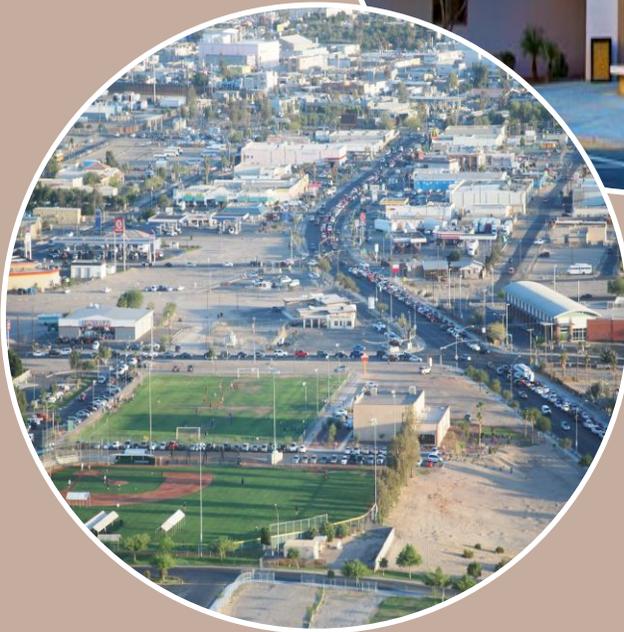




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



CITY OF SAN LUIS, AZ
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended
June 30, 2015

City of San Luis, Arizona



Prepared By: Department of Finance

**Ketie St. Louis, Finance Director
Chief Financial Officer**

CITY OF SAN LUIS, ARIZONA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	iv-viii
GFOA Certificate of Achievement	ix
Organizational Chart	x
List of Elected and Appointed Officials	xi
 II. FINANCIAL SECTION	
Independent Auditors' Report	
A. Management's Discussion and Analysis	MDA-1
B. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	3
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	5
Reconciliation of the Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	9
Budget and Actual (Non-GAAP Budgetary Basis) - Highway User Fund	10
Proprietary Fund Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Fund Net Position	12
Statement of Cash Flows	13
Component Unit	
Statement of Net Position	15
Statement of Activities – All Fund Types	16
Notes to the Financial Statements	17
 C. REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the City's Proportionate Share of the Net Pension Liability Cost Sharing	
Pension Plans	58
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios Agent	
Pension Plans	59
Schedule of City's Pension Contributions	61
Schedule of Agent OPEB Plans' Funding Progress	62
Notes to Required Supplementary Information	63

D. SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS

Non-Major Governmental Funds	
Combining Statements:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	66
Schedule of Revenues, Expenditures, and changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis) — Municipal Bond	68
Schedule of Revenues, Expenditures, and changes in Fund Balance:	
Budget and Actual (Non-GAAP Budgetary Basis) — Police Grants	69
Schedule of Revenues, Expenditures, and changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis) — Judicial Collection	70
Schedule of Revenues, Expenditures, and changes in Fund Balance:	
Budget and Actual (Non-GAAP Budgetary Basis) — Assessment Districts	71
Schedule of Revenues, Expenditures, and changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis) — Capital Outlay	72
Schedule of Revenues, Expenditures, and changes in Fund Balance:	
Budget and Actual (Non-GAAP Budgetary Basis) — Cultural Center	73
Component Units Financial Statements	
Statement of Cash Flows — Detention Center	74

III. STATISTICAL SECTION

Financial Trends:	
Net Position by Component	75
Changes in Net Position	76
Fund Balances, Governmental Funds	78
Changes in Fund Balances, Governmental Funds	79
Revenue Capacity:	
Program Revenues	80
Government-wide Revenues by Function	80
Tax Revenues by Source, Governmental Funds	82
Intergovernmental Revenues by Source, Governmental Funds	83
City Transaction Privilege Taxes By Category	84
Sales Tax Payers - By Category	85
Debt Capacity:	
Ratios of Outstanding Debt by Type	86
Pledge Revenue Coverage - Government	87
Pledge Revenue Coverage - Enterprise	88
Direct and overlapping Debt Governmental Activities	89
Demographic and Economic Information:	
Demographic and Economic Statistics	90
Major Employers within the City	91
Full-time Equivalent Employees by Function	92
Operating Information:	
Utility Statistical Data - Billings	93
Utility Statistical Data - Accounts	94
Utility Statistical Data - Rates	95
Utility Statistical Data - Consumption	96
Building Permits and Home Sales	97
Operations by Function	98
Capital Assets by Function	99

INTRODUCTORY SECTION



January 18, 2016

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. 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, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. 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 city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Lumbard & Associates PLLC, whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of San Luis, Arizona for the fiscal year ended June 30, 2015, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report.

The independent audit of the financial statements of City of San Luis was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal

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

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

Profile of the Government

The City of San Luis, incorporated in 1979, is located in the southwestern corner of Arizona immediately adjacent to both Mexico and California. It currently occupies 30 square miles and serves a population of approximately 26,000. The City of San Luis is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and six Council Members, all elected on a non-partisan basis. The Mayor is elected at-large for a four-year term. Council members are elected, for four-year terms, with 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 33,000. 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 a 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 2015 was \$39.2 million.

The annual operating budget which is adopted by ordinance each fiscal year serves as the base for the City's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display 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. A new 40-acre privately owned industrial park and a 40-acre commercial area are currently under construction in north San Luis along Highway 95. The State also is a significant economic presence thanks to the state prison that provides employment to more than 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. General and Highway User Revenue Funds making up about 90.7% of operating revenues continued to experience a downturn in the overall economy. However, there is quite a bit of opportunity and business potential still available for this area.

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 space for seven tenants. The project which is providing more than 80 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 year, commercial activity has slowed dramatically. When the residential market turns, the City of San Luis will become a major commercial market for new construction within the Yuma County area.

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 forecasts 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

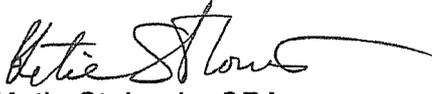
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Luis for its CAFR for the fiscal year that ended June 30, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest 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 City Manager and his staff and 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,

A handwritten signature in black ink, appearing to read "Ketic St. Louis", with a long horizontal flourish extending to the right.

