (4,791,676)
Public safety	6,949,558	(5,295,855)
Health and welfare	168,499	(168,499)
Culture and recreation	2,285,536	(1,916,570)
Community development	691,362	(258,426)
Public works and streets	2,427,548	(445,838)
Interest on long-term debt	830,808	(830,808)
<b>Total expenses</b>	<b>20,676,249</b>	<b>(13,707,672)</b>
<b>Business-Type Activities</b>		
Water	2,672,415	1,197,062
Wastewater	2,849,798	(186,622)
Business Center	1,263,313	(634,048)
Business Incubator	-	822,452
Sanitation	1,010,243	132,579
<b>Total expenses</b>	<b>7,795,769</b>	<b>1,331,423</b>
<b>Grand Total</b>	<b>\$ 28,472,018</b>	<b>\$ (12,376,249)</b>

- The cost of all governmental activities this year was \$20.7 million. The cost of all business-type activities this year was \$7.8 million.
- Federal, State, and County governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$16.1 million.
- The net cost of governmental activities of \$13.7 million was financed by general revenues of \$14.7 million, which are made up of primarily taxes, donated capital and state shared revenues.
- Business type activities showed an increase in changes to net position by \$2.76 million in the fiscal year ended June 30, 2014 as compared to the prior fiscal year due partially to grants, capital contributions received, and an overall average rate increase of 5 percent for all the enterprise funds.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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 an increase of \$1.9 million from the previous year. This increase resulted from more State shared revenue received supplemented by more local taxes collected. The Highway Users fund also experienced an increase of \$0.236 million from the previous year. This increase was primarily due in most part from more intergovernmental revenue. Also, there was a negligible decrease in fund balance of Other Governmental Funds.

As the City completed the year, its governmental funds reported a combined fund balance of \$13.9 million, an increase of \$2.05 million due primarily to an increase in receipts of governmental monies.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$16.3 million. The Enterprise Funds had an increase in net position of \$1.35 million. Revenues for the Water, Sewer and Sanitation funds increased this year as the result of an extended rate-study calling for multiple years increases designed primarily to provide additional resources to meet debt service requirements.

**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.

There were ten amendments amounting to \$360,000 to increase the operating budget. Therefore, the City's total adopted budget of \$39.4 million did change during the fiscal year 2014. 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, 2014**

**CAPITAL ASSETS**

As of June 30, 2014, the City had invested \$136.57 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$1.96 million for the governmental activities and \$1.62 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, 2014.

**CAPITAL ASSETS  
(Net of Depreciation)**

Figure 9.	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$1,531,972	\$1,531,972	\$674,819	\$634,819	\$2,206,791	\$2,166,791
Buildings and improvements	17,470,468	17,657,133	4,753,986	4,727,408	22,224,454	22,384,541
Machinery and equipment	3,498,882	3,390,774	1,846,510	1,852,141	5,345,392	5,242,915
Construction in progress	139,112	17,921	1,038,377	30,912	1,177,489	48,833
Infrastructure	28,803,831	29,628,136	36,640,135	37,082,441	65,443,966	66,710,577
Total	\$51,444,265	\$52,225,936	\$44,953,827	\$44,327,721	\$96,398,092	\$96,553,657

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 \$43.4 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, 2014.

**CITY OF SAN LUIS, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**DEBT ADMINISTRATION (CONTINUED)**

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

Figure 10.	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds payable	\$14,383,209	\$14,698,048	\$29,008,576	\$22,670,608	\$43,391,785	\$37,368,656
Loan payable	3,025,000	3,025,000	10,725,000	10,725,000	13,750,000	13,750,000
Note payable	311,222	298,879	127,693	834,330	438,915	1,133,209
Total	<u>\$17,719,431</u>	<u>\$18,021,927</u>	<u>\$39,861,269</u>	<u>\$34,229,938</u>	<u>\$57,580,700</u>	<u>\$52,251,865</u>

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 2014			FY 2013		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	255,709	222,886	8,004	269,651	209,175	8,122
Pedestrians	423,341	137,184	7,273	250,328	147,524	6,431
Commercial	3,382	1,860	82	4,326	1,696	93

- 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 69.3% of General Fund revenues in fiscal year 2014. Our composition of sales taxes is made up of retail trade, wholesale trade, construction activities, and communications all showed progress in a stabilized economy during 2014.
- 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, 2014**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

There is quite a bit of opportunity and business potential still available within the City. The city received grant fund to help in the construction of a business incubator, which in a way will support and encourage small businesses in the community. 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 POSITION**  
**June 30, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	SLFDC Detention Center	SLC Arts & Humanities
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,056,505	\$ 10,980,195	\$ 13,036,700	\$ -	\$ 1,997
Investments	8,319,853	-	8,319,853	-	-
Prepaid items	184,575	-	184,575	-	-
Receivables (net of allowance)	3,034,320	576,134	3,610,454	154	-
Internal Balances	35,344	(35,344)	-	-	-
Inventories	62,463	86,110	148,573	-	-
Notes receivable	-	41,610	41,610	-	-
Restricted assets					
Cash and cash equivalents	4,434,225	-	4,434,225	-	-
Investments	83,188	1,036,388	1,119,576	6,395,587	-
Due from other governments	1,296,941	515,655	1,812,596	-	-
Capital assets not being depreciated					
Land	1,531,972	674,819	2,206,791	661,359	-
Construction in progress	139,112	1,038,377	1,177,489	-	-
Capital assets net of accumulated depreciation					
Buildings and improvements	23,473,682	6,045,878	29,519,560	34,129,886	-
Machinery and equipment	8,659,359	7,515,505	16,174,864	329,194	-
Infrastructure	40,256,496	47,389,107	87,645,603	-	-
Accumulated depreciation	(22,616,356)	(17,709,859)	(40,326,215)	(8,742,494)	-
<b>Total assets</b>	<b>70,951,679</b>	<b>58,154,575</b>	<b>129,106,254</b>	<b>32,773,686</b>	<b>1,997</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	33,460	33,460	407,639	-
<b>Total deferred outflows</b>	<b>-</b>	<b>33,460</b>	<b>33,460</b>	<b>407,639</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 70,951,679</b>	<b>\$ 58,188,035</b>	<b>\$ 129,139,714</b>	<b>\$ 33,181,325</b>	<b>\$ 1,997</b>

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 Center	SLC Arts & Humanities
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 1,520,075	\$ 532,344	\$ 2,052,419	\$ 80,319	\$ -
Accrued payroll and taxes	713,179	62,037	775,216	-	-
Court bonds payable	8,042	-	8,042	-	-
Customer deposits	400	234,171	234,571	-	-
Retainage payable	-	66,252	66,252	-	-
Accrued interest	419,606	1,101,140	1,520,746	549,978	-
Unearned Revenue	2,413,106	-	2,413,106	-	-
Non current liabilities					
Due within one year	819,085	784,083	1,603,168	1,500,000	-
Due in more than one year	17,485,164	39,146,612	56,631,776	42,292,015	-
<b>Total liabilities</b>	<b>23,378,657</b>	<b>41,926,639</b>	<b>65,305,296</b>	<b>44,422,312</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in capital assets	33,724,834	11,403,309	45,128,143	(17,414,070)	-
Restricted for:					
Debt service	1,256,620	2,849,719	4,106,339	4,625,604	-
Impact fees	-	778,406	778,406	-	-
Capital projects	-	6,277,281	6,277,281	-	-
HURF	1,496,003	-	1,496,003	-	-
Unrestricted	11,095,565	(5,047,319)	6,048,246	1,547,479	1,997
<b>Total net position</b>	<b>\$ 47,573,022</b>	<b>\$ 16,261,396</b>	<b>\$ 63,834,418</b>	<b>\$ (11,240,987)</b>	<b>\$ 1,997</b>

**CITY OF SAN LUIS, ARIZONA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>Functions/Programs:</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 7,322,938	\$ 2,494,028	\$ 7,612	\$ 29,622
Public safety	6,949,558	980,528	626,450	46,725
Health and welfare	168,499	-	-	-
Culture and recreation	2,285,536	288,009	-	80,957
Community development	691,362	432,936	-	-
Public works and streets	2,427,548	51,595	1,929,961	154
Interest on long-term debt	830,808	-	-	-
<b>Total governmental activities</b>	<b>20,676,249</b>	<b>4,247,096</b>	<b>2,564,023</b>	<b>157,458</b>
Business-type activities:				
Water	2,672,415	3,369,477	-	500,000
Wastewater	2,849,798	2,663,176	-	-
Business Center	1,263,313	629,265	-	-
Business Incubator	-	-	-	822,452
Sanitation	1,010,243	1,142,822	-	-
<b>Total business-type activities</b>	<b>7,795,769</b>	<b>7,804,740</b>	<b>-</b>	<b>1,322,452</b>
<b>Total primary government</b>	<b>\$ 28,472,018</b>	<b>\$ 12,051,836</b>	<b>\$ 2,564,023</b>	<b>\$ 1,479,910</b>
<b>Component Units:</b>				
SLFDC Detention Facility	\$ 16,825,995	\$ 13,830,911	\$ -	\$ -
SL Arts & Humanities	707	-	-	-
<b>Total components units</b>	<b>\$ 16,826,702</b>	<b>\$ 13,830,911</b>	<b>\$ -</b>	<b>\$ -</b>

**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 position**

**Net position, beginning of year, as restated**

**Net position, end of year**

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

Net (Expense) Revenue and Changes in Net position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	SLFDC Detention Facility	SL Arts & Humanities
\$ (4,791,676)	\$ -	\$ (4,791,676)	\$ -	\$ -
(5,295,855)	-	(5,295,855)	-	-
(168,499)	-	(168,499)	-	-
(1,916,570)	-	(1,916,570)	-	-
(258,426)	-	(258,426)	-	-
(445,838)	-	(445,838)	-	-
(830,808)	-	(830,808)	-	-
<u>(13,707,672)</u>	<u>-</u>	<u>(13,707,672)</u>	<u>-</u>	<u>-</u>
-	1,197,062	1,197,062	-	-
-	(186,622)	(186,622)	-	-
-	(634,048)	(634,048)	-	-
-	822,452	822,452	-	-
-	132,579	132,579	-	-
-	<u>1,331,423</u>	<u>1,331,423</u>	<u>-</u>	<u>-</u>
<u>(13,707,672)</u>	<u>1,331,423</u>	<u>(12,376,249)</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (2,995,084)	\$ -
-	-	-	-	(707)
-	-	-	\$ (2,995,084)	\$ (707)
6,750,517	-	6,750,517	-	-
427,800	-	427,800	-	-
(69,355)	-	(69,355)	-	-
7,331,517	-	7,331,517	-	-
16,064	13,909	29,973	53,912	-
213,640	-	213,640	-	-
14,670,183	13,909	14,684,092	53,912	-
962,511	1,345,332	2,307,843	(2,941,172)	(707)
46,610,511	14,916,064	61,526,575	(8,299,815)	2,704
<u>\$ 47,573,022</u>	<u>\$ 16,261,396</u>	<u>\$ 63,834,418</u>	<u>\$ (11,240,987)</u>	<u>\$ 1,997</u>

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**CITY OF SAN LUIS, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>MAJOR FUNDS</b>				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,927,350	\$ 1,730,020	\$ -	\$ 841,606	\$ 9,498,976
Restricted cash and cash equivalents	106,465	-	4,410,948	-	4,517,413
Accounts receivable (net)	2,864,316	-	107	7,594	2,872,017
Due from governmental entities	906,402	176,725	-	213,814	1,296,941
Due from other funds	2,038,208	-	-	945,119	2,983,327
Prepaid items	28,598	-	-	155,977	184,575
Supplies Inventory	28,121	34,342	-	-	62,463
<b>Total assets</b>	<b>\$ 12,899,460</b>	<b>\$ 1,941,087</b>	<b>\$ 4,411,055</b>	<b>\$ 2,164,110</b>	<b>\$ 21,415,712</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 563,624	\$ 307,697	\$ -	\$ 116,526	\$ 987,847
Accrued payroll and taxes	689,776	23,403	-	-	713,179
Due to other funds	-	113,984	2,734,829	99,170	2,947,983
Court bonds payable	8,042	-	-	-	8,042
Customer deposits	400	-	-	-	400
Accrued interest	-	-	419,606	-	419,606
Unearned revenue	2,413,106	-	-	-	2,413,106
<b>Total liabilities</b>	<b>3,674,948</b>	<b>445,084</b>	<b>3,154,435</b>	<b>215,696</b>	<b>7,490,163</b>
Fund balances:					
Non-spendable fund Balance					
Non spendable in form	56,719	34,342	-	155,977	247,038
Restricted for:					
HURF	-	1,461,661	-	-	1,461,661
Committed	106,465	-	-	-	106,465
Assigned					
Debt service fund	-	-	1,256,620	-	1,256,620
Special revenue funds	-	-	-	918,276	918,276
Capital project funds	-	-	-	874,161	874,161
Unassigned	9,061,328	-	-	-	9,061,328
<b>Total fund balances</b>	<b>9,224,512</b>	<b>1,496,003</b>	<b>1,256,620</b>	<b>1,948,414</b>	<b>13,925,549</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,899,460</b>	<b>\$ 1,941,087</b>	<b>\$ 4,411,055</b>	<b>\$ 2,164,110</b>	<b>\$ 21,415,712</b>

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 POSITION**  
**JUNE 30, 2014**

**Total governmental fund balances** \$ 13,925,549

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

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

Governmental capital assets	\$ 74,060,621	
Less accumulated depreciation	<u>(22,616,356)</u>	51,444,265

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 position.

507,457

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

Compensated absences payable	\$ (584,818)	
Revenue bonds payable	(14,383,209)	
Loans payable	(3,025,000)	
Note payable	<u>(311,222)</u>	<u>(18,304,249)</u>

**Net position of governmental activities** \$ 47,573,022

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, 2014**

	<b>MAJOR FUNDS</b>				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
<b>Revenues:</b>					
Taxes	7,108,962	-	-	\$ -	\$ 7,108,962
Special assessments	-	-	-	282,484	282,484
Licenses and permits	431,909	-	-	-	431,909
Intergovernmental	7,331,517	1,929,961	-	634,216	9,895,694
Charges for services	61,503	-	-	157,304	218,807
Fines and forfeitures	430,045	-	-	257,274	687,319
Investment earnings	9,772	831	1,123	1,596	13,322
Rents	809,166	-	-	2,500	811,666
Other	264,008	154,932	-	-	418,940
<b>Total revenues</b>	<u>16,446,882</u>	<u>2,085,724</u>	<u>1,123</u>	<u>1,335,374</u>	<u>19,869,103</u>
<b>Expenditures:</b>					
Current					
General government	4,272,356	-	-	273,842	4,546,198
Public safety	5,523,250	-	-	996,530	6,519,780
Public works and streets	-	1,455,175	-	51,595	1,506,770
Health and welfare	149,367	-	-	-	149,367
Culture and recreation	1,721,786	-	-	230,888	1,952,674
Community development	660,654	-	2,488	-	663,142
Capital outlay	555,572	352,228	-	440,204	1,348,004
Debt service					
Interest and fiscal charges	542	-	839,213	-	839,755
Principal retirement	25,349	-	305,893	-	331,242
<b>Total expenditures</b>	<u>12,908,876</u>	<u>1,807,403</u>	<u>1,147,594</u>	<u>1,993,059</u>	<u>17,856,932</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,538,006</u>	<u>278,321</u>	<u>(1,146,471)</u>	<u>(657,685)</u>	<u>2,012,171</u>
<b>Other financing sources (uses):</b>					
Other financing sources	37,693	-	-	-	37,693
Transfers in	-	-	1,146,472	592,889	1,739,361
Transfers out	(1,696,559)	(42,802)	-	-	(1,739,361)
<b>Total other financing sources (uses)</b>	<u>(1,658,866)</u>	<u>(42,802)</u>	<u>1,146,472</u>	<u>592,889</u>	<u>37,693</u>
<b>Changes in fund balances</b>	1,879,140	235,519	1	(64,796)	2,049,864
<b>Fund balances - beginning</b>	<u>7,345,372</u>	<u>1,260,484</u>	<u>1,256,619</u>	<u>2,013,210</u>	<u>11,875,685</u>
<b>Fund balances - ending</b>	<u>\$ 9,224,512</u>	<u>\$ 1,496,003</u>	<u>\$ 1,256,620</u>	<u>\$ 1,948,414</u>	<u>\$ 13,925,549</u>

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, 2014**

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

Net change in fund balances - total governmental funds	\$ 2,049,864
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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	\$ 1,182,514	
Less current year depreciation	<u>(1,956,390)</u>	(773,876)

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.	(7,795)
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The issuance of long-term debt 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; however, neither transaction, has any effect on net position. This amount of the net effect on these differences in the treatment of long-term debt and related items.	302,496
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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.	(65,249)
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Net revenues, including transfers, of internal service funds determined to be governmental type	<u>(542,929)</u>
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<b>Change in net position in governmental activities</b>	<b><u><u>\$ 962,511</u></u></b>
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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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,100,100	\$ 7,100,100	\$ 7,108,962	8,862
Licenses and permits	359,200	359,200	431,909	72,709
Intergovernmental	6,411,280	6,411,280	7,331,517	920,237
Charges for services	237,100	237,100	61,503	(175,597)
Fines and forfeitures	434,400	434,400	430,045	(4,355)
Investment earnings	10,100	10,100	9,772	(328)
Rents	644,400	644,400	809,166	164,766
Other	76,400	76,400	264,008	187,608
<b>Total revenues</b>	<u>15,272,980</u>	<u>15,272,980</u>	<u>16,446,882</u>	<u>1,173,902</u>
<b>Expenditures:</b>				
General government:				
City Council	858,590	826,642	772,519	54,123
City Administration	612,610	612,610	588,789	23,821
City Clerk	236,570	236,570	206,521	30,049
City Attorney	268,100	268,100	237,073	31,027
Finance	638,290	638,320	637,317	1,003
Human Resources	244,460	244,460	232,925	11,535
Municipal Court	579,090	579,090	566,040	13,050
Information Technology	363,830	380,050	378,547	1,503
Facilities	320,370	322,374	322,027	347
Fleet Services	140,270	141,514	141,388	126
Risk & Property	123,470	123,470	108,090	15,380
Non Departmental	116,000	119,100	95,370	23,730
Public safety				
Police Department	3,760,750	3,718,105	3,613,979	104,126
Fire Department	1,997,610	1,997,610	1,938,150	59,460
Health and welfare				
Senior Services	151,810	151,810	149,367	2,443
Culture and recreation:				
Cultural Center	124,750	124,750	119,864	4,886
Parks Ground	835,340	969,183	967,867	1,316
Parks - Recreation	367,520	376,633	376,107	526
Youth Center	167,310	172,477	171,825	652
Aquatic Center	87,220	97,677	97,622	55
Community development				
Development Services	310,860	310,860	264,573	46,287
Building Safety	295,390	295,390	235,909	59,481
Community Development	174,980	174,980	160,172	14,808
Capital outlay	724,800	724,800	500,944	223,856
Debt service				
Interest and fiscal changes	1,300	700	542	158
Principal retirement	28,200	25,700	25,349	351
<b>Total expenditures</b>	<u>13,529,490</u>	<u>13,632,975</u>	<u>12,908,876</u>	<u>724,099</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,743,490</u>	<u>1,640,005</u>	<u>3,538,006</u>	<u>1,898,001</u>
<b>Other financing sources (uses):</b>				
Other financing sources	85,000	85,000	37,693	(47,307)
Transfers out	(2,065,520)	(2,065,520)	(1,696,559)	368,961
<b>Total other financing sources (uses)</b>	<u>(1,980,520)</u>	<u>(1,980,520)</u>	<u>(1,658,866)</u>	<u>321,654</u>
<b>Change in fund balances</b>	<u>(237,030)</u>	<u>(340,515)</u>	<u>1,879,140</u>	<u>2,219,655</u>
<b>Fund balances - beginning</b>	<u>7,345,372</u>	<u>7,345,372</u>	<u>7,345,372</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 7,108,342</u>	<u>\$ 7,004,857</u>	<u>\$ 9,224,512</u>	<u>2,219,655</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,753,790	\$ 1,753,790	\$ 1,929,961	176,171
Investment Earnings	1,000	1,000	831	(169)
Other	1,900	1,900	154,932	153,032
<b>TOTAL REVENUES</b>	<u>1,756,690</u>	<u>1,756,690</u>	<u>2,085,724</u>	<u>329,034</u>
<b>EXPENDITURES</b>				
Current				
Public Works and Streets	1,539,090	1,539,380	1,455,175	84,205
Capital Outlay	176,000	352,440	352,228	212
<b>Total Expenditures</b>	<u>1,715,090</u>	<u>1,891,820</u>	<u>1,807,403</u>	<u>84,417</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>41,600</u>	<u>(135,130)</u>	<u>278,321</u>	<u>413,451</u>
<b>Other financing sources (uses):</b>				
Transfers out	(215,000)	(38,700)	(42,802)	(4,102)
<b>Total other financing sources (uses)</b>	<u>(215,000)</u>	<u>(38,700)</u>	<u>(42,802)</u>	<u>(4,102)</u>
<b>Change in fund balances</b>	<u>(173,400)</u>	<u>(173,830)</u>	<u>235,519</u>	<u>409,349</u>
<b>Fund balances - beginning</b>	<u>1,260,484</u>	<u>1,260,484</u>	<u>1,260,484</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 1,087,084</u>	<u>\$ 1,086,654</u>	<u>\$ 1,496,003</u>	<u>\$ 409,349</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 POSITION  
PROPRIETARY FUNDS  
June 30, 2014

	Enterprise Funds					Internal Service	
	Water	Wastewater	Business Center	Sanitation	Business Incubator	Total	Insurance Fund
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 9,518,968	\$ 918,988	\$ 542,239	\$ -	\$ -	\$ 10,980,195	\$ 877,382
Accounts receivable (net)	400,899	83,973	52,440	38,822	515,655	1,091,789	162,303
Notes receivable	41,610	-	-	-	-	41,610	-
Due from other funds	-	3,961,198	-	-	-	3,961,198	-
Prepaid items and other assets	68,145	17,145	293	527	-	86,110	-
<b>Total current assets</b>	<b>10,029,622</b>	<b>4,981,304</b>	<b>594,972</b>	<b>39,349</b>	<b>515,655</b>	<b>16,160,902</b>	<b>1,039,685</b>
Non-current assets:							
Restricted cash and cash equivalents	416,219	-	620,169	-	-	1,036,388	-
Land	190,271	140,337	344,211	-	-	674,819	-
Buildings and improvements	-	1,076,583	4,942,699	26,596	-	6,045,878	-
Infrastructure	19,913,984	27,475,123	-	-	-	47,389,107	-
Machinery and equipment	2,141,052	1,045,570	2,674,708	1,654,175	-	7,515,505	-
Construction in progress	102,128	113,016	-	-	823,233	1,038,377	-
Accumulated depreciation	(5,377,412)	(7,716,391)	(3,246,894)	(1,369,162)	-	(17,709,859)	-
<b>Total non-current assets</b>	<b>17,386,242</b>	<b>22,134,238</b>	<b>5,334,893</b>	<b>311,609</b>	<b>823,233</b>	<b>45,990,215</b>	<b>-</b>
<b>Total assets</b>	<b>27,415,864</b>	<b>27,115,542</b>	<b>5,929,865</b>	<b>350,958</b>	<b>1,338,888</b>	<b>62,151,117</b>	<b>1,039,685</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflow on refundings	33,460	-	-	-	-	33,460	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>27,449,324</b>	<b>27,115,542</b>	<b>5,929,865</b>	<b>350,958</b>	<b>1,338,888</b>	<b>62,151,117</b>	<b>1,039,685</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	84,742	18,169	48	125,418	303,967	532,344	532,228
Accrued payroll and taxes	32,338	21,518	-	8,181	-	62,037	-
Due to other funds	3,297,875	-	6,420	546,030	146,217	3,996,542	-
Customer deposits	226,571	7,600	-	-	-	234,171	-
Retainage payable	-	-	-	-	66,252	66,252	-
Accrued interest	314,976	370,995	415,169	-	-	1,101,140	-
Current portion of long-term debt	267,344	278,906	205,000	32,833	-	784,083	-
<b>Total current liabilities</b>	<b>4,223,846</b>	<b>697,188</b>	<b>626,637</b>	<b>712,462</b>	<b>516,436</b>	<b>6,776,569</b>	<b>532,228</b>
Non-current liabilities:							
Non-current portion of long-term debt	13,096,907	15,423,874	10,520,000	105,831	-	39,146,612	-
<b>Total non-current liabilities</b>	<b>13,096,907</b>	<b>15,423,874</b>	<b>10,520,000</b>	<b>105,831</b>	<b>-</b>	<b>39,146,612</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,320,753</b>	<b>16,121,062</b>	<b>11,146,637</b>	<b>818,293</b>	<b>516,436</b>	<b>45,923,181</b>	<b>532,228</b>
<b>NET POSITION</b>							
Net investment in capital assets	5,937,889	10,468,536	(6,010,275)	183,926	823,233	11,403,309	-
Restricted for debt service	840,340	950,382	1,035,338	23,659	-	2,849,719	-
Restricted for capital projects	2,267,164	4,010,117	-	-	-	6,277,281	-
Restricted for impact fees	413,029	365,377	-	-	-	778,406	-
Unrestricted	670,149	(4,799,932)	(241,835)	(674,920)	(781)	(5,047,319)	507,457
<b>Total net position</b>	<b>\$ 10,128,571</b>	<b>\$ 10,994,480</b>	<b>\$ (5,216,772)</b>	<b>\$ (467,335)</b>	<b>\$ 822,452</b>	<b>\$ 16,261,396</b>	<b>\$ 507,457</b>

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 POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds					Total	Internal Service Fund
	Water	Wastewater	Business Center	Sanitation	Business Incubator		Insurance Fund
<b>Operating revenues:</b>							
Charges for services	\$ 3,256,087	\$ 2,610,294	\$ -	\$ 1,124,583	\$ -	\$ 6,990,964	\$ 1,766,916
Rent	-	-	629,265	-	-	629,265	-
Other	113,390	52,882	-	18,239	-	184,511	-
<b>Total operating revenues</b>	<u>3,369,477</u>	<u>2,663,176</u>	<u>629,265</u>	<u>1,142,822</u>	<u>-</u>	<u>7,804,740</u>	<u>1,766,916</u>
<b>Operating expenses:</b>							
Cost of sales and services	1,667,153	1,574,594	59,383	973,188	-	4,274,318	-
Insurance Premiums/Claims	-	-	-	-	-	-	2,312,587
Depreciation	475,954	730,707	373,592	36,988	-	1,617,241	-
<b>Total operating expenses</b>	<u>2,143,107</u>	<u>2,305,301</u>	<u>432,975</u>	<u>1,010,176</u>	<u>-</u>	<u>5,891,559</u>	<u>2,312,587</u>
<b>Operating income (loss)</b>	<u>1,226,370</u>	<u>357,875</u>	<u>196,290</u>	<u>132,646</u>	<u>-</u>	<u>1,913,181</u>	<u>(545,671)</u>
<b>Nonoperating revenues (expenses):</b>							
Investment earnings	11,789	1,251	869	-	-	13,909	2,742
Interest and fiscal charges	(529,308)	(544,497)	(830,338)	(67)	-	(1,904,210)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(517,519)</u>	<u>(543,246)</u>	<u>(829,469)</u>	<u>(67)</u>	<u>-</u>	<u>(1,890,301)</u>	<u>2,742</u>
Income before Contributions and Transfers	708,851	(185,371)	(633,179)	132,579	-	22,880	(542,929)
Capital contributions	500,000	-	-	-	822,452	1,322,452	-
<b>Changes in net position</b>	<u>1,208,851</u>	<u>(185,371)</u>	<u>(633,179)</u>	<u>132,579</u>	<u>822,452</u>	<u>1,345,332</u>	<u>(542,929)</u>
<b>Total net position, beginning of year</b>	<u>8,919,720</u>	<u>11,179,851</u>	<u>(4,583,593)</u>	<u>(599,914)</u>	<u>-</u>	<u>14,916,064</u>	<u>1,050,386</u>
<b>Total net position, end of year</b>	<u>\$ 10,128,571</u>	<u>\$ 10,994,480</u>	<u>\$ (5,216,772)</u>	<u>\$ (467,335)</u>	<u>\$ 822,452</u>	<u>\$ 16,261,396</u>	<u>\$ 507,457</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, 2014**