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

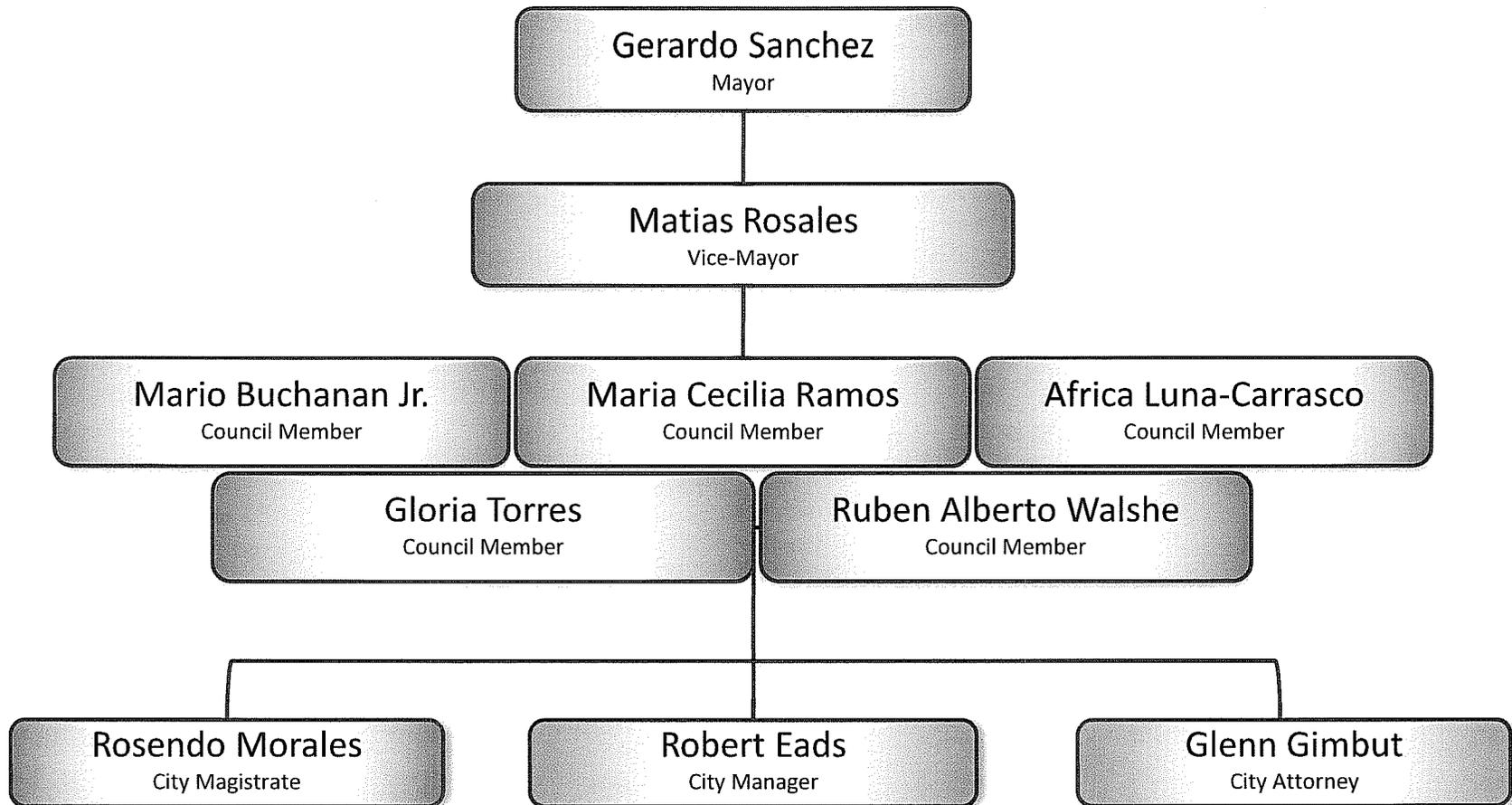
June 30, 2014

Executive Director/CEO

CITY COUNCIL



x



Elected officials

As of June 30, 2015

Gerardo Sanchez
Mayor

Matias Rosales
Vice-Mayor
Africa L. Carrasco
Councilmember
Gloria Torres
Councilmember

Maria C. Ramos
Councilmember
Mario Buchanan
Councilmember
Ruben A. Walshie
Councilmember



Appointed officials

Robert A. Eads
City Manager

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

Glenn Gimbut
John Starkey
Sonia Cuello
Jenny Torres
Chris Kasid
John Starkey
Ketie St. Louis
Hank Green
Vacant
Tadeo DeLaHoya
Daniel Paz
Rosendo Morales
Vacant
Eulogio Vera
Andrea Catania
Aracely DeLaHoya
Olivia Jenkins

FINANCIAL SECTION



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

Frances Kuo, C.P.A., C.G.M.A
Carlos E. Valdivia, C.P.A.
Jeffrey D. Cospier
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 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, 2015, 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, as of June 30, 2015, 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 Matter

Implementation of GASB Statements Nos. 68 and 71

As discussed in Note 14 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 15 to the basic financial statements. In addition, the aggregate net pension liability is reported in the Statement of Net Position in the amount of \$11,608,105 as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for Arizona State Retirement System ("ASRS"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of the Proportionate Share of the Net Pension Liability, Schedules of Contributions, and Schedules of Funding Progress as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, 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.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 Budgetary Comparison Schedules 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 January 18, 2016, 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.

Lumbaro & Associates, PLLC

Phoenix, Arizona
January 18, 2016

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, 2015**

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, 2015. 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 2015

- The assets of the City exceeded the liabilities at the close of the fiscal year by \$54.5 million.
- The City's net position of governmental activities decreased approximately \$.62 million to \$39.20 million and business-type activities increased \$1.09 million to \$15.29 million representing 72 percent and 28 percent respectively, of the total net position of \$54.49 million.
- As of the close of the fiscal year the City's governmental funds reported combined ending fund balances of \$13.2 million, a decrease of \$.724 million from the prior year. Approximately 11 percent of this amount, or \$1.392 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$10.0 million, or 61 percent of total general fund expenditures and transfers for the fiscal year.
- General revenues from Governmental activities accounted for \$14.99 million in revenues or 65 percent of all revenues from Governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.21 million or 35 percent of total governmental activities. The City had \$9.96 million of program revenues and \$122,508 in general revenues related to business-type activities.
- The City had \$22.6 million in expenses related to governmental activities; of which \$8.21 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$14.99 million were adequate to provide for the costs of these programs. The City had \$9 million in expenses related to business-type activities, of which \$10.0 million of these expenses were offset by program specific charges for services or grants and contributions.
- Among major governmental funds, the General Fund had \$16.93 million in revenues, which primarily consisted of taxes, licenses and permits, fines and forfeitures, intergovernmental, and rent revenues. The total expenditures and transfers from the General Fund were \$16.3 million. The General Fund's fund balance increased from \$9.2 to \$10.2 million. The Highway Users Fund had revenues of \$2.2 million, which consisted primarily of intergovernmental revenues, expenditures and transfers from \$2.5 million.

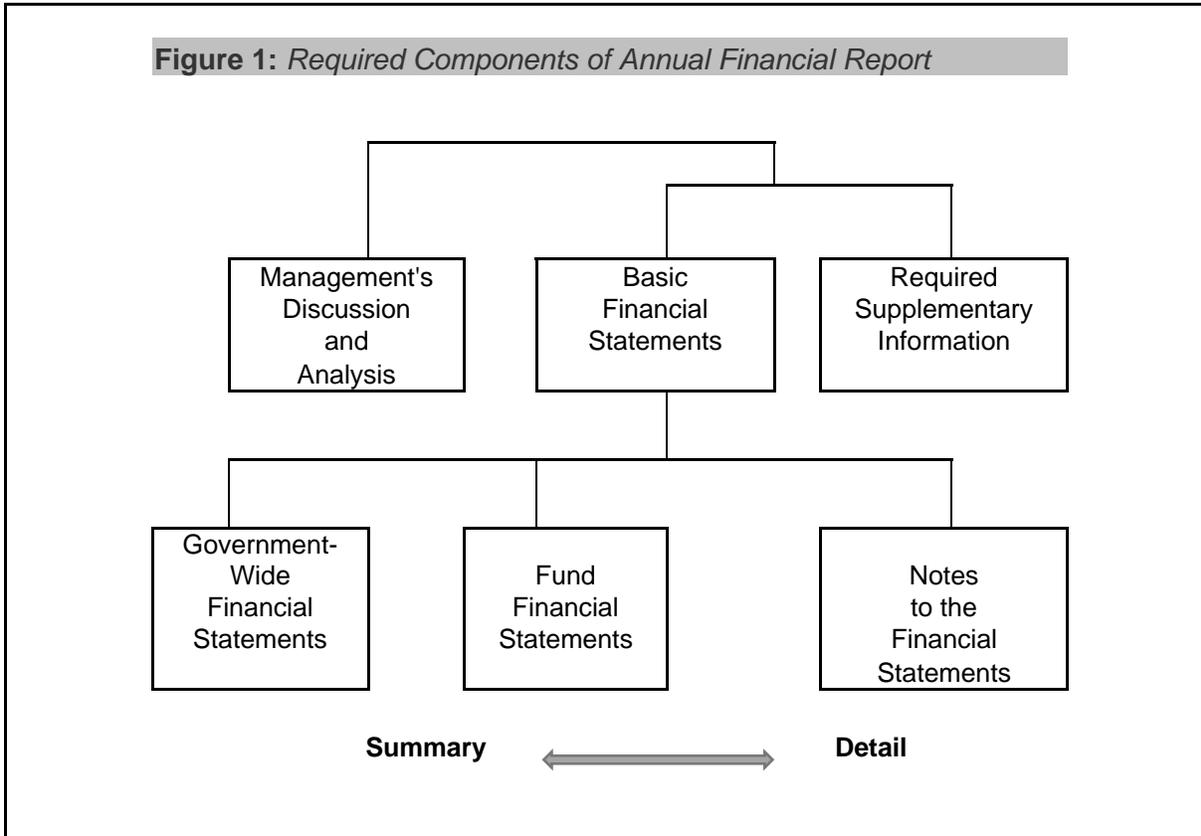
OVERVIEW OF FINANCIAL STATEMENTS

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, 2015**

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 asset* reflects the City's net position at the end of the fiscal year. The net position of the City is the difference between total assets and 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, 2015**

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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

- **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 17-57 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 58-63.

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 \$54.5 million as of June 30, 2015. By far the largest portion of the City's net position (90 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, 2015**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2015 and 2014.

Figure 2	NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2015	2014 as restated	2015	2014 as restated	2015	2014
Current and other assets	\$ 18,534,175	\$ 19,507,414	\$ 11,499,777	\$13,200,746	\$30,033,952	\$32,708,160
Capital assets, net	52,648,224	51,444,265	46,734,124	44,953,827	99,382,348	96,398,092
Total Assets	71,182,399	70,951,679	58,233,901	58,154,573	129,416,300	129,106,252
Deferred Outflow of Resources	1,918,841	-	259,895	33,460	2,178,736	33,460
Long-term liabilities	\$ 27,035,641	\$27,299,369	\$40,335,359	\$41,212,053	\$67,371,000	\$68,511,422
Other liabilities	5,163,548	5,074,408	2,357,637	2,780,029	7,521,185	7,854,437
Total Liabilities	32,199,189	32,373,777	42,692,996	43,992,082	74,892,185	76,365,859
Deferred inflow of Resources	1,702,455	-	512,404	-	2,214,859	-
Net Position						
Net Investment in Capital assets	35,443,285	33,724,834	13,550,172	11,403,307	48,993,457	45,128,141
Restricted	2,383,498	2,752,623	8,444,571	8,114,684	10,828,069	10,867,307
Unrestricted	1,372,813	2,100,445	(6,706,347)	(5,322,040)	(5,333,534)	(3,221,595)
Total net position	\$39,199,596	\$38,577,902	\$15,288,396	\$14,195,951	\$54,487,992	\$52,773,853

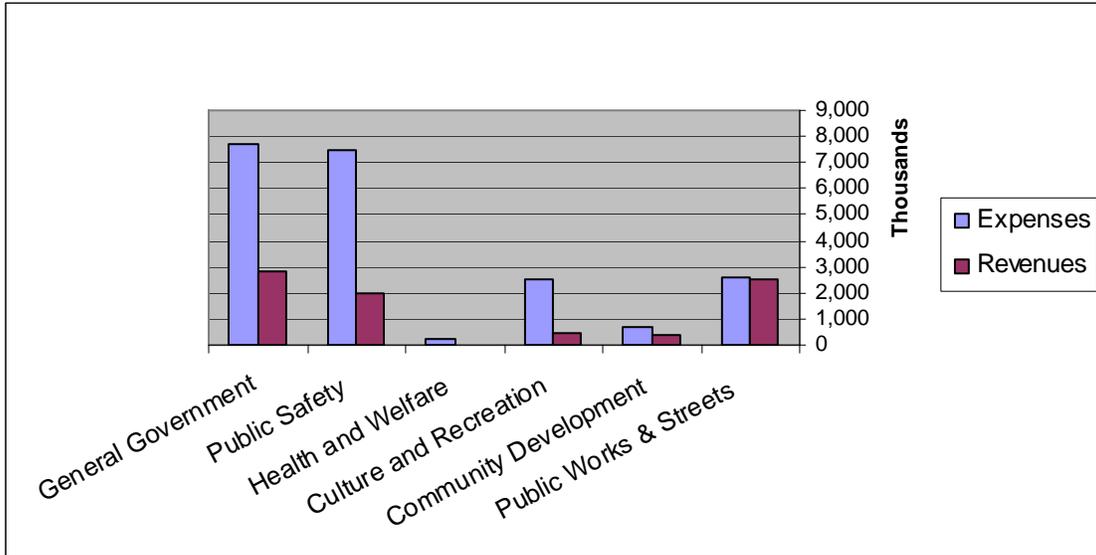
Governmental Activities: Net position in governmental activities saw an increase of \$.622 million. The reasons for this change can be summarized as follows:

- Program revenues covered 38.7 percent of program expenses increasing from 35.11 percent from last year.
- Program revenues totaled \$8.2 million, which was an increase of \$1.2 million from the previous year. General revenues on the other hand increased from the prior year by over \$.418 million totaling \$14.99 million. This amounts to an overall increase in total revenue of 1.97 percent.
- Expenses totaled \$22.6 million, a 9.1 percent increase compared to the previous year.

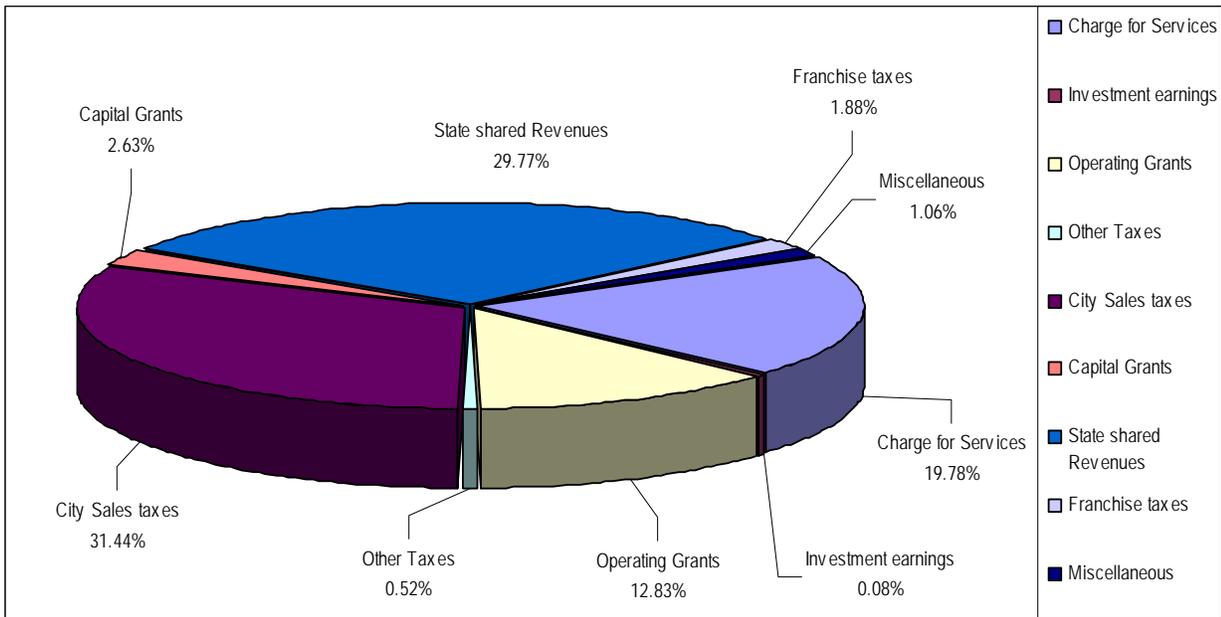
**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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, 2015**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Business-type Activities: Overall, the City's net position for business-type activities shows an increased by \$1.2 million. The increase results from all the funds, with the exception of Business Center, earning a steady flow of income before contributions as expected from the rate study. The City rate study for user fees and charges extends over several fiscal years, including last fiscal year, to compensate for historical shortfalls.