	Enterprise Funds					Internal Service Fund	
	Water	Wastewater	Business Center	Sanitation	Business Incubator	Total	Insurance Fund
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>							
Cash flows from operating activities:							
Cash received from customers	\$ 3,342,531	\$ 2,625,048	\$ 629,265	\$ 1,145,179	\$ -	\$ 7,742,023	\$ 1,744,856
Cash payments to suppliers for goods and services	(797,400)	(1,023,106)	(59,335)	(606,374)	-	(2,486,215)	(2,004,554)
Cash payments to employees for services	(869,753)	(551,488)	-	(270,350)	-	(1,691,591)	-
<b>Net cash provided by (used for) operating activities</b>	<b>1,675,378</b>	<b>1,050,454</b>	<b>569,930</b>	<b>268,455</b>	<b>-</b>	<b>3,564,217</b>	<b>(259,698)</b>
Cash flows from noncapital and related financing activities:							
Intergovernmental grants	-	-	-	-	-	-	-
Increase (decrease) due to other funds	3,374,006	(4,026,033)	5,160	(158,051)	-	(804,918)	-
<b>Net cash provided by noncapital and related financing activities</b>	<b>3,374,006</b>	<b>(4,026,033)</b>	<b>5,160</b>	<b>(158,051)</b>	<b>-</b>	<b>(804,918)</b>	<b>-</b>
Cash flows from capital and related financing activities:							
Capital contribution	500,000	-	-	-	823,233	1,323,233	-
Payments for capital acquisitions	(774,540)	(407,553)	-	(238,020)	(823,233)	(2,243,346)	-
Proceed from capital debt	2,406,069	4,010,115	-	127,683	-	6,543,867	-
Principal paid on long-term debt	(587,277)	(555,493)	-	-	-	(1,142,770)	-
Interest paid on long-term debt	(474,596)	(450,337)	(830,339)	(67)	-	(1,755,339)	-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>1,069,656</b>	<b>2,596,732</b>	<b>(830,339)</b>	<b>(110,404)</b>	<b>-</b>	<b>2,725,645</b>	<b>-</b>
Cash flows from investing activities:							
Investment income	11,789	1,251	869	-	-	13,909	2,741
<b>Net cash provided by investing activities</b>	<b>11,789</b>	<b>1,251</b>	<b>869</b>	<b>-</b>	<b>-</b>	<b>13,909</b>	<b>2,741</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,130,829</b>	<b>(377,596)</b>	<b>(254,380)</b>	<b>-</b>	<b>-</b>	<b>5,498,853</b>	<b>(256,957)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,804,358</b>	<b>1,296,584</b>	<b>1,416,788</b>	<b>-</b>	<b>-</b>	<b>6,517,730</b>	<b>1,134,339</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,935,187</b>	<b>\$ 918,988</b>	<b>\$ 1,162,408</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,016,583</b>	<b>\$ 877,382</b>
<b>Cash received from customers:</b>							
Rent	\$ -	\$ -	\$ 629,265	\$ -	\$ -	\$ 629,265	\$ -
Charges for services	3,369,477	2,663,176	-	1,142,822	-	7,175,475	1,766,916
(Increase)/ decrease in accounts receivable	(23,004)	(29,546)	-	(2,638)	-	(55,188)	(22,060)
(Increase)/ decrease in prepaid items	(3,942)	(8,582)	-	4,995	-	(7,529)	-
	<b>\$ 3,342,531</b>	<b>\$ 2,625,048</b>	<b>\$ 629,265</b>	<b>\$ 1,145,179</b>	<b>\$ -</b>	<b>\$ 7,742,023</b>	<b>\$ 1,744,856</b>
<b>Cash payments to suppliers for goods and services</b>							
Cost of sales and services (non-payroll)	\$ (754,646)	\$ (1,008,998)	\$ (59,287)	\$ (704,113)	\$ -	\$ (2,527,044)	\$ (2,312,587)
Increase/ (decrease) in accounts payable	(42,754)	(14,108)	(48)	97,739	-	40,829	308,033
	<b>\$ (797,400)</b>	<b>\$ (1,023,106)</b>	<b>\$ (59,335)</b>	<b>\$ (606,374)</b>	<b>\$ -</b>	<b>\$ (2,486,215)</b>	<b>\$ (2,004,554)</b>
<b>Cash payments to employees for services</b>							
Cost of sales and services (payroll)	\$ (864,700)	\$ (559,685)	\$ -	\$ (269,075)	\$ -	\$ (1,693,460)	\$ -
Increase/ (decrease) in accrued payroll and taxes	(5,521)	6,784	-	(1,568)	-	(305)	-
Increase/ (decrease) in compensated absences payable	468	1,413	-	293	-	2,174	-
	<b>\$ (869,753)</b>	<b>\$ (551,488)</b>	<b>\$ -</b>	<b>\$ (270,350)</b>	<b>\$ -</b>	<b>\$ (1,691,591)</b>	<b>\$ -</b>

**CITY OF SAN LUIS, ARIZONA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014**

	Enterprise Funds					Internal Service Fund	
	Water	Wastewater	Business Center	Sanitation	Business Incubator	Total	Insurance Fund
<b>Reconciliation of Operating Income to</b>							
<b>Net Cash Provided by (Used for) Operating Activities</b>							
<b>Operating income (loss)</b>	\$ 1,226,370	\$ 357,875	\$ 196,290	\$ 132,646	\$ -	\$ 1,913,181	\$ (545,671)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation and amortization	475,954	730,707	373,592	36,988	-	1,617,241	-
Change in assets and liabilities:							
(Increase)/ decrease in accounts receivable	(22,832)	(15,438)	-	(2,638)	-	(40,908)	(22,060)
(Increase)/ decrease in prepaid items	(3,942)	(8,582)	-	4,995	-	(7,529)	-
Increase/ (decrease) in accounts payable	(42,754)	(21,855)	48	97,739	-	33,178	308,033
Increase/ (decrease) in accrued payroll and taxes	42,582	7,747	-	(1,275)	-	49,054	-
<b>Total adjustments</b>	449,008	692,579	373,640	135,809	-	1,651,036	285,973
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 1,675,378</u>	<u>\$ 1,050,454</u>	<u>\$ 569,930</u>	<u>\$ 268,455</u>	<u>\$ -</u>	<u>\$ 3,564,217</u>	<u>\$ (259,698)</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 CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2014**

	<u>Pension Trust</u>
<b>Additions:</b>	
Investment earnings	\$ 17
<b>Total additions</b>	17
<b>Deductions:</b>	
Benefits paid	\$ 32,265
<b>Total deductions</b>	32,265
<b>Changes in net assets</b>	(32,248)
<b>Net position, beginning of year</b>	32,248
<b>Net position, end of year</b>	\$ -

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

## **COMPONENT UNITS**

**COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<b>SLF Detention Center</b>	<b>SLC Arts &amp; Humanities</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 1,997
Receivables (net of allowance)	154	-
Restricted cash and cash equivalents	6,395,587	-
<b>CAPITAL ASSETS:</b>		
Land	661,359	-
Buildings and improvements	34,129,886	-
Machinery and equipment	329,194	-
Accumulated depreciation	(8,742,494)	-
Total assets	32,773,686	1,997
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Outflow on refundings	407,639	-
Total Assets and Deferred outflow	33,181,325	1,997
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payables	80,319	-
Accrued interest	549,978	-
<i>Non current liabilities:</i>		
Due Within One Year	1,500,000	-
Due in More Than One Year	42,292,015	-
Total Liabilities	44,422,312	-
<b>NET POSITION</b>		
Invested in Capital assets, net of related debt	(17,414,070)	-
Restricted for debt service	4,625,604	-
Unrestricted	1,547,479	1,997
Total Net Position	\$ (11,240,987)	\$ 1,997

**COMPONENT UNITS  
STATEMENT OF ACTIVITIES - ALL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>SLF Detention Center</b>	<b>SLC for Arts &amp; Humanities</b>
Operating Revenues		
Charges for services	13,830,911	-
Operating Grants	-	-
	13,830,911	-
Total Operating Revenues	13,830,911	-
Operating Expenses		
General Operations	8,492,884	-
Depreciation	1,740,564	-
Professional Fees	3,279,737	707
	13,513,185	707
Total Operating Expenses	13,513,185	707
Operating Income (loss)	317,726	(707)
Non operating Revenues (expenses)		
Interest Revenues	53,912	-
Interest Expense	(3,312,810)	-
	(3,258,898)	-
Total Non operating Revenue (Expenses)	(3,258,898)	-
Change in Net Position	(2,941,172)	(707)
Net Position- Beginning	(8,299,815)	2,704
Net Position - Ending	\$ (11,240,987)	\$ 1,997

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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.

**Primary Government Disclosures:**

Description of City

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 major accounting principles and practices followed by the City are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

**A. Reporting Entity**

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.

***Individual Component Unit Disclosures***

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. Although it is legally separate from the City, the SLCIC is reported as if it were part of the City government, because its sole purpose is to finance the City construction needs. The Corporation is governed by a board of Directors, who are responsible for approving the corporation's bond sales. Bond sales must also be ratified by the Mayor and City Council. For the fiscal year ended June 30, 2014, the activity of the SLCIC is reported in the Municipal Projects Bond Fund and the benefiting enterprise funds in the City's financial statements.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**A. Reporting Entity (Continued)**

*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.

*The San Luis Employees' Self Insurance Health Fund (ESI)* was formed for the purpose of managing the health insurance fund and is governed by five Board members. The Board consists of three non-staff members, one member of Council and one member from the Human Resources Department. Although it is legally separate from the City, the Trust is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to City employees through a self-insured plan. Employees are covered 100% by the plan and pay on the average \$250 for family or dependent care. The activity of the ESI is reported as the Insurance Fund, an internal service fund.

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

Discretely Presented Component Units

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

*The San Luis 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 created to acquire, construct reconstruct or to aid in the development or improvement of buildings and other real and personal property suitable for leasing or sale to the City. For the audit period ended June 30, 2014, 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 February of 2011 and April 2014, the SLFDC was used to issue \$20,165,000 and \$26,990,000 in bonds to extend an existing detention center and to refinance the original construction bonds respectively. The City General Fund receives certain revenues in form of a bed tax from the operations. The activity is reported in the City's Detention Center Fund.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

*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, 2014, there was no activity reported for the IDA.

*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 on-going financial interest or responsibility.

The City participates under a membership provision with two 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, 2014**

**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 position 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 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, 2014**

**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. Unearned revenue 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 unearned 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 and the business incubator. 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.

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

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

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

Additionally, the City reports the following fund type:

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.

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

**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.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**D. Budgets (Continued)**

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, a few 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 Position/balance sheet.

**F. Investment Income (Loss)**

Investments in all funds are carried at fair value. Investments consist of a variety of investments which may include direct obligations of the U.S. government, money market funds, corporate and other obligations, guaranteed investments and repurchase agreements. Note 2, deposits and investments, provides a detailed disclosure regarding cash, cash equivalents, and investments. Investment income (loss) is composed of interest and net changes in the fair value of applicable investments.

**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."

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**G. Receivables and Payables (Continued)**

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, 2014**

**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 water and the wastewater funds in the amount of \$59,645 and \$99,408 respectively on assets acquired with the utility bonds series 2013.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflow of resources on refunding reported in the government-wide and proprietary fund statements as well as in one of the component units net position. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City is not reporting a deferred inflow unavailable revenue, which arises only under the modified accrual basis of accounting, and is usually reported only on the governmental funds balance sheet. Governmental funds report unavailable revenues primarily from two sources: taxes and long-term receivables. These amounts if applicable would have been recognized as inflows of resources in the periods that the amounts become available.

**M. Compensated Absences**

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

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

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**M. Compensated Absences (Continued)**

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.

However, there is an exception to the rules that applies to two key personnel whereas in addition to unlimited vacation hours, some if not all of their accumulated sick leave will be paid at 100%. The contracts stipulate a pay-out of both types of leaves up to 150 days or 1,500 hours at the equivalent rate of pay upon resignation/termination.

**N. Long-Term Obligations**

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

**O. Equity Classifications**

Government-wide and Proprietary Fund Statements:

**Net Position**

Net position represents the difference between assets, deferred outflows of resources and liabilities. Net position invested in capital assets net of related debt consist of capital assets, net of accumulated depreciation, and related debt used in the acquisition or construction of capital assets. Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Unrestricted net position is available for use in the current period.

**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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**Fund Balances (Continued)**

*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. Such commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Any changes or removal of specific purposes requires majority action as well by the governing body. Committed funds include funds for capital projects and specified program services as defined by the creation of the fund.

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

- 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 is in the best interest of the City.

**P. 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.

**Q. 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.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**R. Pending Pronouncements**

GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans*," effective for financial statements for periods beginning after June 15, 2013, and has also issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014. These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of these statements has not yet been determined, but are expected to be significant.

GASB has issued Statement No. 69, "Government Combinations and Disposals of Government Operations," effective for financial statements for periods beginning after December 15, 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*," effective for financial statements for periods beginning after June 15, 2013. This statement addresses an issue regarding Statement No. 68 relating to amounts associated with contributions, if any, made by a state or local government employer or non-employers contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**S. Adoption of Pronouncements**

The City has adopted GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*." This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

As a result of this statement, net position as of June 30, 2013 has been restated by \$2,183,081 million and \$2,652,457 million for the Primary Government and Component Units, respectively, to remove bond issue costs that were previously considered assets. The City, the primary government, had netted that asset against its long-term debt. The other primary impact of this statement was to classify the deferred amounts on refunding as deferred outflows of resources on the statement of net position.

**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, 2014, City deposits of \$8,929,764 were uninsured and collateralized with securities held by the pledging financial institution.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

The investments of the City and its component units at June 30, 2014, were as follows:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-5	6-10
U.S. agency securities	\$ 1,226,051	\$ 1,226,051	\$ -	\$ -
Money market funds	10,723,347	10,723,347	-	-
State Treasurer's investment pool	12,219,588	12,219,588	-	-
<b>Total</b>	<b>\$ 24,168,986</b>	<b>\$ 24,168,986</b>	<b>\$ -</b>	<b>\$ -</b>

*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's investments in U.S. agencies were rated Aaa-mf by Moody's Investors Service and AAAm by Standard & Poor's. The City has no investment policy that would further limit its investment choices.

As of June 30, 2014, 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 LGIP which belongs to local government participants is overseen by the State Board of Investments of Arizona and is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at [www.aztreasury.gov](http://www.aztreasury.gov) or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1<sup>st</sup> Floor, Phoenix, AZ 85007.

The City's position in the LGIP at June 30, 2014 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, 2014, the City had \$11,949,398 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, 2014, the City's investments include 5.07% invested in U.S. agency securities, 44.37% invested in money market funds, and 50.56% invested in the State Treasurer's investment pool.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

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

Cash, deposits, and investments	
Cash on hand	\$ 4,400
Amount of deposits	9,134,552
Amount of investments	<u>24,168,986</u>
Total	<u>\$ 33,307,938</u>

	Primary Government			Component Units		Total
	Governmental Activities	Business- type Activities	Internal Activities	SLFDC Detention Facility	San Luis Arts & Humanities	
Statement of Net Position						
Cash and cash equivalents	\$ 9,498,976	\$ 10,980,185	\$ 877,382	\$ -	\$ 1,997	\$ 21,358,540
Restricted cash and cash equivalents	4,517,413	1,036,398	-	6,395,587	-	11,949,398
Total	<u>\$ 14,016,389</u>	<u>\$ 12,016,583</u>	<u>\$ 877,382</u>	<u>\$ 6,395,587</u>	<u>\$ 1,997</u>	<u>\$ 33,307,938</u>

**NOTE 3- INTERFUND BALANCES AND TRANSFERS**

At June 30, 2014, inter-fund balances and activity were as follows:

Due to/from other funds:

Fund	Due From Other Funds	Due To Other Funds
General	\$ 2,038,208	\$ -
Highway User	-	113,984
Municipal Projects Bond Fund	-	2,734,829
Non-Major Governmental	945,119	99,170
Water	-	3,297,875
Wastewater	3,961,198	-
Business Center	-	6,420
Business Incubator	-	146,217
Sanitation	-	546,030
Total	<u>\$ 6,944,525</u>	<u>\$ 6,944,525</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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 3- INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

Interfund transfers:

Fund	Transfers In	Transfers out
General	\$ -	\$ 1,696,559
HURF	-	42,802
Municipal Project	1,146,472	-
Non-Major Governmental	592,889	-
<b>Total</b>	<b>\$ 1,739,361</b>	<b>\$ 1,739,361</b>

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.

**NOTE 4- RECEIVABLES AND UNEARNED REVENUES**

Receivables are reported net of allowance for uncollectible of \$20,999 for utility receivables and \$299,936 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	Business Center	Business Incubator	Sanitation	Insurance Fund
Accounts Receivables	\$ 422,578	\$ -	\$ 107	\$ 7,594	\$400,899	\$ 83,973	\$ 52,440	\$ -	\$ 38,822	\$ 162,303
Fines Receivable	2,441,738	-	-	-	-	-	-	-	-	-
Notes Receivable Due from governmental entities	906,402	176,725	-	213,814	-	-	-	515,655	-	-
<b>Net total receivables</b>	<b>\$3,770,718</b>	<b>\$176,725</b>	<b>\$ 107</b>	<b>\$ 221,408</b>	<b>\$442,509</b>	<b>\$ 83,973</b>	<b>\$ 52,440</b>	<b>\$515,655</b>	<b>\$ 38,822</b>	<b>\$ 162,303</b>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unearned revenue consisting mostly of fines receivable were reported in the General Fund of \$2,413,106.

**CITY OF SAN LUIS, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5- CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2014 follows:

<u>Governmental Activities</u>	<u>Beginning Balance (Restated)*</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,531,972	\$ -	\$ -	\$ 1,531,972
Construction in progress	17,921	121,191	-	139,112
<b>Total capital assets, not being depreciated</b>	<b>1,549,893</b>	<b>121,191</b>	<b>-</b>	<b>1,671,084</b>
Capital assets, being depreciated:				
Infrastructure	40,246,496	10,000	-	40,256,496
Buildings and improvements	23,115,489	358,193	-	23,473,682
Machinery and equipment	8,103,357	693,131	(137,129)	8,659,359
<b>Total capital assets being depreciated</b>	<b>71,465,342</b>	<b>1,061,324</b>	<b>(137,129)</b>	<b>72,389,537</b>
Less accumulated depreciation for:				
Infrastructure	(10,618,360)	(834,305)	-	(11,452,665)
Buildings and improvements	(5,437,402)	(590,857)	-	(6,028,259)
Machinery and equipment	(4,733,538)	(531,228)	129,334	(5,135,433)
<b>Total accumulated depreciation</b>	<b>(20,789,300)</b>	<b>(1,956,390)</b>	<b>129,334</b>	<b>(22,616,356)</b>
<b>Total capital assets, being depreciated, net</b>	<b>50,676,042</b>	<b>(895,066)</b>	<b>(7,795)</b>	<b>49,773,181</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 52,225,935</b>	<b>\$ (773,875)</b>	<b>\$ (7,795)</b>	<b>\$ 51,444,265</b>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 634,819	\$ 40,000	\$ -	\$ 674,819
Construction in progress	30,914	1,007,463	-	1,038,377
<b>Total</b>	<b>665,733</b>	<b>1,047,463</b>	<b>-</b>	<b>1,713,196</b>
Capital assets, being depreciated:				
Infrastructure	46,781,026	608,081	-	47,389,106
Buildings and improvements	5,829,385	216,493	-	6,045,879
Machinery and equipment	7,144,199	371,306	-	7,515,505
<b>Total</b>	<b>59,754,610</b>	<b>1,195,880</b>	<b>-</b>	<b>60,950,490</b>
Less accumulated depreciation for:				
Infrastructure	(9,698,584)	(1,050,387)	-	(10,748,971)
Buildings and improvements	(1,101,978)	(189,915)	-	(1,291,893)
Machinery and equipment	(5,292,056)	(376,939)	-	(5,668,995)
<b>Total accumulated depreciation</b>	<b>(16,092,618)</b>	<b>(1,617,241)</b>	<b>-</b>	<b>(17,709,859)</b>
<b>Total capital assets, being depreciated, net</b>	<b>43,661,992</b>	<b>(421,361)</b>	<b>-</b>	<b>43,240,631</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 44,327,725</b>	<b>\$ 626,102</b>	<b>\$ -</b>	<b>\$ 44,953,827</b>

\*Beginning balances of capital assets and related depreciation for modular building at cost of \$46,000 was reclassified from Machinery and Equipment to Buildings and Improvements.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5- CAPITAL ASSETS (CONTINUED)**

Discretely Presented Component Units	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 661,359	\$ -	\$ -	\$ 661,359
Construction in progress	-	-	-	-
Total	<u>661,359</u>	<u>-</u>	<u>-</u>	<u>661,359</u>
Capital assets, being depreciated:				
Infrastructure	-	-	-	-
Buildings and improvements	34,129,886	-	-	34,129,886
Machinery and equipment	329,194	-	-	329,194
Total	<u>34,459,080</u>	<u>-</u>	<u>-</u>	<u>34,459,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,814,195)	(1,706,495)	-	(8,520,690)
Machinery and equipment	(187,735)	(34,069)	-	(221,804)
Total accumulated depreciation	<u>(7,001,930)</u>	<u>(1,740,564)</u>	<u>-</u>	<u>(8,742,494)</u>
Total capital assets, being depreciated, net	<u>27,457,150</u>	<u>(1,740,564)</u>	<u>-</u>	<u>25,716,586</u>
Business-type activities capital assets, net	<u>\$ 28,118,509</u>	<u>\$ (1,740,564)</u>	<u>\$ -</u>	<u>\$ 26,377,945</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 359,956
Public safety	347,334
Public works and streets	912,684
Health and welfare	18,171
Culture and recreation	310,077
Community development	<u>8,168</u>
Total depreciation expense	<u>\$ 1,956,390</u>
Business-type activities:	
Water	\$ 475,954
Wastewater	730,707
Business Center	373,592
Sanitation	<u>36,988</u>
Total depreciation expense	<u>\$ 1,617,241</u>
Discretely Presented Component Units:	
Detention Facility	<u>\$ 1,740,564</u>
Total depreciation expense	<u>\$ 1,740,564</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 6- 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 Position. Lease payments effected during the fiscal year 2014 amounted to \$48,676.

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

Year Ending June 30:	Amount
2015	23,579
2016	19,325
2017	14,557
2018	10,321
2019	4,862
Total	\$ 72,645

**NOTE 7- REVENUE BONDS PAYABLE**

**PRIMARY GOVERNMENT**

Revenue bonds payable at June 30, 2014 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, 2014
Governmental activities	3.75-5.00%	7/1/09-38	14,168,500
Business-type activities	3.75-5.00%	7/1/09-38	22,191,500
Total			\$ 36,360,000

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7- REVENUE BONDS PAYABLE (CONTINUED)**

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year ending June 30:				
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	356,551	624,238	558,449	977,716
2019	372,137	609,253	582,863	954,246
2020-24	2,117,871	2,777,247	3,317,129	4,349,880
2025-29	2,684,845	2,198,217	4,205,155	3,442,971
2030-34	3,364,824	1,499,987	5,270,176	2,349,363
2035-39	4,280,555	555,722	6,704,445	870,403
Total	<u>\$ 14,168,500</u>	<u>\$ 10,221,459</u>	<u>\$ 22,191,500</u>	<u>\$ 16,009,423</u>

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

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2014
Business-type activities	4.00%	7/1/33	<u>6,580,000</u>
Total			<u>\$ 6,580,000</u>

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

	Business-Type Activities		
	Principal	Interest	Total
Year ending June 30:			
2015	\$ -	\$ 250,040	\$ 250,040
2016	260,000	250,040	510,040
2017	270,000	240,160	510,160
2018	280,000	229,900	509,900
2019	295,000	219,260	514,260
2020-24	1,635,000	920,360	2,555,360
2025-29	1,975,000	585,200	2,560,200
2030-34	1,865,000	180,690	2,045,690
Total	<u>\$ 6,580,000</u>	<u>\$ 2,875,650</u>	<u>\$ 9,455,650</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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7- REVENUE BONDS PAYABLE (CONTINUED)**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$184,000 after adjustment for GASB65. This difference is reported in the accompanying financial statements as deferred outflows of resources and is being charged to operations through the year 2016 using the straight-line method. Amortization for the year ended June 30, 2014 was \$16,730.

**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. Subsequently, during April 2014, the Corporation refunded the 2005 issues following an IRS audit in which the issues were found to be taxable as opposed to the non-taxable status at time of issuance. The refunding amount was for \$26,090,000.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2014
Governmental activities	6.00-7.25%	4/1/14-30	26,090,000
Business-type activities	6.75-8.625%	5/1/08-27	<u>18,810,000</u>
Total			<u>\$ 44,900,000</u>

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

Year ending June 30:	Principal		Interest	
	2014 issues	2011 issues	2014 issues	2011 issues
2015	\$ 735,000	\$ 765,000	\$ 1,736,596	\$ 1,558,463
2016	765,000	825,000	1,709,000	1,498,456
2017	795,000	895,000	1,677,636	1,433,425
2018	835,000	970,000	1,640,270	1,360,219
2019	880,000	1,050,000	1,597,686	1,280,731
2020-24	5,210,000	6,735,000	7,161,476	4,946,888
2025-29	10,620,000	7,570,000	5,007,826	1,461,856
2030	6,250,000	-	453,126	-
Total	<u>\$ 26,090,000</u>	<u>\$ 18,810,000</u>	<u>\$ 20,983,616</u>	<u>\$ 13,540,038</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 8- NOTE OBLIGATIONS**

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

<b>Government – type activities:</b>	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
Notes payable to the Wal-mart store for \$376,000 dated October 4, 2006 for road extension. Note is due in quarterly installments of the first 1% of City Sales Tax collected on retail sales from the Wal-mart store until fully paid.	\$ -	\$ 265,628	\$ 265,628
Note payable to the United States Department of Agriculture for \$50,000 dated February 26, 2006 for furnishing Cultural Center. Note is due in monthly installments of \$513 including principal and interest at 4.25% for 120 months.	5,935	1,965	7,900
Note payable to the Greater Arizona Development Authority (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
Withdrew \$37,693 from a line of credit received from 1 <sup>st</sup> Bank Yuma on June 11, 2014 for equipment purchase. Current and early next year monthly payments will be for interest only until the withdrawal period is closed at which time the aggregate amount will be converted to a 3.75% five year term loan.	6,987	30,706	37,693
<b>Total Notes Payable</b>	<u>\$ 12,922</u>	<u>\$ 3,323,299</u>	<u>\$ 3,336,221</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2015	\$ 12,922	\$ 166,596	\$ 179,518
2016	9,641	166,392	176,033
2017	7,676	166,385	174,061
2018	7,676	166,380	174,056
2019	7,676	166,377	174,053
Thereafter	<u>3,290,630</u>	<u>3,098,838</u>	<u>6,389,468</u>
<b>Total</b>	<u>\$ 3,336,221</u>	<u>\$ 3,930,967</u>	<u>\$ 7,267,188</u>

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 8- NOTE OBLIGATIONS (CONTINUED)**

<b>Business – type activities:</b>	CURRENT PORTION	LONG TERM	TOTAL
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.	\$ 205,000	\$ 10,520,000	\$ 10,725,000
Withdrew \$127,682 from a line of credit received from 1 <sup>st</sup> Bank Yuma on June 11, 2014 for equipment purchase. Current and early next year monthly payments will be for interest only until the withdrawal period is closed at which time the aggregate amount will be converted to a 3.75% five year term loan.	<u>23,659</u>	<u>104,023</u>	<u>127,682</u>
Total Notes Payable	<u>\$ 228,659</u>	<u>\$ 10,624,023</u>	<u>\$ 10,852,682</u>

Debt service requirements on all business type debt to maturity are shown below:

	Principal	Interest	Total
Year ending June 30:			
2015	\$ 228,659	\$ 823,318	\$ 1,051,977
2016	246,008	808,766	1,054,774
2017	256,005	793,358	1,049,363
2018	276,005	776,923	1,052,928
2019	291,005	759,290	1,050,295
Thereafter	<u>9,555,000</u>	<u>7,973,466</u>	<u>17,528,466</u>
Total	<u>\$ 10,852,682</u>	<u>\$ 11,935,121</u>	<u>\$ 22,787,803</u>

**NOTE 9- CHANGE IN LONG-TERM LIABILITIES**

**Compensated Absences**

The City's policy relating to compensated absences is described in Note 1-M. As shown in the table below, the long-term portion of this debt, amounting to \$584,818 for governmental activities and \$69,436 for business-type activities at June 30, 2014 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the General Fund.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9- CHANGE IN LONG-TERM LIABILITIES (CONTINUED)**

Long-term liability activity for all categories for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$519,569	\$430,805	\$365,556	\$584,818	\$488,566
Revenue bonds payable	14,474,393	-	305,893	14,168,500	317,584
Revenue bonds premium	223,655	-	8,946	214,709	-
Revenue Bonds / GADA Loans	3,025,000	-	-	3,025,000	-
Note payable	<u>298,879</u>	<u>37,693</u>	<u>25,350</u>	<u>311,222</u>	<u>12,922</u>
Governmental activities long-term liabilities	<u>\$18,541,496</u>	<u>\$468,498</u>	<u>\$705,745</u>	<u>\$18,304,249</u>	<u>\$819,072</u>
<b>Business-type activities:</b>					
Compensated absences	\$68,662	\$55,221	\$54,447	\$69,436	\$58,008
Revenue bonds payable	22,670,608	6,580,000	479,107	28,771,501	497,417
Revenue bonds premium	246,954	-	9,879	237,075	-
Revenue Bonds / GADA Loans	10,725,000	-	-	10,725,000	205,000
Note payable	<u>834,330</u>	<u>127,693</u>	<u>834,330</u>	<u>127,693</u>	<u>23,659</u>
Business-type activities long-term liabilities	<u>\$34,545,554</u>	<u>\$6,762,914</u>	<u>\$1,377,763</u>	<u>\$39,930,705</u>	<u>\$784,084</u>
<b>Discretely presented units</b>					
Revenue bonds payable	\$42,825,000	\$26,090,000	\$24,015,000	\$44,900,000	\$1,500,000
Revenue bonds discount	<u>(752,553)</u>	<u>(801,262)</u>	<u>(445,830)</u>	<u>(1,107,985)</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$42,072,447</u>	<u>\$25,288,738</u>	<u>\$23,569,170</u>	<u>\$43,792,015</u>	<u>\$1,500,000</u>

**NOTE 10- COMMITMENTS AND CONTINGENCIES**

**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, 2014; 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 11 – CONTESTED TAXES**

As of June 30, 2014 there was an estimate of over \$1.3 million of assessment filed by the City against one or more tax payers that as of the issuance of the financial statements was in the predetermination hearing process. Collectability of this assessment is dependent upon the decision of administrative Judges. The assessment will not meet the revenue recognition criteria as tax revenue until the administrative hearing is final. Therefore, this amount is not included in the receivables reported in the financial statements.

**NOTE 12- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Individual Deficit Fund Balances/Net Position** – At June 30, 2014, the following individual major and non-major governmental fund reported deficits in fund balance or fund Net Position.

<b>Major/Non-Major Enterprise Fund:</b>	<u>Deficit</u>
Business Center	\$ 5,216,772
Sanitation	\$ 467,335
<b>Discretely Presented Units</b>	
Detention Facility - SLFDC	\$ 11,240,987

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, 2014**

**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 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of their salaries to the system during fiscal year 2013-2014 and the City was required to match it (10.7 percent, 0.60 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 151 participants in the ASRS as of June 30, 2014.

**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>
2012	498,032	29,771	12,064
2013	543,219	34,448	12,502
2014	590,728	33,125	13,250

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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.

The Elected Officials Retirement Plan (EORP) is a cost-sharing multiple-employer benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by the Fund Manager of PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3.

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, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members' annual covered payroll to the Plan, and the City was required to contribute at the actuarially determined rate of 17.5 percent for police and 13.19 percent for fire. There were 64 participants in the PSPRS as of June 30, 2014.