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

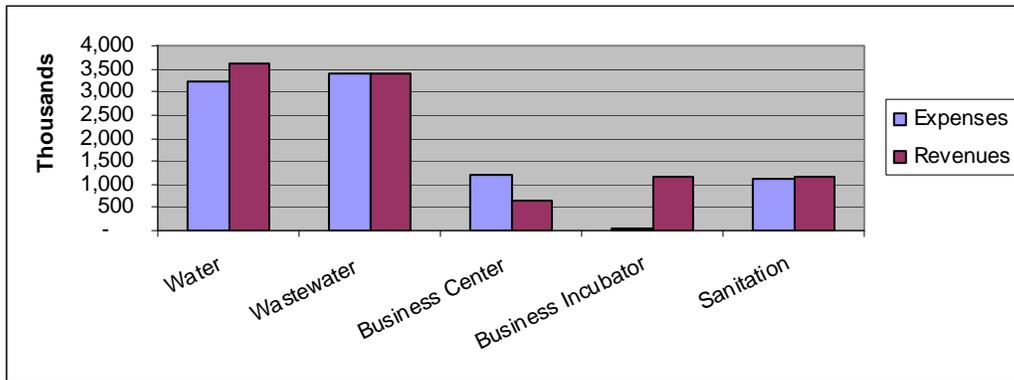
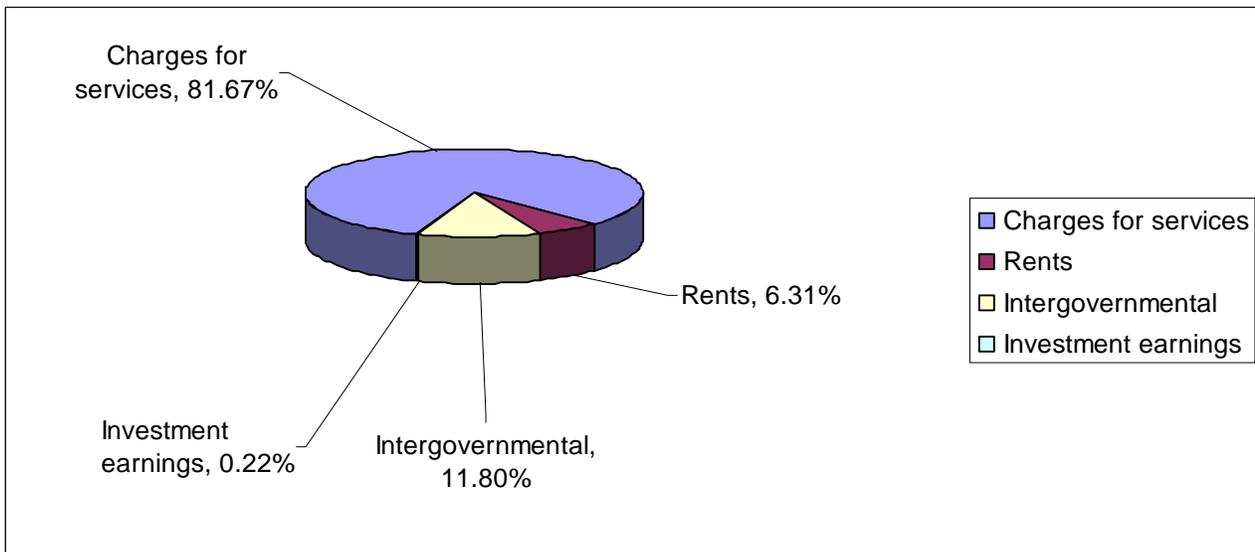


Figure 6. Revenue by Source Business-Type Activities



**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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 \$10.01 million and the total fund balance was \$10.2 million. As a measure of the General Fund's liquidity, unassigned fund balance represents approximately 63% of total general fund expenditures, while total fund balance represents approximately 63.16% 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, 2015, the City's governmental funds reported combined fund balance of \$13.2 million, an increase of \$.72 million from the prior year.

Changes in net position: The City's total revenues for the fiscal year ended June 30, 2015, were \$33.3 million. The total cost of all programs and services was \$31.56 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014.

In addition, portions of the City net position are restricted for the purposes of debt service repayment (6.68 percent), impact fees (1.39 percent), and highway users fund projects (2.21 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.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Changes in net position

Figure 7.

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	Governmental Activities	Governmental Activities, as restated for GASB 68	Business-type Activities	Business-type Activities, as restated	Total	Total as Restated for GASB 68
Revenues						
Program Revenues:						
Charges for services	\$4,609,286	\$4,247,096	\$8,778,375	\$7,804,740	\$13,387,661	\$12,051,836
Operating grants and contributions	2,989,656	2,564,023			2,989,656	2,564,023
Capital grants and contributions	612,897	157,458	1,177,792	1,322,452	1,790,689	1,479,910
General Revenues:						
City sales taxes	7,324,294	6,750,517			7,324,294	6,750,517
State sales taxes					-	-
Franchise taxes	439,034	427,800			439,034	427,800
Other taxes	122,163	(69,355)			122,163	(69,355)
State shared revenues	6,936,337	7,331,517			6,936,337	7,331,517
Investment earnings	19,300	16,064	21,667	13,909	40,967	29,973
Miscellaneous	246,626	213,640			246,626	213,640
Transfer	(100,841)		100,841		-	-
Total Revenues	23,198,752	21,638,760	10,078,675	9,141,101	33,277,427	30,779,861
Expenses						
General Government	7,694,562	7,322,937			7,694,562	7,322,937
Public Safety	7,483,604	6,949,558			7,483,604	6,949,558
Health and Welfare	226,788	168,499			226,788	168,499
Culture and Recreation	2,509,450	2,285,536			2,509,450	2,285,536
Community Development	703,901	691,362			703,901	691,362
Public Works & Streets	2,591,698	2,427,548			2,591,698	2,427,548
Interest on Long-Term Debt	1,367,055	830,808			1,367,055	830,808
Water			3,218,848	2,672,415	3,218,848	2,672,415
Wastewater			3,395,825	2,849,799	3,395,825	2,849,799
Business Center			1,197,456	1,263,315	1,197,456	1,263,315
Business Incubator			56,534		56,534	-
Sanitation			1,117,567	1,010,242	1,117,567	1,010,242
Total expenses	22,577,058	20,676,248	8,986,230	7,795,771	31,563,288	28,472,019
Increase/(decrease) in net position	621,694	962,512	1,092,445	1,345,330	1,714,139	2,307,842
Net Position Beginning of Year, as restated	38,577,902	37,615,390	14,195,951	12,850,621	52,773,853	50,466,011
Net Position June 30, 2015	\$39,199,596	\$38,577,902	\$15,288,396	\$14,195,951	\$54,487,992	\$52,773,853

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental and Business-type activities: The following table (Figure 8) presents the cost of the major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