**B. Annual Pension Cost and Net Pension Obligation**

The City's pension cost for the two agent plans for the year ended June 30, 2014, follows:

	PSPRS	
	Police	Fire
Contribution rates:		
City	17.50%	13.19%
Plan Members	10.35%	10.35%
Contributions Made	\$ 444,080	\$ 323,117

The June 30, 2014 annual required contributions for the PSPRS were determined as part of the June 30, 2008 actuarial valuations using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.85 percent investment rate of return and (b) projected salary increases ranging from 4.0 percent to 8.0 percent per year. Both (a) and (b) included an inflation component of 4.0 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.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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, 2014 for the last three preceding years for the agent plan follows:

**Three-Year Trend Information**

**Police Plan:**

<b>Pension</b>			
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	253,657	100.00%	N/A
2013	274,783	100.00%	N/A
2014	271,422	100.00%	N/A

<b>Health</b>			
Year Ended June 30,	Annual OPEB)	Percentage Contributed	Net OPEB Obligation
2012	177,670	100.00%	N/A
2013	200,483	100.00%	N/A
2014	213,629	111.60%	N/A

**Fire Plan:**

<b>Pension</b>			
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	110,207	100.00%	N/A
2013	154,220	100.00%	N/A
2014	188,647	100.00%	N/A

<b>Health</b>			
Year Ended June 30,	Annual OPEB)	Percentage Contributed	Net OPEB Obligation
2012	132,088	100.00%	N/A
2013	139,348	100.00%	N/A
2014	158,388	98.18%	N/A

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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, 2014, the most recent actuarial calculation date, the police plan was 70.2 percent funded and the firefighters plan was 96.9 percent funded. The actuarial accrued liability for benefits was \$7.1 million and \$3.8 million and the actuarial value of assets was \$5.0 million and \$3.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.1 million and \$0.12 million respectively. The covered payrolls (annuals of active employees covered by the plans) were \$1.7 million and \$1.5 million, and the ratio of the UAAL to the covered payroll was 128.6 percent and 7.8 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 twenty six (26) volunteer firefighters participated 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 administered the fund. Assets of the Fund were invested in an account with the State Treasurer’s Local Government Investment Pool. During the month of December 2013, the Board of the Volunteer Firefighters Pension plan approved the dispersal of the cumulative amount to all participants or surviving beneficiaries.

A summary of activities and balances in the Firefighter’s Pension Trust for the year ended June 30, 2014 follows:

	Beginning Balance June 30, 2013	Contributions/ Earnings	Benefits Paid	Ending Balance June 30, 2014
<b>Assets</b>				
Cash and equivalents	\$ 32,248	\$ 17	\$ 32,265	\$ -

**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 streets projects as well as a Business Incubator both totaling almost \$2.4 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2014. The remaining balance for work not yet complete at the end of the year is estimated at \$1.5 million.

**CITY OF SAN LUIS, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 17- 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 18- SUBSEQUENT EVENTS**

On July 14, 2014, the San Luis Facility Development Corporation refunded \$23.3 million of Senior lien taxable refunding revenue bonds. The bonds were dated and delivered July 14, 2014.

The City is in the process of refunding the \$40 million bond issues at the end of November 2014. The refunding bonds will net a cost savings to the City in the amount of \$2.6 million.

The City Manager R. Velez will retire mid-December 2014, ending a 5-year career in this capacity with the City of San Luis. A successor has been selected by the City and is scheduled to begin on December 15, 2014.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SAN LUIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF AGENT RETIREMENT PLAN FUNDING PROGRESS  
JUNE 30, 2014**

**Police Plan**

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percent Funded (1) - (2)	Unfunded AAL (UAAL) (2) / (1)	Covered Payroll (3)	UAAL as a Percent of Covered Payroll ((2)-(1))/(3)
2011	4,057,857	5,251,620	77.3%	1,193,763	1,616,316	73.9%
2012	4,632,753	5,844,961	79.3%	1,212,208	1,501,144	80.8%
2013	4,858,811	5,920,656	82.1%	1,061,845	1,487,720	71.4%
2014	5,000,800	7,123,712	70.2%	2,122,912	1,651,332	128.6%

**Fire Plan**

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percent Funded (1) - (2)	Unfunded AAL (UAAL) (2) / (1)	Covered Payroll (3)	UAAL as a Percent of Covered Payroll ((2)-(1))/(3)
2011	2,275,495	2,187,634	104.0%	(87,861)	1,221,676	0.0%
2012	2,916,906	2,819,994	103.4%	(96,912)	1,396,801	0.0%
2013	3,370,686	3,372,185	100.0%	1,499	1,492,179	0.1%
2013	3,683,462	3,801,840	96.9%	118,378	1,520,802	7.8%

**Health Insurance**

Valuation Date June 30,	Valuation Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percent Funded (1) - (2)	Unfunded AAL (UAAL) (2) / (1)	Covered Payroll (3)	UAAL as a Percent of Covered Payroll ((2)-(1))/(3)
2011	0	308,776	0.00%	308,776	2,837,992	10.9%
2012	0	309,758	0.00%	309,758	2,897,945	10.7%
2013	0	339,831	0.00%	339,831	2,979,899	11.4%
2014	393,911	372,017	105.89%	(21,894)	3,172,134	-0.7%

**SUPPLEMENTARY INFORMATION  
COMBINING FUND FINANCIAL STATEMENTS**

**CITY OF SAN LUIS, ARIZONA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>SPECIAL REVENUES</b>			
	Police Grants and Special Revenues	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	19	2,300	5,275	-
Due from governmental entities	211,741	-	-	-
Due from other funds	-	599,669	290,710	20,000
Prepaid items	-	-	-	-
	<b>Total assets</b>	<b>Total assets</b>	<b>Total assets</b>	<b>Total assets</b>
	\$ 211,760	\$ 601,969	\$ 295,985	\$ 20,000
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	32,271	62,317	17,680	-
Due to other funds	99,170	-	-	-
	<b>Total liabilities</b>	<b>Total liabilities</b>	<b>Total liabilities</b>	<b>Total liabilities</b>
	131,441	62,317	17,680	-
Fund balances:				
Non-spendable assigned for:				
Capital outlay	-	-	-	-
Special revenue funds	80,319	539,652	-	-
Unassigned	-	-	278,305	20,000
	<b>Total fund balances</b>	<b>Total fund balances</b>	<b>Total fund balances</b>	<b>Total fund balances</b>
	80,319	539,652	278,305	20,000
<b>Total liabilities and fund balances</b>	<b>\$ 211,760</b>	<b>\$ 601,969</b>	<b>\$ 295,985</b>	<b>\$ 20,000</b>

**CAPITAL PROJECTS**

Capital Outlay Reserve Fund	Cultural Center	Totals
\$ 841,606	\$ -	\$ 841,606
-	-	7,594
-	2,073	213,814
32,555	2,185	945,119
12,235	143,742	155,977
<u>\$ 886,396</u>	<u>\$ 148,000</u>	<u>\$ 2,164,110</u>
-	4,258	116,526
-	-	99,170
-	4,258	215,696
886,396	143,742	1,030,138
-	-	619,971
-	-	298,305
<u>886,396</u>	<u>143,742</u>	<u>1,948,414</u>
<u>\$ 886,396</u>	<u>\$ 148,000</u>	<u>\$ 2,164,110</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, 2014**

	<b>SPECIAL REVENUES</b>			
	Police Grants	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
<b>Revenues:</b>				
Special assessments	\$ -	\$ -	\$ 282,484	\$ -
Intergovernmental	626,450	7,612	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	257,274	-	-
Interest Revenues	-	-	-	-
Other	-	-	-	2,500
<b>Total revenues</b>	<b>626,450</b>	<b>264,886</b>	<b>282,484</b>	<b>2,500</b>
<b>Expenditures:</b>				
Current				
General government	-	271,673	-	-
Public safety	996,530	-	-	-
Public works and streets	-	-	51,595	-
Culture and recreation	-	-	230,888	-
Community development	-	-	-	-
Capital outlay	183,137	167,097	-	-
<b>Total expenditures</b>	<b>1,179,667</b>	<b>438,770</b>	<b>282,483</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(553,217)</b>	<b>(173,884)</b>	<b>1</b>	<b>2,500</b>
<b>Other financing sources (uses):</b>				
Transfers in	550,087	-	-	-
<b>Total other financing sources (uses)</b>	<b>550,087</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in fund balances</b>	<b>(3,130)</b>	<b>(173,884)</b>	<b>1</b>	<b>2,500</b>
<b>Fund balances - beginning</b>	<b>83,449</b>	<b>713,536</b>	<b>278,304</b>	<b>17,500</b>
<b>Fund balances - ending</b>	<b>\$ 80,319</b>	<b>\$ 539,652</b>	<b>\$ 278,305</b>	<b>\$ 20,000</b>

**CAPITAL PROJECTS**

Capital Outlay Reserve Fund	Cultural Center	Totals
\$ -	\$ -	\$ 282,484
-	154	634,216
157,304	-	157,304
-	-	257,274
1,596	-	1,596
-	-	2,500
<u>158,900</u>	<u>154</u>	<u>1,335,374</u>
2,169	-	273,842
-	-	996,530
-	-	51,595
-	-	230,888
-	-	-
<u>79,816</u>	<u>10,154</u>	<u>440,204</u>
<u>81,985</u>	<u>10,154</u>	<u>1,993,059</u>
<u>76,915</u>	<u>(10,000)</u>	<u>(657,685)</u>
<u>-</u>	<u>42,802</u>	<u>592,889</u>
<u>-</u>	<u>42,802</u>	<u>592,889</u>
<u>76,915</u>	<u>32,802</u>	<u>(64,796)</u>
<u>809,481</u>	<u>110,940</u>	<u>2,013,210</u>
<u>\$ 886,396</u>	<u>\$ 143,742</u>	<u>\$ 1,948,414</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment earnings	\$ 600	\$ 600	\$ 1,123	\$ 523
<b>Total revenues</b>	<u>600</u>	<u>600</u>	<u>1,123</u>	<u>523</u>
<b>Expenditures:</b>				
Current				
Community development	6,500	6,500	2,488	4,012
Debt service				
Interest and fiscal changes	845,800	845,800	839,213	6,587
Principal retirement	305,900	305,900	305,893	7
<b>Total expenditures</b>	<u>1,158,200</u>	<u>1,158,200</u>	<u>1,147,594</u>	<u>10,606</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,157,600)</u>	<u>(1,157,600)</u>	<u>(1,146,471)</u>	<u>11,129</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,157,600	1,157,600	1,146,472	(11,128)
<b>Total other financing sources (uses)</b>	<u>1,157,600</u>	<u>1,157,600</u>	<u>1,146,472</u>	<u>(11,128)</u>
<b>Change in fund balances</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Fund balances - beginning</b>	<u>1,256,619</u>	<u>1,256,619</u>	<u>1,256,619</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u><u>\$ 1,256,619</u></u>	<u><u>\$ 1,256,619</u></u>	<u><u>\$ 1,256,620</u></u>	<u><u>\$ 1</u></u>

**CITY OF SAN LUIS, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PUBLIC SAFETY GRANTS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,120,220	\$ 1,172,565	\$ 626,450	\$ (546,115)
<b>Total revenues</b>	<u>1,120,220</u>	<u>1,172,565</u>	<u>626,450</u>	<u>(546,115)</u>
<b>Expenditures:</b>				
Current				
Public safety	1,344,390	1,311,920	996,530	315,390
Capital outlay	833,750	885,520	183,137	702,383
<b>Total expenditures</b>	<u>2,178,140</u>	<u>2,197,440</u>	<u>1,179,667</u>	<u>1,017,773</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,057,920)</u>	<u>(1,024,875)</u>	<u>(553,217)</u>	<u>471,658</u>
<b>Other financing sources (uses):</b>				
Transfers out	1,057,920	1,057,920	550,087	(507,833)
<b>Total other financing sources (uses)</b>	<u>1,057,920</u>	<u>1,057,920</u>	<u>550,087</u>	<u>(507,833)</u>
<b>Change in fund balances</b>	<u>-</u>	<u>33,045</u>	<u>(3,130)</u>	<u>(36,175)</u>
<b>Fund balances - beginning</b>	<u>83,449</u>	<u>83,449</u>	<u>83,449</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 83,449</u>	<u>\$ 116,494</u>	<u>\$ 80,319</u>	<u>\$ (36,175)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 7,612	\$ 4,112
Fines and Forfeitures	226,600	226,600	257,274	30,674
<b>TOTAL REVENUES</b>	<u>230,100</u>	<u>230,100</u>	<u>264,886</u>	<u>34,786</u>
<b>Expenditures:</b>				
Current				
General Government	324,795	349,795	271,673	78,122
Capital Outlay	212,600	212,600	167,097	45,503
<b>Total Expenditures</b>	<u>537,395</u>	<u>562,395</u>	<u>438,770</u>	<u>123,625</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(307,295)</u>	<u>(332,295)</u>	<u>(173,884)</u>	<u>158,411</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	<u>(307,295)</u>	<u>(332,295)</u>	<u>(173,884)</u>	<u>158,411</u>
<b>Fund balances - beginning</b>	<u>713,535</u>	<u>713,535</u>	<u>713,535</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 406,240</u>	<u>\$ 381,240</u>	<u>\$ 539,651</u>	<u>\$ 158,411</u>

**CITY OF SAN LUIS, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**ASSESSMENT DISTRICTS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 294,550	\$ 294,550	\$ 282,484	\$ (12,066)
<b>Total revenues</b>	<u>294,550</u>	<u>294,550</u>	<u>282,484</u>	<u>(12,066)</u>
<b>Expenditures:</b>				
Current				
Public works and streets	53,800	53,800	51,595	(2,205)
Culture and recreation	240,750	240,750	230,888	(9,862)
<b>Total expenditures</b>	<u>294,550</u>	<u>294,550</u>	<u>282,483</u>	<u>(12,067)</u>
<b>Change in fund balances</b>	-	-	1	1
<b>Fund balances - beginning</b>	<u>278,304</u>	<u>278,304</u>	<u>278,304</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u><u>\$ 278,304</u></u>	<u><u>\$ 278,304</u></u>	<u><u>\$ 278,305</u></u>	<u><u>\$ 1</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 151,200	\$ 151,200	\$ 157,304	\$ 6,104
Investment earnings	2,300	2,300	1,596	(704)
<b>Total revenues</b>	<u>153,500</u>	<u>153,500</u>	<u>158,900</u>	<u>5,400</u>
<b>Expenditures:</b>				
Current				
General government	-	-	2,169	2,169
Capital Outlay	78,750	89,785	79,816	(9,969)
<b>Total expenditures</b>	<u>78,750</u>	<u>89,785</u>	<u>81,985</u>	<u>(7,800)</u>
<b>Change in fund balances</b>	74,750	63,715	76,915	13,200
<b>Fund balances - beginning</b>	<u>809,481</u>	<u>809,481</u>	<u>809,481</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u><u>\$ 884,231</u></u>	<u><u>\$ 873,196</u></u>	<u><u>\$ 886,396</u></u>	<u><u>\$ 13,200</u></u>

**CITY OF SAN LUIS, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CULTURAL CENTER**  
**YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 160	\$ 154	\$ (6)
<b>Total Revenue</b>	<u>-</u>	<u>160</u>	<u>154</u>	<u>(6)</u>
<b>Expenditures:</b>				
Current				
Community Development	-	-	-	-
Capital Outlay	-	-	10,154	(10,154)
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>10,154</u>	<u>(10,154)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>160</u>	<u>(10,000)</u>	<u>(10,160)</u>
<b>Other financing sources (uses):</b>				
Transfers in	215,000	215,000	42,802	(172,198)
<b>Total other financing sources (uses)</b>	<u>215,000</u>	<u>215,000</u>	<u>42,802</u>	<u>(172,198)</u>
<b>Change in fund balances</b>	<u>215,000</u>	<u>215,160</u>	<u>32,802</u>	<u>(182,358)</u>
<b>Fund balances - beginning</b>	<u>110,940</u>	<u>110,940</u>	<u>110,940</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 325,940</u>	<u>\$ 326,100</u>	<u>\$ 143,742</u>	<u>\$ (182,358)</u>