Figure 8. - Activities	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General government	\$ 7,694,562	\$ (4,838,046)
Public safety	7,483,604	(5,492,639)
Health and welfare	226,788	(226,788)
Culture and recreation	2,509,450	(2,020,351)
Community development	703,901	(318,104)
Public works and streets	2,591,698	(102,236)
Interest on long-term debt	1,367,055	(1,367,055)
Total expenses	22,577,058	(14,365,219)
Business-Type Activities		
Water	3,218,848	373,972
Wastewater	3,395,825	22,268
Business Center	1,197,456	(568,191)
Business Incubator	56,534	1,100,259
Sanitation	1,117,567	41,629
Total expenses	8,986,230	969,937
Total	\$ 31,563,288	\$ (13,395,282)

- The cost of all governmental activities this year was \$22.6 million. The cost of all business-type activities this year was \$9.0 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 \$18.2 million.
- The net cost of governmental activities of \$14.37 million was financed by general revenues of \$15.0 million, which are made up of primarily taxes, donated capital and state shared revenues.
- Business type activities showed a decrease in changes to net position by \$.25 million in the fiscal year ended June 30, 2015 as compared to the prior fiscal year due partially to bond refunding costs of issuance.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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 \$.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 \$0.291 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 \$13.2 million, an increase of \$.72 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 \$15.3 million. The Enterprise Funds had an increase in net position of \$1.092 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 eleven amendments to increase the budget during fiscal year 2015 by a net of \$424,670 as a result of unexpected grants received during the year which require matching. Further, the City entered into contracts for additional infrastructure projects in conjunction with two ongoing other projects for a total of \$360 K. Two unplanned expenses were effected also during the year for a court interpreter and the need to revamp and replace the containers for sanitation services. Lastly, Council elected to approve a one-time salary adjustment for all employees during the Christmas seasons. 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, 2015**

CAPITAL ASSETS

As of June 30, 2015, the City had invested \$143.5 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$2.23 million for the governmental activities and \$1.69 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, 2015.

**CAPITAL ASSETS
(Net of Depreciation)**

Figure 9.	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	1,531,972	1,531,972	674,819	674,819	2,206,791	2,206,791
Buildings and improvements	17,580,201	17,470,468	6,707,558	4,753,986	24,287,759	22,224,454
Machinery and equipment	4,554,430	3,498,882	1,786,502	1,846,510	6,340,932	5,345,392
Construction in progress	598,414	139,112	1,754,322	1,038,377	2,352,736	1,177,489
Infrastructure	28,383,207	28,803,831	35,810,923	36,640,135	64,194,130	65,443,966
Total	\$52,648,224	\$51,444,265	\$46,734,124	\$44,953,827	\$99,382,348	\$96,398,092

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

- Completion of the Business Incubator at a cost of \$1.2M
- Implementation of a manganese removal filter which includes backwash tank and pumps able to treat 2,200 gallons/minute, cost-to-date is at \$1.2M

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 \$40.84 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, 2015.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

DEBT ADMINISTRATION (CONTINUED)

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

Figure 10.	Governmental Activities		Business-type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
Revenue bonds payable	\$ 13,350,329	\$ 14,383,209	\$27,490,036	\$29,008,576	\$40,840,365	\$43,391,785
Loan payable	3,025,000	3,025,000	10,520,000	10,725,000	13,545,000	13,750,000
Note payable	537,910	311,222	185,909	127,693	723,819	438,915
Total	\$16,913,239	\$17,719,431	\$38,195,945	\$39,861,269	\$55,109,184	\$57,580,700

Additional information on the City's long-term obligations can be found in Notes 6 through 9 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 2015			FY 2014		
	Per Month High	Per Month Low	Daily Average	Per Month High	Per Month Low	Daily Average
Vehicles	280,186	243,097	8,540	255,709	222,886	8,004
Pedestrians	272,138	130,994	6,340	423,341	137,184	7,273
Commercial	3,382	1,860	167	3,382	1,860	82

- 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 2015. 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 2015.

**CITY OF SAN LUIS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

- 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.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SLFDC Detention Center
ASSETS				
Cash and cash equivalents	\$ 2,448,732	\$ 8,410,680	\$ 10,859,412	\$ -
Investments	10,405,786	-	10,405,786	-
Prepaid items	156,349	-	156,349	-
Receivables (net of allowance)	2,437,272	517,189	2,954,461	102
Internal Balances	(1,710,062)	1,710,062	-	-
Due from Component Units	6,000	-	6,000	-
Inventories	54,396	105,202	159,598	-
Notes receivable	-	47,060	47,060	-
Restricted assets				
Cash and cash equivalents	3,617,849	-	3,617,849	-
Investments	-	628,150	628,150	6,569,176
Due from other governments	1,117,853	81,434	1,199,287	-
Capital assets not being depreciated				
Land	1,531,972	674,819	2,206,791	-
Construction in progress	598,414	1,754,322	2,352,736	661,359
Capital assets net of accumulated depreciation				
Buildings and improvements	24,082,183	8,212,449	32,294,632	34,129,886
Machinery and equipment	10,465,297	7,875,041	18,340,338	329,194
Infrastructure	40,672,687	47,621,386	88,294,073	-
Accumulated depreciation	(24,702,329)	(19,403,893)	(44,106,222)	(10,483,058)
Total assets	71,182,399	58,233,901	129,416,300	31,206,659
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	16,730	16,730	667,284
Deferred outflow related to pension	1,918,841	243,165	2,162,006	-
Total deferred outflows	1,918,841	259,895	2,178,736	667,284

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SLFDC Detention Center
LIABILITIES				
Accounts payable	\$ 2,134,554	\$ 472,879	\$ 2,607,433	\$ -
Accrued payroll and taxes	590,448	45,586	636,034	-
Court bonds payable	9,154	-	9,154	-
Customer deposits	750	268,794	269,544	-
Retainage payable	-	-	-	-
Accrued interest	745,409	1,570,378	2,315,787	489,672
Due to primary government	-	-	-	6,000
Unearned Revenue	1,683,233	-	1,683,233	-
Non current liabilities				
Pension liabilities	9,549,692	2,058,413	11,608,105	-
Due within one year	1,065,473	1,264,635	2,330,108	1,850,000
Due in more than one year	16,420,476	37,012,311	53,432,787	42,248,372
Total liabilities	32,199,189	42,692,996	74,892,185	44,594,044
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	209,304	231,107	440,411	-
Deferred inflow related to pension	1,493,151	281,297	1,774,448	-
Total deferred inflows	1,702,455	512,404	2,214,859	-
NET POSITION				
Net Investment in capital assets	35,443,285	13,550,172	48,993,457	(18,793,707)
Restricted for:				
Debt service	1,178,558	2,459,646	3,638,204	4,788,030
Impact fees	-	758,555	758,555	-
Capital projects	-	5,226,370	5,226,370	-
HURF	1,204,940	-	1,204,940	-
Unrestricted	1,372,813	(6,706,347)	(5,333,534)	1,285,576
Total net position	\$ 39,199,596	\$ 15,288,396	\$ 54,487,992	(12,720,101)