CITY OF SAN LUIS, ARIZONA  
SCHEDULE OF CASH FLOWS - COMPONENT UNIT  
SLF DETENTION CENTER  
YEAR ENDED JUNE 30, 2014

<u>Increase/(Decrease) In Cash and Cash Equivalents</u>	<u>SLF</u>
Cash flows from operating activities:	
Cash received from customers	\$ 13,830,757
Cash payments to suppliers for goods and services	<u>(11,692,302)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>2,138,455</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	2,809,911
Principal and fees paid on long-term debt	(1,497,984)
Interest paid on long-term debt	<u>(3,307,760)</u>
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>(1,995,833)</u>
Cash flows from investing activities:	
Investment income	<u>53,912</u>
<b>Net cash provided by investing activities</b>	<u>53,912</u>
<b>Net decrease in cash and cash equivalents</b>	196,534
<b>Cash and cash equivalents, beginning of year</b>	<u>6,199,053</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 6,395,587</u></u>
<b>Cash received from customers:</b>	
Charges for services	\$ 13,830,911
(Increase)/ decrease in prepaid items	-
(Increase)/ decrease in accounts receivable	<u>(154)</u>
	<u><u>\$ 13,830,757</u></u>
<b>Cash payments to suppliers for goods and services</b>	
Cost of sales and services (non-payroll)	\$ (11,772,621)
Increase/ (decrease) in accounts payable	<u>80,319</u>
	<u><u>\$ (11,692,302)</u></u>
<b><u>Reconciliation of Operating Income to</u></b>	
<b><u>Net Cash Provided by (Used for) Operating Activities</u></b>	
<b>Operating income (loss)</b>	\$ 317,726
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	1,740,564
Change in assets and liabilities:	
(Increase)/ decrease in accounts receivable	(154)
Increase/ (decrease) in accounts payable	<u>80,319</u>
<b>Total adjustments</b>	<u>1,820,729</u>
<b>Net cash provided by (used for) operating activities</b>	<u><u>\$ 2,138,455</u></u>

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

CITY OF SAN LUIS, ARIZONA  
*Statistical Section*

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*This part of the City of San Luis 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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	60
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source.	65
<b>Debt Capacity</b> 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.	71
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	75
<b>Operating Information</b> 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.	78

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

## **STATISTICAL SECTION**

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

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities</b>										
Net investment in capital assets	33,724,834	34,204,009	\$33,670,959	\$33,676,211	\$33,561,001	\$20,863,383	\$22,096,036	\$17,025,677	\$20,391,123	\$20,663,152
Restricted	2,479,675	2,517,103	1,775,967	1,671,594	1,427,157	4,592,820	4,605,445	10,865,480	4,556,181	
Unrestricted	11,368,513	10,918,683	9,812,934	10,053,672	9,610,455	12,608,868	6,428,171	(3,115,598)	745,087	3,363,416
<b>Total Primary Government Net Position</b>	<b>\$47,573,022</b>	<b>\$47,639,795</b>	<b>\$45,259,860</b>	<b>\$45,401,477</b>	<b>\$44,598,613</b>	<b>\$38,065,071</b>	<b>\$33,129,652</b>	<b>\$24,775,559</b>	<b>\$25,692,391</b>	<b>\$24,026,568</b>
<b>Business-type Activities</b>										
Net investment in capital assets	11,403,309	9,916,229	\$10,549,845	\$11,335,286	\$12,641,773	\$17,754,682	\$14,094,461	\$9,535,191	\$11,232,106	\$10,726,802
Restricted	9,905,406	4,052,098	3,872,154	3,741,669	3,785,623	2,645,628	2,183,356	1,547,955	1,547,955	226,160
Unrestricted	(5,047,319)	2,101,534	1,908,868	2,045,658	2,509,079	2,506,053	2,947,426	3,884,099	2,245,612	1,973,607
<b>Total Primary Government Net Position</b>	<b>\$16,261,396</b>	<b>\$16,069,861</b>	<b>\$16,330,867</b>	<b>\$17,122,613</b>	<b>\$18,936,475</b>	<b>\$22,906,363</b>	<b>\$19,225,243</b>	<b>\$14,967,245</b>	<b>\$15,025,673</b>	<b>\$12,926,569</b>
<b>Primary Government</b>										
Net investment in capital assets	\$45,128,143	\$44,120,238	\$44,220,804	\$45,011,497	\$46,202,774	\$38,618,065	\$36,190,497	\$26,560,868	\$31,623,229	\$31,389,954
Restricted	12,385,081	6,569,201	5,648,121	5,413,263	5,212,780	7,238,448	6,788,801	12,413,435	6,104,136	226,160
Unrestricted	6,321,194	13,020,217	11,721,802	12,099,330	12,119,534	15,114,921	9,375,597	768,501	2,990,699	5,337,023
<b>Total Primary Government Net Position</b>	<b>\$63,834,418</b>	<b>\$63,709,656</b>	<b>\$61,590,727</b>	<b>\$62,524,090</b>	<b>\$63,535,088</b>	<b>\$60,971,434</b>	<b>\$52,354,895</b>	<b>\$39,742,804</b>	<b>\$40,718,064</b>	<b>\$36,953,137</b>

Source: Statement of Net Position  
 City financial records and reports

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

Expenses:	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>										
General Government	7,322,938	6,458,869	\$4,703,849	\$4,096,333	\$4,250,328	\$5,631,037	\$5,640,433	\$2,535,787	\$2,520,296	\$1,388,250
Public Safety	6,949,558	6,519,936	6,399,600	6,086,718	6,054,459	12,326,527	9,233,750	6,394,239	5,924,750	4,451,774
Health and Welfare	168,499	168,025	197,462	213,814	235,584	329,280	545,081	620,257	297,916	291,955
Culture and Recreation	2,285,536	2,043,985	1,949,400	1,855,966	2,192,471	2,180,227	2,314,793	1,740,916	1,176,851	877,297
Community Development	691,362	550,348	585,843	698,776	751,305	976,797	718,941	800,806	148,806	4,951
Public Works & Streets	2,427,548	2,174,454	2,121,419	2,270,980	2,552,573	2,699,630	2,678,498	2,314,026	1,896,622	1,999,728
Interest on Long-Term Debt	830,808	891,737	912,848	970,092	989,460	3,480,809	3,234,265	3,012,814	1,957,994	14,295
<b>Total Governmental activities expenses</b>	<b>\$20,676,249</b>	<b>\$18,807,354</b>	<b>\$16,870,421</b>	<b>\$16,192,679</b>	<b>\$17,026,190</b>	<b>\$27,624,317</b>	<b>\$24,365,761</b>	<b>\$17,418,845</b>	<b>\$13,923,235</b>	<b>\$9,028,250</b>
<b>Business activities</b>										
Water	2,672,415	2,699,661	\$2,578,057	\$2,642,458	\$2,799,088	\$2,847,656	\$2,587,707	\$2,367,415	\$1,661,098	\$1,179,853
Wastewater	2,849,798	2,781,638	2,715,388	2,544,486	2,721,154	2,644,682	2,551,794	1,564,941	1,474,714	1,302,412
Business Center	1,263,313	1,282,395	1,357,589	1,390,561	1,450,087	1,181,660				
Business Incubator	-									
Sanitation	1,010,243	939,596	1,060,828	1,008,757	1,206,998	1,177,957	1,189,520	1,237,948	909,711	745,857
Industrial Park							78,097	132,065	117,716	41,645
<b>Total business activities expenses</b>	<b>\$7,795,769</b>	<b>\$7,703,290</b>	<b>\$7,711,862</b>	<b>\$7,586,262</b>	<b>\$8,177,327</b>	<b>\$7,851,955</b>	<b>\$6,407,118</b>	<b>\$5,302,369</b>	<b>\$4,163,239</b>	<b>\$3,269,767</b>
<b>Total Primary Government expenses</b>	<b>\$28,472,018</b>	<b>\$26,510,644</b>	<b>\$24,582,283</b>	<b>\$23,778,941</b>	<b>\$25,203,517</b>	<b>\$35,476,272</b>	<b>\$30,772,879</b>	<b>\$22,721,214</b>	<b>\$18,086,474</b>	<b>\$12,298,017</b>
<b>Program revenues</b>										
<b>Governmental activities</b>										
Charges for services										
General Government	2,494,028	2,226,528	\$1,002,249	\$531,031	\$587,365	\$578,509	\$713,179	\$604,973	\$998,456	\$662,687
Public Safety	980,526	867,899	677,226	686,632	374,162	363,882	216,217	61,832	329,719	349,825
Health and Welfare			-					4,640		
Culture and Recreation	288,009	219,142	284,797	264,622	176,077	66,070	74,558	47,877	37,112	40,075
Community Development	432,936	497,821	334,557	318,051	407,927	395,856	584,126	911,345		
Public Works & Streets	51,595	50,530	49,978	49,368	33,432	169,935	341,947	153,609		
Operating Grants and Contributions	2,564,023	3,343,398	2,601,626	2,715,700	2,251,704	2,471,819	2,875,139	2,625,838	1,084,459	499,777
Capital Grants and Contributions	157,458	947,390	122,614	1,314,549	547,555	6,312,084	9,693,641	421,405	2,280,980	798,070
<b>Total Governmental activities program revenues</b>	<b>6,958,577</b>	<b>8,152,808</b>	<b>5,073,047</b>	<b>5,879,953</b>	<b>4,378,222</b>	<b>10,357,955</b>	<b>14,498,807</b>	<b>4,831,519</b>	<b>4,740,726</b>	<b>2,350,434</b>
<b>Business activities</b>										
Charges for services										
Water	3,369,477	3,056,742	\$2,884,311	\$2,547,790	\$2,409,843	\$2,253,608	\$2,167,833	\$1,963,730	\$1,720,861	\$1,391,744
Wastewater	2,663,176	2,156,201	1,975,447	1,537,835	1,456,616	1,354,541	1,244,636	1,309,580	1,172,275	1,516,730
Business Center	629,265	629,265	629,265	629,265	629,268	618,777	629,265	115,365		
Business Incubator	0									
Sanitation	1,142,822	1,117,165	1,056,628	1,047,317	1,146,276	1,092,549	1,059,287	983,383	978,123	792,152
Industrial Park							27,618	88,065	79,962	80,082
Operating Grants and Contributions	-	-				30,000	22,400	76,360		
Capital Grants and Contributions	1,322,452	481,955	361,918			2,512,240	5,707,191	10,865	2,061,206	
<b>Total business activities program revenues</b>	<b>9,127,192</b>	<b>7,441,348</b>	<b>6,907,569</b>	<b>5,762,207</b>	<b>5,642,003</b>	<b>7,881,715</b>	<b>10,858,230</b>	<b>4,547,348</b>	<b>6,012,427</b>	<b>3,780,708</b>
<b>Total primary government program revenues</b>	<b>16,095,769</b>	<b>15,594,156</b>	<b>11,980,616</b>	<b>11,642,160</b>	<b>10,020,225</b>	<b>18,219,670</b>	<b>25,357,037</b>	<b>9,378,867</b>	<b>10,753,153</b>	<b>6,131,142</b>

Source: City financial records and reports

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

	Fiscal Year										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Net (Expense)/Revenue</b>											
Governmental Activities:	(13,707,672)	(10,654,546)	(11,797,374)	(10,312,726)	(12,647,968)	(17,266,362)	(9,866,954)	(12,587,326)	(9,182,509)	(6,677,816)	(6,115,790)
Business activities	1,331,423	(261,942)	(804,293)	(1,824,055)	(2,535,324)	9,760	4,451,112	(755,021)	1,849,188	510,941	2,053,269
Total primary government net (expense) revenue	<u>(12,376,249)</u>	<u>(10,916,488)</u>	<u>(12,601,667)</u>	<u>(12,136,781)</u>	<u>(15,183,292)</u>	<u>(17,256,602)</u>	<u>(5,415,842)</u>	<u>(13,342,347)</u>	<u>(7,333,321)</u>	<u>(6,166,875)</u>	<u>(4,062,521)</u>
<b>General Revenues and Other Changes in net Position</b>											
Governmental Activities											
Taxes											
Sales and use taxes	6,750,517	\$6,531,779	\$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
Franchise taxes	427,800	432,371	397,532	381,836	351,505	346,429	337,757	269,360	189,364	160,181	156,651
Other taxes	(69,355)	1,296	95,172	32,715	76,342	12,347	34,274	186,530	349,613		
State shared Revenues	7,331,517	5,725,447	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
Investment Earnings	16,064	28,197	12,341	12,032	10,072	13,748	240,139	694,606	329,383	57,865	31,536
Miscellaneous	213,640	321,613	79,471	189,377	41,593	222,292	-	568,107	271,111	120,119	80,593
Transfer in (out)					(169,525)	-					
Total governmental activities	<u>14,670,183</u>	<u>\$13,040,703</u>	<u>\$11,655,757</u>	<u>\$11,115,590</u>	<u>\$13,299,800</u>	<u>\$13,846,797</u>	<u>\$11,473,142</u>	<u>\$11,301,258</u>	<u>\$9,960,088</u>	<u>\$8,152,911</u>	<u>\$7,113,212</u>
Business activities											
Investment Earnings	13,909	\$20,935	\$10,130	\$10,194	\$17,994	\$32,580	\$191,587	\$813,066	\$247,218	\$31,094	\$26,909
Miscellaneous		(\$19,999)	\$2,417						46,208	24,953	22,027
Transfer in (out)					169,525						
Total Business activities	<u>13,909</u>	<u>\$936</u>	<u>\$12,547</u>	<u>\$10,194</u>	<u>\$187,519</u>	<u>\$32,580</u>	<u>\$191,587</u>	<u>\$813,066</u>	<u>\$293,426</u>	<u>\$56,047</u>	<u>\$48,936</u>
Total primary government	<u>14,684,092</u>	<u>\$13,041,639</u>	<u>\$11,668,304</u>	<u>\$11,125,784</u>	<u>\$13,487,319</u>	<u>\$13,879,377</u>	<u>\$11,664,729</u>	<u>\$12,114,324</u>	<u>\$10,253,514</u>	<u>\$8,208,958</u>	<u>\$7,162,148</u>
<b>Change in net Position</b>											
Governmental Activities	962,511	\$2,386,157	(\$141,617)	\$802,864	\$651,832	(\$3,419,565)	\$1,606,188	(\$1,286,068)	\$777,579	\$1,475,095	\$997,422
Business activities	1,345,332	(261,006)	(791,746)	(1,813,861)	(2,347,805)	42,340	4,642,699	58,045	2,142,614	566,988	2,102,205
Total Primary Government	<u>2,307,843</u>	<u>\$2,125,151</u>	<u>(\$933,363)</u>	<u>(\$1,010,997)</u>	<u>(\$1,695,973)</u>	<u>(\$3,377,225)</u>	<u>\$6,248,887</u>	<u>(\$1,228,023)</u>	<u>\$2,920,193</u>	<u>\$2,042,083</u>	<u>\$3,099,627</u>