**CITY OF SAN LUIS, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 7,694,562	2,780,190	\$ 7,618	68,708
Public safety	7,483,604	1,007,465	855,800	127,700
Health and welfare	226,788	-	-	-
Culture and recreation	2,509,450	373,194	-	115,905
Community development	703,901	385,797	-	-
Public works and streets	2,591,698	62,640	2,126,238	300,584
Interest on long-term debt	1,367,055	-	-	-
Total governmental activities	<u>22,577,058</u>	<u>4,609,286</u>	<u>2,989,656</u>	<u>612,897</u>
Business-type activities:				
Water	3,218,848	3,592,820	-	-
Wastewater	3,395,825	3,397,094	-	20,999
Business Center	1,197,456	629,265	-	-
Business Incubator	56,534	-	-	1,156,793
Sanitation	1,117,567	1,159,196	-	-
Total business-type activities	<u>8,986,230</u>	<u>8,778,375</u>	<u>-</u>	<u>1,177,792</u>
Total primary government	<u><u>\$ 31,563,288</u></u>	<u><u>\$ 13,387,661</u></u>	<u><u>\$ 2,989,656</u></u>	<u><u>\$ 1,790,689</u></u>
Component Units				
Detention Facility	15,344,900	13,864,077	-	-
SL Arts & Humanities	1,997	-	-	-
Total components units	<u><u>\$ 15,346,897</u></u>	<u><u>\$ 13,864,077</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

General revenues:

Taxes:

City sales taxes for general purposes

Franchise taxes

Other taxes

State shared revenue

Investment earnings

Other

Transfer

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 Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	SLFDC Detention Center	SL Arts & Humanities
\$ (4,838,046)	\$ -	\$ (4,838,046)	\$ -	\$ -
(5,492,639)	-	(5,492,639)	-	-
(226,788)	-	(226,788)	-	-
(2,020,351)	-	(2,020,351)	-	-
(318,104)	-	(318,104)	-	-
(102,236)	-	(102,236)	-	-
(1,367,055)	-	(1,367,055)	-	-
(14,365,219)	-	(14,365,219)	-	-
-	373,972	373,972	-	-
-	22,268	22,268	-	-
-	(568,191)	(568,191)	-	-
-	1,100,259	1,100,259	-	-
-	41,629	41,629	-	-
-	969,937	969,937	-	-
\$ (14,365,219)	\$ 969,937	\$ (13,395,282)	\$ -	\$ -
-	-	-	(1,480,823)	-
-	-	-	-	(1,997)
-	-	-	\$ (1,480,823)	\$ (1,997)
7,324,294	-	7,324,294	-	-
439,034	-	439,034	-	-
122,163	-	122,163	-	-
6,936,337	-	6,936,337	-	-
19,300	21,667	40,967	1,710	-
246,626	-	246,626	-	-
(100,841)	100,841	-	-	-
14,986,913	122,508	15,109,421	1,710	-
621,694	1,092,445	1,714,139	(1,479,113)	(1,997)
38,577,902	14,195,951	52,773,853	(11,240,988)	1,997
\$ 39,199,596	\$ 15,288,396	\$ 54,487,992	(12,720,101)	\$ -

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CITY OF SAN LUIS, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	MAJOR FUNDS				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 10,029,720	\$ 1,179,360	\$ -	\$ 842,986	\$ 12,052,066
Restricted cash and cash equivalents	106,624	-	3,511,225	-	3,617,849
Accounts receivable (net)	2,278,640	-	5,108	15,768	2,299,516
Due from governmental entities	850,141	194,144	-	73,568	1,117,853
Due from other funds	-	91,335	-	885,627	976,962
Due from Component Units	6,000	-	-	-	6,000
Prepaid items	12,315	-	292	143,742	156,349
Supplies Inventory	30,516	23,880	-	-	54,396
Total assets	\$ 13,313,956	\$ 1,488,719	\$ 3,516,625	\$ 1,961,691	\$ 20,280,991
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 739,104	\$ 279,015	\$ 3,360	\$ 344,369	\$ 1,365,848
Accrued payroll and taxes	585,684	4,764	-	-	590,448
Due to other funds	140,594	-	2,540,261	3,379	2,684,234
Court bonds payable	9,154	-	-	-	9,154
Customer deposits	750	-	-	-	750
Accrued interest	-	-	745,409	-	745,409
Unearned revenue	1,683,233	-	-	-	1,683,233
Total liabilities	3,158,519	283,779	3,289,030	347,748	7,079,076
Fund balances:					
Non-spendable fund Balance					
Non spendable in form	42,831	23,880	292	143,742	210,745
Restricted for:					
HURF	-	1,181,060	-	-	1,181,060
Committed	106,624	-	-	-	106,624
Assigned					
Debt service fund	-	-	1,178,558	-	1,178,558
Special revenue funds	-	-	-	847,352	847,352
Capital project funds	-	-	-	622,849	622,849
Unassigned	10,005,982	-	(951,255)	-	9,054,727
Total fund balances	10,155,437	1,204,940	227,595	1,613,943	13,201,915
Total liabilities and fund balances	\$ 13,313,956	\$ 1,488,719	\$ 3,516,625	\$ 1,961,691	\$ 20,280,991

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, 2015

Total governmental fund balances \$ 13,201,915

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	\$ 77,350,553	
Less accumulated depreciation	<u>(24,702,329)</u>	52,648,224

Deferred charges related to advance refunding bond issued - included on govt-wide statement of net assets but are not current financial resources		(209,304)
---	--	-----------

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.		168,712
---	--	---------

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds		
Net pension		(9,549,692)

Deferred outflows and inflows of resources related to pensions are applicable to future period and therefore are not reported in the funds		
Deferred outflows of resources related to pension - 2015 employer contributions		1,918,841

Deferred inflows/outflows of resources related to pension		(1,493,151)
---	--	-------------

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

Compensated absences payable	(572,710)	
Revenue bonds payable	(13,350,329)	
Loans payable	(3,025,000)	
Note payable	<u>(537,910)</u>	<u>(17,485,949)</u>

Net position of governmental activities \$ 39,199,596

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, 2015

	MAJOR FUNDS				Total Governmental Funds
	General Fund	Highway Users	Municipal Projects Bond Fund	Non-Major Governmental Funds	
Revenues:					
Taxes	\$ 7,885,491	\$ -	\$ -	\$ -	\$ 7,885,491
Special assessments	-	-	-	374,470	374,470
Licenses and permits	483,218	-	-	-	483,218
Intergovernmental	6,936,337	2,126,238	-	1,035,650	10,098,225
Charges for services	64,625	-	-	312,313	376,938
Fines and forfeitures	381,256	-	-	229,922	611,178
Investment earnings	8,235	1,820	5,621	1,381	17,057
Rents	758,835	-	-	2,500	761,335
Other	409,998	119,761	-	-	529,759
Total revenues	16,927,995	2,247,819	5,621	1,956,236	21,137,671
Expenditures:					
Current					
General government	4,291,647	-	-	360,464	4,652,111
Public safety	6,181,192	-	-	507,768	6,688,960
Public works and streets	-	1,573,962	-	62,640	1,636,602
Health and welfare	205,049	-	-	-	205,049
Culture and recreation	1,863,915	-	-	235,293	2,099,208
Community development	666,658	-	2,282	-	668,940
Capital outlay	1,660,456	781,377	-	1,401,347	3,843,180
Debt service					
Interest and fiscal charges	10,639	-	1,158,267	-	1,168,906
Principal retirement	74,251	-	317,583	-	391,834
Bond Issuance Cost	-	-	238,101	-	238,101
Total expenditures	14,953,807	2,355,339	1,716,233	2,567,512	21,592,891
Excess (deficiency) of revenues over expenditures	1,974,188	(107,520)	(1,710,612)	(611,276)	(455,220)
Other financing sources (uses):					
Premium on refunding bonds issued	-	-	1,296,704	-	1,296,704
Payment to refunded bond escrow agent	-	-	(13,850,916)	-	(13,850,916)
Refunding bonds issued	-	-	12,085,699	-	12,085,699
Capital leases	300,939	-	-	-	300,939
Transfers in	-	-	1,150,100	276,805	1,426,905
Transfers out	(1,344,202)	(183,544)	-	-	(1,527,746)
Total other financing sources (uses)	(1,043,263)	(183,544)	681,587	276,805	(268,415)
Changes in fund balances	930,925	(291,064)	(1,029,025)	(334,471)	(723,635)
Fund balances - beginning	9,224,512	1,496,004	1,256,620	1,948,414	13,925,550
Fund balances - ending	\$ 10,155,437	\$ 1,204,940	\$ 227,595	\$ 1,613,943	\$ 13,201,915