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									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Nonspendable	\$56,719	\$99,774	\$211,131	\$1,218,352	-\$	-\$	-\$	-\$	-\$	-\$
Committed	106,465	106,250	106,250	-	-	-	-	-	-	-
Unassigned	9,061,328	7,139,348	5,599,699	5,314,536	-	-	-	-	-	-
Total General Fund	<u>\$9,224,512</u>	<u>\$7,345,372</u>	<u>\$5,917,080</u>	<u>\$6,532,888</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
All other governmental funds										
Nonspendable	\$190,319	\$147,511	\$65,677	\$31,625	-\$	-\$	-\$	-\$	-\$	-\$
Restricted	1,461,661	1,223,913	488,962	383,351	-	-	-	-	-	-
Assigned	2,776,109	3,158,888	3,227,193	3,532,974	-	-	-	-	-	-
Total all other governmental funds	<u>\$4,701,037</u>	<u>\$4,530,312</u>	<u>\$3,781,832</u>	<u>\$3,947,950</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund										
Unreserved	-	-	-	-	6,244,397	3,554,287	823,410	748,003	1,872,500	2,143,403
Total General Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,244,397</u>	<u>\$3,554,287</u>	<u>\$823,410</u>	<u>\$748,003</u>	<u>\$1,872,500</u>	<u>\$2,143,403</u>
All other governmental funds										
Reserved	-\$	-\$	-\$	-\$	\$1,320,251	\$4,426,742	\$3,441,745	\$7,779,313	\$1,010,649	
Unreserved, reported in:										
Undesignated					43,273	1,581,519	667,614	744,443	12,428,076	438,472
Special revenue funds					1,163,015	1,057,942	980,483	690,345	452,796	397,758
Capital projects funds					946,543	1,555,997	50	(114,244)	1,187,116	639,207
Total all other governmental funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,473,082</u>	<u>\$8,622,200</u>	<u>\$5,089,892</u>	<u>\$9,099,857</u>	<u>\$15,078,637</u>	<u>\$1,475,437</u>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<u>\$13,925,549</u>	<u>\$11,875,684</u>	<u>\$9,698,912</u>	<u>\$10,480,838</u>	<u>\$9,717,479</u>	<u>\$12,176,487</u>	<u>\$5,913,302</u>	<u>\$9,847,860</u>	<u>\$16,951,137</u>	<u>\$3,618,840</u>

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									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>										
Taxes	7,108,962.00	\$6,965,446	\$6,566,515	\$6,074,117	\$7,926,538	\$7,484,617	\$4,993,254	\$4,357,685	\$4,435,261	\$3,074,220
Special Assessments	282,484	218,171	290,987	267,579	156,102	169,935	341,947	153,609	72,399	80,703
Licenses and permits	431,909	389,295	349,777	355,759	393,365	458,802	555,409	673,105	1,338,032	582,685
Interest earnings	13,322	24,266	11,437	12,032	10,072	13749	166,878	694,607	329,383	57,883
Fines and forfeits	687,319	792,994	523,053	491,230	553,262	549,231	592,197	445,553	362,062	346,200
Intergovernmental	9,895,694	9,030,736	7,605,264	8,763,843	7,846,596	9,191,793	9,134,943	8,708,833	6,667,206	5,914,749
Charges for user services	218,807	214,180	160,919	151,474	304,930	358,428	514,023	640,635	-	-
Rents	811,666	674,019	659,222	712,121	384,118	358,520	240,935	22,498	-	-
Others	418,940	577,687	140,909	167,388	103,039	230,842	210,196	99,902	346,337	351,615
<b>Total revenues</b>	<b>\$19,869,103</b>	<b>\$18,886,794</b>	<b>\$16,308,083</b>	<b>\$16,995,543</b>	<b>\$17,678,022</b>	<b>\$18,815,917</b>	<b>\$16,749,781</b>	<b>\$15,796,427</b>	<b>\$13,550,680</b>	<b>\$10,408,055</b>
<b>Expenditures:</b>										
General government	4,546,198.00	4,251,259.00	\$4,032,759	\$3,636,045	\$3,775,913	\$3,889,489	\$3,826,844	\$2,729,881	\$2,327,863	\$1,246,052
Public safety	6,519,780	6,194,930	6,089,036	5,695,080	5,701,487	5,562,706	5,561,179	5,463,125	5,604,614	4,255,975
Public works	1,506,770	1,276,486	1,238,738	1,403,846	1,679,798	1,867,333	2,100,147	1,800,433	1,927,219	1,542,353
Community, recreational, and cultural	2,615,816	2,254,791	2,198,001	2,239,756	2,648,083	3,339,382	2,624,039	2,044,387	1,224,022	806,223
Health and welfare	149,367	141,225	165,387	187,211	201,555	288,465	512,345	586,007	268,325	264,484
Capital outlay	1,348,004	1,280,367	921,671	1,649,441	1,289,406	2,058,853	6,854,982	9,617,830	3,631,564	1,694,147
Debt service/authorities:										
Interest	839,755	859,513	880,623	928,920	948,289	839,906	791,882	786,950	606,964	14,295
Principal	331,242	445,229	477,261	492,044	542,425	408,910	319,375	481,962	234,843	89,200
Bond issue costs						-	-	-	1,319,899	-
<b>Total expenditures</b>	<b>\$17,856,932</b>	<b>\$16,703,800</b>	<b>\$16,003,476</b>	<b>\$16,232,343</b>	<b>\$16,786,956</b>	<b>\$18,255,044</b>	<b>\$22,590,793</b>	<b>\$23,510,575</b>	<b>\$17,145,313</b>	<b>\$9,912,729</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$2,012,171</b>	<b>\$2,182,994</b>	<b>\$304,607</b>	<b>\$763,200</b>	<b>\$891,066</b>	<b>\$560,873</b>	<b>(\$5,841,012)</b>	<b>(\$7,714,148)</b>	<b>(\$3,594,633)</b>	<b>\$495,326</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Premium on debt issued	-	-	-	-	-	-	-	-	286,279	-
Debt issued	-	-	-	-	-	-	-	-	15,586,908	-
Notes Issued	-	-	-	-	-	3,025,000	375,628	40,000	10,000	-
capital leases	37,693	-	-	-	-	-	1,115,798	9,871	1,043,680	436,386
Transfer from Other Funds	1,739,361	1,359,172	1,198,137	1,153,242	18,537	43,605	612,201	161,193	-	-
Transfer to Other Funds	(1,739,361)	(1,359,172)	(2,284,670)	(1,153,242)	(188,062)	(43,605)	(612,201)	(161,193)	0	0
<b>Total other financing sources (Uses)</b>	<b>37,693</b>	<b>0</b>	<b>(1,086,533)</b>	<b>0</b>	<b>(169,525)</b>	<b>3,025,000</b>	<b>1,491,426</b>	<b>49,871</b>	<b>16,926,867</b>	<b>436,386</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,049,864</b>	<b>2,182,994</b>	<b>(781,926)</b>	<b>763,200</b>	<b>721,541</b>	<b>3,585,873</b>	<b>(4,349,586)</b>	<b>(7,664,277)</b>	<b>13,332,234</b>	<b>931,712</b>
Debt Services as a percentage of noncapital expenditures	6.56%	8.42%	8.95%	9.68%	9.62%	7.61%	7.23%	9.00%	6.21%	1.25%

Source: City financial records and reports

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

	Fiscal Year										
	<u>2014</u>	<u>2013</u>	<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>
Governmental Activities:											
Charges for service											
General Government	2,494,028	2,226,528	\$1,002,249	\$531,031	\$587,365	\$648,751	\$713,179	\$604,973	\$998,456	\$662,687	\$776,411
Public Safety	980,528	867,899	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	288,009	219,142	284,797	264,622	176,077	66,070	74,558	47,877	37,112	40,075	40,050
Community Development	432,936	497,921	334,557	318,051	407,927	395,856	584,126	911,345	-	-	59,565
Public Works & Streets	51,595	50,530	49,978	49,368	33,432	169,935	341,947	153,609	-	-	-
Operating grants and contributions	2,564,023	3,343,398	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	157,458	947,390	122,614	1,314,549	547,555	6,241,842	9,693,641	421,404	2,290,980	798,070	801,981
<i>Total governmental activities program revenues</i>	<u>\$6,968,577</u>	<u>\$8,152,808</u>	<u>\$5,073,047</u>	<u>\$5,879,953</u>	<u>\$4,378,222</u>	<u>\$10,357,955</u>	<u>\$14,498,807</u>	<u>\$4,831,519</u>	<u>\$4,740,726</u>	<u>\$2,350,434</u>	<u>\$2,389,958</u>
Business activities											
Charges for service											
Water	3,369,477	3,056,742	\$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	2,663,176	2,156,201	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	629,265	629,265	629,268	618,777	629,265	115,365	-	-	-
Business Incubator	-	-	-	-	-	-	-	-	-	-	-
Sanitation	1,142,822	1,117,185	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	1,322,452	481,955	361,918	-	-	2,512,240	5,707,191	10,865	2,061,206	-	1,896,083
<i>Total business activities program revenues</i>	<u>\$9,127,192</u>	<u>\$7,441,348</u>	<u>\$6,907,569</u>	<u>\$5,762,207</u>	<u>\$5,642,003</u>	<u>\$7,861,715</u>	<u>\$10,858,230</u>	<u>\$4,547,348</u>	<u>\$6,012,427</u>	<u>\$3,780,708</u>	<u>\$4,890,394</u>
<i>Total primary government program revenues</i>	<u>\$16,095,769</u>	<u>\$15,594,156</u>	<u>\$11,980,616</u>	<u>\$11,642,160</u>	<u>\$10,020,225</u>	<u>\$18,219,670</u>	<u>\$25,357,037</u>	<u>\$9,378,867</u>	<u>\$10,753,153</u>	<u>\$6,131,142</u>	<u>\$7,280,352</u>

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											
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities</b>												
General Government	2,531,262	2,288,465	\$1,029,723	\$554,389	\$640,571	\$722,004	\$719,519	\$608,191	\$1,599,795	\$1,028,777	\$776,411	\$894,426
Public Safety	1,653,703	2,184,656	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	0	0	0	0	0	0	-	8,420	-	-	-	-
Culture and Recreation	368,966	302,596	343,483	320,814	198,810	273,942	108,843	178,001	643,614	40,075	458,631	36,026
Community Development	432,936	497,921	334,557	1,529,630	527,822	1,025,956	693,867	960,408	-	-	59,565	4,257
Public Works & Streets	1,981,710	2,879,170	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	14,670,183	13,040,703	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
<b>Total Governmental Activities</b>	<b>\$21,638,760</b>	<b>\$21,193,511</b>	<b>\$16,728,804</b>	<b>\$16,995,543</b>	<b>\$17,678,022</b>	<b>\$32,801,227</b>	<b>\$16,328,786</b>	<b>\$16,132,778</b>	<b>\$14,700,814</b>	<b>\$10,503,345</b>	<b>\$9,503,170</b>	<b>\$8,609,109</b>
<b>Business activities</b>												
Water	3,869,477	3,106,217	2,894,971	\$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	2,663,176	2,588,681	2,326,705	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	629,265	629,265	-	-	-	-	-	-	-	-
Sanitation	822,452	1,117,185	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	13,909	936	12,547	10,194	187,519	32,580	191,587	813,066	293,426	56,047	48,936	16,972
<b>Total Business Activities</b>	<b>\$7,998,279</b>	<b>\$7,442,284</b>	<b>\$6,558,198</b>	<b>\$5,772,401</b>	<b>\$5,369,779</b>	<b>\$5,150,676</b>	<b>\$4,713,361</b>	<b>\$5,245,049</b>	<b>\$6,305,853</b>	<b>\$3,836,755</b>	<b>\$3,092,191</b>	<b>\$2,193,660</b>

## 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
City Sales Tax	\$6,750,517	\$6,531,779	\$6,073,811	\$5,659,566	\$7,498,691	\$7,125,840	\$4,621,222	\$3,901,795	\$3,896,708	\$2,914,039
State Sales taxes	2,812,693	2,104,763	1,992,968	1,771,253	1,682,728	1,824,384	2,107,358	2,179,431	1,678,573	1,419,435
Franchise Tax	427,800	432,371	397,532	381,836	351,505	346,429	337,757	269,360	189,364	160,181
Special Districts*	282,484	218,171	290,987	267,579	156,102	169,935	341,947	153,609	72,399	80,703
Others	(69,355)	1,296	95,172	32,715	76,342	12,347	34,274	170,120	349,613	-
<b>Total tax revenues</b>	<b>\$10,204,139</b>	<b>\$9,288,380</b>	<b>\$6,857,502</b>	<b>\$8,112,949</b>	<b>\$9,765,367</b>	<b>\$9,478,935</b>	<b>\$7,442,559</b>	<b>\$6,674,315</b>	<b>\$6,186,657</b>	<b>\$4,574,358</b>

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
State Shared Sales Tax	\$2,812,693	\$2,104,763	\$1,992,968	\$1,771,253	\$1,682,728	\$1,824,384	\$2,107,358	\$2,179,431	\$1,678,573	\$1,419,435
Urban Revenue Sharing	3,559,275	2,605,281	2,152,641	2,231,840	2,960,504	3,417,109	3,226,939	2,603,373	1,604,204	1,408,514
Highway Users	1,929,961	2,041,357	1,562,498	1,678,834	1,700,626	1,804,058	2,093,904	2,098,587	1,492,855	1,627,818
Auto-in-lieu	959,549	1,015,403	851,821	836,971	847,890	884,648	905,453	898,056	687,255	605,121
Local Transportation Aid					35,312	104,499	108,840	109,993	105,205	101,538
Federal	634,216	1,130,716	1,004,693	2,177,538	565,787	1,152,596	679,861	819,393	1,099,113	747,876
Others		133,216	40,643	67,407	53,749	4,499	12,588			4,448
Total tax revenues	<u>\$9,895,694</u>	<u>\$9,030,736</u>	<u>\$7,605,264</u>	<u>\$8,763,843</u>	<u>\$7,846,596</u>	<u>\$9,191,793</u>	<u>\$9,134,943</u>	<u>\$8,708,833</u>	<u>\$6,667,206</u>	<u>\$5,914,749</u>

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 NINE FISCAL YEARS**

	Fiscal Year								
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Retail Sales	\$3,498,869	\$3,288,946	\$3,046,645	\$2,901,155	\$2,813,146	\$3,069,240	\$1,846,807	\$1,396,322	\$1,459,863
Contracting	\$1,336,456	\$1,468,887	\$1,574,491	1,413,388	3,354,443	2,776,939	1,815,150	1,635,271	1,651,766
Rentals	\$324,795	\$297,456	\$280,163	244,048	274,975	301,065	197,161	150,024	147,024
Communications/Utilities	\$1,053,760	\$959,929	\$624,166	570,915	584,850	560,704	402,304	357,975	326,738
Restaurant/Bar	\$363,027	\$371,107	\$342,810	309,338	294,048	249,331	235,140	206,264	208,974
Use	\$109,195	\$84,108	\$131,100	83,071	110,978	58,856	45,286	42,343	59,446
Other	\$64,415	\$61,346	\$74,436	137,650	66,250	109,705	79,374	113,595	42,897
	<u>\$6,750,517</u>	<u>\$6,531,779</u>	<u>\$6,073,811</u>	<u>\$5,659,566</u>	<u>\$7,498,691</u>	<u>\$7,125,840</u>	<u>\$4,621,222</u>	<u>\$3,901,795</u>	<u>\$3,896,708</u>
% Growth by year									
Retail Sales	14.8%	8.0%	5.0%	3.1%	-8.3%	66.2%	32.3%	-4.4%	49.9%
Contracting	-15.1%	-6.7%	11.4%	-57.9%	20.8%	53.0%	11.0%	-1.0%	22.9%
Rentals	15.9%	6.2%	14.8%	-11.2%	-8.7%	52.7%	31.4%	2.0%	27.0%
Utilities	68.8%	53.8%	9.3%	-2.4%	4.3%	39.4%	12.4%	9.6%	50.2%
Restaurant/Bar	5.9%	8.3%	10.8%	5.2%	17.9%	6.0%	14.0%	-1.3%	27.7%
Use	-16.7%	-35.8%	57.8%	-25.1%	88.6%	30.0%	7.0%	-28.8%	37.9%
Other	-13.5%	-17.6%	-45.9%	107.8%	-39.6%	38.2%	-30.1%	164.8%	23.7%
	<u>60.2%</u>	<u>16.0%</u>	<u>63.3%</u>	<u>19.5%</u>	<u>75.0%</u>	<u>285.5%</u>	<u>77.9%</u>	<u>141.0%</u>	<u>239.3%</u>