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, 2015**

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

Net change in fund balances - total governmental funds		\$ (723,635)
<p>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.</p>		
Expenditures for capitalized assets	\$ 3,328,267	
Less current year depreciation	<u>(2,233,622)</u>	1,094,645
<p>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.</p>		
		(21,508)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		
		128,351
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		599,360
<p>Pension contributions</p>		
		(128,882)
<p>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.</p>		
		12,108
<p>Net revenues, including transfers, of internal service funds determined to be governmental type</p>		
		<u>(338,745)</u>
Change in net position in governmental activities		<u><u>\$ 621,694</u></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
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,134,600	\$ 7,134,600	\$ 7,885,491	\$ 750,891
Licenses and permits	393,000	393,000	483,218	90,218
Intergovernmental	6,840,075	6,840,075	6,936,337	96,262
Charges for services	272,500	272,500	64,625	(207,875)
Fines and forfeitures	450,300	450,300	381,256	(69,044)
Investment earnings	6,500	6,500	8,235	1,735
Rents	774,400	774,400	758,835	(15,565)
Other	58,300	58,300	409,998	351,698
Total revenues	<u>15,929,675</u>	<u>15,929,675</u>	<u>16,927,995</u>	<u>998,320</u>
Expenditures:				
General government:				
City Council	956,520	806,702	748,880	57,822
City Administration	603,850	607,200	593,221	13,979
City Clerk	246,320	247,550	241,544	6,006
City Attorney	354,510	356,545	315,704	40,841
Finance	665,050	670,545	652,323	18,222
Human Resources	328,150	328,855	288,088	40,767
Municipal Court	564,775	568,505	547,700	20,805
Information Technology	385,800	387,905	368,304	19,601
Facilities	357,910	360,820	336,864	23,956
Fleet Services	140,550	146,108	145,058	1,050
Risk & Property	130,820	131,520	129,816	1,704
Non Departmental	(310,010)	(310,010)	(75,855)	(234,155)
Public safety				
Police Department	4,050,640	3,998,600	3,667,654	330,946
Fire Department	2,486,980	2,526,040	2,513,538	12,502
Health and welfare				
Senior Services	229,370	230,885	205,049	25,836
Culture and recreation:				
Cultural Center	149,310	150,225	144,977	5,248
Parks Ground	1,038,005	1,043,115	1,038,418	4,697
Parks - Recreation	330,430	332,045	329,387	2,658
Youth Center	209,960	210,920	206,543	4,377
Aquatic Center	188,100	188,825	144,590	44,235
Community development				
Development Services	324,530	325,955	245,659	80,296
Building Safety	244,170	245,930	230,123	15,807
Community Development	227,815	229,050	190,876	38,174
Capital outlay	1,834,400	1,834,400	1,660,456	173,944
Debt service				
Interest and fiscal changes	33,030	33,030	10,639	22,391
Principal retirement	257,350	257,350	74,251	183,099
Total expenditures	<u>16,028,335</u>	<u>15,908,615</u>	<u>14,953,807</u>	<u>954,808</u>
Excess (deficiency) of revenues over expenditures	<u>(98,660)</u>	<u>21,060</u>	<u>1,974,188</u>	<u>1,953,128</u>
Other financing sources (uses):				
Other financing Sources	940,385	940,385	300,939	(639,446)
Transfers out	(1,349,230)	(1,349,230)	(1,344,202)	5,028
Total other financing sources (uses)	<u>(408,845)</u>	<u>(408,845)</u>	<u>(1,043,263)</u>	<u>(634,418)</u>
Change in fund balances	<u>(507,505)</u>	<u>(387,785)</u>	<u>930,925</u>	<u>1,318,710</u>
Fund balances - beginning	<u>9,224,512</u>	<u>9,224,512</u>	<u>9,224,512</u>	<u>-</u>
Fund Balances - ending	<u>\$ 8,717,007</u>	<u>\$ 8,836,727</u>	<u>\$ 10,155,437</u>	<u>\$ 1,318,710</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,026,370	\$ 2,026,370	\$ 2,126,238	\$ 99,868
Investment Earnings	900	900	1,820	920
Other	1,900	1,900	119,761	117,861
TOTAL REVENUES	<u>2,029,170</u>	<u>2,029,170</u>	<u>2,247,819</u>	<u>218,649</u>
EXPENDITURES				
Current				
Public Works and Streets	1,739,560	1,736,120	1,573,962	162,158
Capital Outlay	632,910	798,310	781,377	16,933
Total Expenditures	<u>2,372,470</u>	<u>2,534,430</u>	<u>2,355,339</u>	<u>179,091</u>
Excess (deficiency) of revenues over expenditures	<u>(343,300)</u>	<u>(505,260)</u>	<u>(107,520)</u>	<u>397,740</u>
Other financing sources (uses):				
Transfers out	(294,900)	(225,000)	(183,544)	41,456
Total other financing sources (uses)	<u>(294,900)</u>	<u>(225,000)</u>	<u>(183,544)</u>	<u>41,456</u>
Change in fund balances	<u>(638,200)</u>	<u>(730,260)</u>	<u>(291,064)</u>	<u>439,196</u>
Fund balances - beginning	<u>1,496,004</u>	<u>1,496,004</u>	<u>1,496,004</u>	<u>-</u>
Fund Balances - ending	<u>\$ 857,804</u>	<u>\$ 765,744</u>	<u>\$ 1,204,940</u>	<u>\$ 439,196</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, 2015