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 NINE YEARS AGO**

	2014				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	529	28.59%	\$3,498,869	51.83%	260	30.84%	\$974,168	33.43%
Contracting	710	38.38%	1,336,456	19.80%	268	31.79%	1,343,611	46.11%
Rentals	126	6.81%	324,795	4.81%	99	11.74%	115,779	3.97%
Communications/Utilities	74	4.00%	1,053,760	15.61%	50	5.93%	217,532	7.46%
Restaurant/Bar	40	2.16%	363,027	5.38%	22	2.61%	163,583	5.61%
Use	220	11.89%	109,195	1.62%	63	7.47%	43,122	1.48%
Other	151	8.16%	64,415	0.95%	81	9.61%	56,243	1.93%
	<b>1,850</b>	<b>100%</b>	<b>\$6,750,517</b>	<b>100%</b>	<b>843</b>	<b>100%</b>	<b>\$2,914,039</b>	<b>100%</b>

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			
2014	\$14,383,209	\$3,336,222	\$0	\$29,008,576	\$10,852,693	\$0	\$57,580,700	8.26%	1,847
2013	\$14,698,048	\$3,323,879	\$0	22,917,562	\$11,559,330	\$0	\$52,498,819	5.61%	1,602
2012	15,001,198	3,347,536	133,235	23,388,235	11,569,703	54,246	53,494,153	7.65%	2,057
2011	15,292,656	3,970,481	305,037	23,840,602	11,591,495	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

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  
PLEGGED REVENUE COVERAGE -CIVIC IMPROVEMENT CORPORATION  
GOVERNMENTAL PORTION  
LAST EIGHT FISCAL YEARS**

	Fiscal Year								
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Pledged revenues (1)	13,122,485	13,283,180	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	\$305,893	\$294,203	\$282,513	\$272,771	\$263,029	-	-	-	-
Interest	679,338	691,906	703,624	714,730	725,117	730,049	730,049	730,049	511,034
Total Annual Requirements	<u>\$985,231</u>	<u>\$986,109</u>	<u>\$986,137</u>	<u>\$987,501</u>	<u>\$988,146</u>	<u>\$730,049</u>	<u>\$730,049</u>	<u>\$730,049</u>	<u>\$511,034</u>
Estimated Coverage	13.32	13.47	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  
PLEGGED REVENUE COVERAGE - CIVIC IMPROVEMENT CORPORATION  
ENTERPRISE PORTION  
LAST EIGHT FISCAL YEARS**

	Fiscal Year								
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Gross Revenues	(1) \$6,045,693	\$5,232,580	\$4,869,271	\$4,095,810	\$3,866,459	\$4,025,548	\$3,412,469	\$3,273,310	\$2,915,084
Operating Expenses	(2) 4,315,552	4,259,081	4,042,114	3,954,072	3,061,620	3,222,085	3,069,232	3,052,599	2,368,587
Net Revenues available	\$1,730,141	\$973,499	\$827,157	\$141,738	\$804,839	\$803,463	\$343,237	\$220,711	\$546,497
Debt Service Requirements									
Principal	(3) \$479,107	\$460,797	\$442,487	\$427,229	\$411,971	- \$	- \$	- \$	- \$
Interest	(4) 1,064,017	1,083,702	1,102,056	1,119,450	1,135,719	1,143,444	1,143,444	1,143,444	800,411
Total bond Expense	\$1,543,124	\$1,544,499	\$1,544,543	\$1,546,679	\$1,547,690	\$1,143,444	\$1,143,444	\$1,143,444	\$800,411
Ratio of Total Revenue/Bond Expense	1.121	0.630	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 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, 2014**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Arizona Western College	62,590,000 *	5.34% (1)	3,340,501
Gadsen Elementary School District	115,000	83.33% (2)	95,833
Yuma County Library	44,355,000	5.34% (1)	2,367,278
Yuma Union High School District No 70	17,190,000	5.34% (1)	<u>917,450</u>
Subtotal Overlapping Debt			6,721,063
City of San Luis	17,719,431	100.00% (3)	<u>17,719,431</u>
Total Direct and Overlapping Debt			24,440,494

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**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal Income in '000s</b>	<b>Per Capita Personal Income</b>	<b>(2) Labor force</b>	<b>(2) Employment</b>	<b>(2) Unemployment</b>	<b>(2) Unemployment rate percentage</b>
2014	31,180	\$124,031	\$3,978	16,226	5,545	10,681	65.8%
2013	32,763	171,288	\$5,228	17,965	6,000	11,965	66.6%
2012	26,000	150,955	\$5,806	17,249	5,614	11,635	67.5%
2011	26,000	180,193	\$6,930	15,896	5,489	10,407	65.5%
2010	25,505	148,347	\$5,816	8,466	4,109	4,357	51.5%
2009	25,682	148,563	\$5,785	7,986	4,175	3,811	47.7%
2008	24,654	144,387	\$5,857	7,176	4,267	2,909	40.5%
2007	23,680	135,548	\$5,724	6,150	5,057	2,093	34.0%
2006	22,351	108,359	\$4,848	6,375	4,112	2,263	35.5%
2005	21,488	100,144	\$4,660	6,668	4,000	2,668	40.0%
2004	20,158	92,207	\$4,574	6,355	3,865	2,490	39.2%

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 NINE YEARS AGO**

Employer	2014			2005		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Gadsen Unified School District	845	1	15.24%	460	2	11.50%
ACT Call Center	812	2	14.64%			
Arizona State Prison	800	3	14.43%	700	1	17.50%
Factor Sales	396	4	7.14%	36	8	
Walmart	290	5	5.23%	-	-	-
City of San Luis	243	6	4.38%	180	3	4.50%
San Luis Detention Center	123	7	2.22%	-	-	-
King Market			-	150	4	3.75%
Journey Homes			-	130	5	3.25%
Riedel Construction			-	120	7	3.00%
Basha's/Food City				120	6	3.00%
<b>Total Employees</b>	<b>3,509</b>		<b>63.28%</b>	<b>1,896</b>		<b>46.50%</b>

Source: Greater Yuma Economic Development Corporation

**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>2014</u>	<u>2013</u>	<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>
General Fund											
General Government	58	57	54	52	51	56	56	54	58	57	40
Public Safety	94	90	87	86	77	72	72	70	67	67	67
Health and Welfare	2	2	2	2	3	3	3	3	3	3	3
Culture and Recreation	34	36	28	22	21	26	26	20	19	19	19
Community Development	11	9	9	9	11	10	10	9	8	8	7
Sub total General Fund	199	194	180	171	163	167	167	156	155	154	136
General Fund	199	194	180	171	163	167	167	156	155	154	136
Public Works & Streets	13	11	13	15	16	20	20	20	20	20	20
Enterprise Funds	31	32	26	30	31	33	33	28	28	28	28
Total Permanent Positions	243	237	219	216	210	220	220	204	203	202	184

Source:

City Payroll

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

	<b>Utility Rate Increases &amp; Average Bill</b>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Water</b>										
Average bill	\$45.05	\$41.72	\$38.31	\$36.56	\$33.92	\$35.70	\$33.58	\$31.24	\$29.84	\$25.55
% Increase	7.98%	8.89%	4.80%	7.78%	-5.00%	6.31%	7.48%	4.69%	16.83%	-5.01%
<b>Wastewater</b>										
Average bill	\$37.33	\$31.57	\$29.41	\$23.24	\$22.10	\$24.58	\$21.30	\$22.41	\$22.01	\$29.83
% Increase	18.25%	7.34%	26.53%	5.19%	-10.11%	15.40%	-4.96%	1.83%	-26.20%	42.51%
<b>Residential Solid Waste</b>										
Average bill	\$16.89	\$17.11	\$16.45	\$15.89	\$17.60	\$17.66	\$17.96	\$17.24	\$18.36	\$15.65
% Increase	-1.32%	4.07%	3.51%	-9.74%	-0.34%	-1.67%	4.16%	-6.09%	17.33%	31.52%

Source: City Customer Service and Billing records

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

	<b>Utility Accounts</b>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Water</b>										
Number of Accounts	6,023	5,890	6,036	5,701	5,865	5,722	5,316	5,105	4,805	4,540
% Increase	2.26%	-2.42%	5.88%	-2.80%	2.50%	7.64%	4.13%	6.24%	5.84%	5.12%
<b>Wastewater</b>										
Number of Accounts	5,827	5,688	5,597	5,514	5,491	5,264	4,869	4,683	4,438	4,215
% Increase	2.44%	1.63%	1.51%	0.42%	4.31%	8.11%	3.97%	5.52%	5.29%	8.47%
<b>Residential Solid Waste</b>										
Number of Accounts	5,549	5,366	5,249	5,172	5,330	5,082	4,857	4,679	4,439	4,218
% Increase	3.41%	2.23%	1.49%	-2.96%	4.88%	4.63%	3.80%	5.41%	5.24%	7.90%

Source: City Customer Service and Billing records

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

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

<u>Meter Size</u>	-----Service Fees-----				
	<u>Residential</u>		<u>Commercial/Government/School</u>		
	<u>1st 2,000 G</u>	<u>Excess/000's</u>	<u>1st 2,000 G</u>	<u>Commercial / Gov't Excess/000's</u>	<u>School</u>
5/8" - 3/4"	\$12.03	\$1.84	\$30.60	\$2.32	\$2.57
1"	N/A	N/A	51.11	2.32	2.57
1 1/2"	N/A	N/A	101.90	2.32	2.57
2"	N/A	N/A	163.11	2.32	2.57
3"	N/A	N/A	357.13	2.32	2.57
4"	N/A	N/A	1,224.08	2.32	2.57
6"	N/A	N/A	2,550.17	2.32	2.57
8"	N/A	N/A	3,672.25	2.32	2.57

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

<u>Meter Size</u>	-----Service Fees-----			
	<u>Residential</u>		<u>Commercial / Gadsden school</u>	
	<u>Base</u>	<u>Excess/000's</u>	<u>Base</u>	<u>Volume/000's</u>
Senior 60+ yrs	\$16.11	N/A	N/A	N/A
5/8" - 3/4"	\$31.84	N/A	\$19.50	\$1.96
1" - 8"	N/A	N/A		Varies
2" School			163.83	N/A
2" Gadsden	43.99	N/A		

Source: City Customer Service and Billing records

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Miscellaneous data on water utility</b>										
Annual Consumption (000's gal)	1,080,987	962,719	1,025,510	1,122,644	1,052,673	1,030,064	1,089,127	1,118,302	1,218,587	789,808
Avg gallons/account/month	14,956	13,621	14,158	16,410	15,387	14,636	15,862	17,530	19,892	13,698
Avg gallons/account/year	179,477	163,452	169,899	196,920	184,647	175,629	190,340	210,365	238,705	164,372
Avg. daily demand (MGD)	499	454	472	547	513	488	529	584	663	457
Peak demand (MGD)	3.43	3.43	3.43	3.43	3.33	3.23	3.23	3.23	3.23	3.23
Number of wells in system	12	12	12	12	12	12	12	12	10	10
Available storage capacity (million Gallons)	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	3,025	3,127
<b>Miscellaneous data on wastewater utility</b>										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	1,500
Annual wastewater treated (000's)	463,767	457,864	437,574	445,704	437,715	433,508	418,973	467,808	473,542	371,182
Average daily flow (000's)	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,000
<b>Miscellaneous data on sanitation services</b>										
Tons of Waste collected and Disposed	10,610	9,013	9,523	9,066	13,053*	10,952	**	**	**	**

Source: City Customer Service and Billing records  
Public Works records

\* Commercial pick-up ended  
\*\* Data is not available

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

		<b>Building Permits</b>									
		<b>Fiscal Year</b>									
		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial											
	Number of Permits	3	1	3	13	12	12	16	11	7	N/A
	Value	\$2,181	\$204	\$5,773	\$7,560	\$1,048	\$3,629	\$3,059	\$13,879	\$17,274	\$1,111
Residential											
	Number of Dwelling Units	112	120	85	68	182	245	193	259	315	N/A
	Value	\$16,908	\$20,166	\$13,147	\$11,078	\$20,338	\$24,754	\$21,041	\$25,324	\$28,125	\$14,575
Other											
	Number of Permits	200	138	161	134	127	162	216	268	183	N/A
	Value	\$19,089	\$3,649	\$1,157	\$1,554	\$1,165	\$2,652	\$2,736	\$2,941	\$2,101	\$273
		<b>Single Family Housing Sales</b>									
		<b>Calendar Year</b>									
		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
New units sold		56	118	114	63	85	218	231	215	328	161

Source: City Development Services

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

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GENERAL GOVERNMENT</b>										
<i>Court</i>										
Charges filed	4,630	7,214	4,449	3,385	4,225	3,248	4,621	4,496	3,776	3,271
Charges dismissed	1,019	846	690	847	835	798	1,501	791	577	525
<i>Human Resources</i>										
# of employment Applications Processed	530	601	44*	40*	306	**	**	**	**	**
<i>Finance</i>										
# of Accounts Payable checks issued	3,848	3,739	3,723	3,929	4,329	3,901	**	**	**	**
# of Claims filed, injured or ill workers	27	18	16	**	**	**	**	**	**	**
# of deficiencies during yearly electrical inspections	8	10	6	1	**	**	**	**	**	**
Notice of Claims	1	6	6	**	**	**	**	**	**	**
<b>PUBLIC SAFETY</b>										
<i>Police</i>										
# of 911 Emergency and Animal Calls	5,694	5,046	**	**	**	**	**	**	**	**
# of Traffic Stops	6,834	9,439	**	**	**	**	**	**	**	**
<i>Fire</i>										
# of Ambulance Transport Services	2,318	2,169	1,912	1,620	1,415	1,494	**	**	**	**
# of Fire & Hazmat Incidents	78	62	69	72	76	89	**	**	**	**
<b>HEALTH AND WELFARE</b>										
# of Meals served - Food Assistance	9,604	9,296	7,677	9,239	7,528	7,077	**	**	**	**
# of citywide transit ridership	9,243	8,378	6,323	5,190	4,096	3,699	**	**	**	**

Note: (\*) Hiring Freeze  
(\*\*) Data not available

Source: Various Departments:

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

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Government</b>										
Building	4	4	4	4	4	4	4	4	4	4
Vehicle	18	18	18	17	19	18	17	13	9	7
<b>Public Safety</b>										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	62	57	53	50	56	52	50	43	41	40
<b>Culture &amp; Recreation</b>										
Building	2	2	2	2	2	2	2	2	2	2
Pool	1	1	1	1	1	1	1	1	1	1
Gym	1	1	1	1	1	1	1	1		
Equipment	22	23	22	19	19	14	13	11	11	6
<b>Health and Welfare</b>										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	5	5	6	6	6	6	6	6	6	3
<b>Public Works and streets</b>										
Building	1	1	1	1	1	-	-	-	-	-
Equipment	19	18	17	17	20	20	20	20	17	13
<b>Enterprise</b>										
Building	3	3	3	3	3	3	3	3	1	1
Equipment	47	44	49	47	48	49	47	46	39	26

Source: City records Finance Department