	Enterprise Funds					Internal Service	
	Water	Wastewater	Business Center	Sanitation	Business Incubator	Total	Insurance Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 7,415,030	\$ 920,053	\$ 75,597	\$ -	\$ -	\$ 8,410,680	\$ 802,452
Accounts receivable (net)	410,291	99,888	52,440	36,004	-	598,623	137,756
Notes receivable	47,060	-	-	-	-	47,060	-
Due from other funds	-	3,861,628	45,944	-	-	3,907,572	-
Prepaid items and other assets	62,798	23,622	320	18,462	-	105,202	-
Total current assets	7,935,179	4,905,191	174,301	54,466	-	13,069,137	940,208
Non-current assets:							
Restricted cash and cash equivalents	-	-	628,150	-	-	628,150	-
Land	190,271	140,337	344,211	-	-	674,819	-
Buildings and improvements	-	1,235,436	4,942,699	26,596	2,007,718	8,212,449	-
Infrastructure	20,146,263	27,475,123	-	-	-	47,621,386	-
Machinery and equipment	2,203,419	1,126,076	2,674,708	1,752,105	118,733	7,875,041	-
Construction in progress	1,327,107	427,215	-	-	-	1,754,322	-
Accumulated depreciation	(5,864,256)	(8,456,720)	(3,620,486)	(1,438,857)	(23,574)	(19,403,893)	-
Total non-current assets	18,002,804	21,947,467	4,969,282	339,844	2,102,877	47,362,274	-
Total assets	25,937,983	26,852,658	5,143,583	394,310	2,102,877	60,431,411	940,208
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflow on refundings	16,730	-	-	-	-	16,730	-
Deferred outflow related to pension	124,195	81,434	-	37,536	-	243,165	-
Total deferred outflows	140,925	81,434	-	37,536	-	259,895	-
Total assets and deferred outflows of resources	26,078,908	26,934,092	5,143,583	431,846	2,102,877	60,691,306	940,208
LIABILITIES							
Current liabilities:							
Accounts payable	299,706	157,087	-	15,674	412	472,879	768,706
Accrued payroll and taxes	39,037	4,636	-	1,913	-	45,586	-
Due to other funds	1,522,314	-	-	596,282	78,914	2,197,510	2,790
Customer deposits	261,194	7,600	-	-	-	268,794	-
Retainage payable	-	-	-	-	-	-	-
Accrued interest	549,487	612,741	408,150	-	-	1,570,378	-
Current portion of long-term debt	466,910	483,692	220,000	94,033	-	1,264,635	-
Total current liabilities	3,138,648	1,265,756	628,150	707,902	79,326	5,819,782	771,496
Non-current liabilities:							
Pension	1,051,322	689,346	-	317,745	-	2,058,413	-
Non-current portion of long-term debt	12,172,526	14,432,473	10,300,000	107,312	-	37,012,311	-
Total non-current liabilities	13,223,848	15,121,819	10,300,000	425,057	-	39,070,724	-
Total liabilities	16,362,496	16,387,575	10,928,150	1,132,959	79,326	44,890,506	771,496
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow on refundings	109,013	122,094	-	-	-	231,107	-
Deferred inflow related to pension	143,671	94,204	-	43,422	-	281,297	-
Total deferred inflows	252,684	216,298	-	43,422	-	512,404	-
Total liabilities and deferred inflows of resources	16,615,180	16,603,873	10,928,150	1,176,381	79,326	45,402,910	771,496
NET POSITION							
Net investment in capital assets	6,607,708	10,864,520	(6,178,868)	153,935	2,102,877	13,550,172	-
Restricted for debt service	626,016	781,205	1,028,766	23,659	-	2,459,646	-
Restricted for capital projects	1,297,153	3,929,217	-	-	-	5,226,370	-
Restricted for impact fees	169,827	588,728	-	-	-	758,555	-
Unrestricted	763,024	(5,833,451)	(634,465)	(922,129)	(79,326)	(6,706,347)	168,712
Total net position	\$ 9,463,728	\$ 10,330,219	\$ (5,784,567)	\$ (744,535)	\$ 2,023,551	\$ 15,288,396	\$ 168,712

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 NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Funds						
	Water	Wastewater	Business Center	Sanitation	Business Incubator	Total	Internal Service Fund
Operating revenues:							
Charges for services	\$ 3,460,533	\$ 3,328,233	\$ -	\$ 1,141,886	\$ -	\$ 7,930,652	\$ 2,031,327
Rent	-	-	629,265	-	-	629,265	-
Other	132,287	68,861	-	17,310	-	218,458	-
Total operating revenues	<u>3,592,820</u>	<u>3,397,094</u>	<u>629,265</u>	<u>1,159,196</u>	<u>-</u>	<u>8,778,375</u>	<u>2,031,327</u>
Operating expenses:							
Cost of sales and services	1,808,908	1,691,583	7,563	1,040,169	32,960	4,581,183	-
Insurance Premiums/Claims	-	-	-	-	-	-	2,372,315
Depreciation	486,844	740,329	373,592	69,695	23,574	1,694,034	-
Total operating expenses	<u>2,295,752</u>	<u>2,431,912</u>	<u>381,155</u>	<u>1,109,864</u>	<u>56,534</u>	<u>6,275,217</u>	<u>2,372,315</u>
Operating income (loss)	<u>1,297,068</u>	<u>965,182</u>	<u>248,110</u>	<u>49,332</u>	<u>(56,534)</u>	<u>2,503,158</u>	<u>(340,988)</u>
Nonoperating revenues (expenses):							
Investment earnings	16,098	5,173	396	-	-	21,667	2,243
Interest and fiscal charges	(742,385)	(771,697)	(816,301)	(7,703)	-	(2,338,086)	-
Bond issuance costs	(180,711)	(192,216)	-	-	-	(372,927)	-
Total nonoperating revenues (expenses)	<u>(906,998)</u>	<u>(958,740)</u>	<u>(815,905)</u>	<u>(7,703)</u>	<u>-</u>	<u>(2,689,346)</u>	<u>2,243</u>
Income before Contributions and Transfers	390,070	6,442	(567,795)	41,629	(56,534)	(186,188)	(338,745)
Capital contributions	-	20,999	-	-	1,156,793	1,177,792	-
Transfer in	-	-	-	-	100,841	100,841	-
Changes in net position	<u>390,070</u>	<u>27,441</u>	<u>(567,795)</u>	<u>41,629</u>	<u>1,201,100</u>	<u>1,092,445</u>	<u>(338,745)</u>
Total net position, beginning of year as restated	<u>9,073,658</u>	<u>10,302,778</u>	<u>(5,216,772)</u>	<u>(786,164)</u>	<u>822,451</u>	<u>14,195,951</u>	<u>507,457</u>
Total net position, end of year	<u>\$ 9,463,728</u>	<u>\$ 10,330,219</u>	<u>\$ (5,784,567)</u>	<u>\$ (744,535)</u>	<u>\$ 2,023,551</u>	<u>\$ 15,288,396</u>	<u>\$ 168,712</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
FOR THE YEAR ENDED JUNE 30, 2015

Enterprise Funds

	Water	Wastewater	Business Center	Sanitation
<u>Increase/(Decrease) In Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 3,583,325	\$ 3,374,702	\$ 629,238	\$ 1,144,079
Cash payments to suppliers for goods and services	(641,948)	(964,393)	(7,611)	(829,604)
Cash payments to employees for services	(902,696)	(606,022)	-	(193,462)
Net cash provided by (used for) operating activities	2,038,681	1,804,287	621,627	121,013
Cash flows from noncapital and related financing activities:				
Increase (decrease) due to other funds	(1,775,561)	99,570	(52,364)	(5,780)
Net cash provided by (Used for)noncapital and related financing activities	(1,775,561)	99,570	(52,364)	(5,780)
Cash flows from capital and related financing activities:				
Capital contribution	-	20,999	-	-
Payments for capital acquisitions	(1,519,626)	(553,559)	-	(97,929)
Proceed from capital debt	9,981,556	10,592,616	-	-
Principal paid on long-term debt	(10,753,431)	(11,438,070)	(205,000)	(9,601)
Interest paid on long-term debt	(507,874)	(529,951)	(823,321)	(7,703)
Net cash provided by (used for) capital and related financing activities	(2,799,375)	(1,907,965)	(1,028,321)	(115,233)
Cash flows from investing activities:				
Investment income	16,098	5,173	397	-
Net cash provided by investing activities	16,098	5,173	397	-
Net (increase/ decrease) in cash and cash equivalents	(2,520,157)	1,065	(458,661)	-
Cash and cash equivalents, beginning of year	9,935,187	918,988	1,162,408	-
Cash and cash equivalents, end of year	\$ 7,415,030	\$ 920,053	\$ 703,747	\$ -
Cash received from customers:				
Rent	\$ -	\$ -	\$ 629,265	\$ -
Charges for services	3,592,820	3,397,094	-	1,209,935
(Increase)/ decrease in accounts receivable	(14,842)	(15,915)	-	(47,921)
(Increase)/ decrease in prepaid items	5,347	(6,477)	(27)	(17,935)
	\$ 3,583,325	\$ 3,374,702	\$ 629,238	\$ 1,144,079
Cash payments to suppliers for goods and services				
Cost of sales and services (non-payroll)	\$ (891,535)	\$ (1,103,311)	\$ (7,563)	\$ (754,925)
Increase/ (decrease) in accounts payable	249,587	138,918	(48)	(74,679)
	(641,948)	(964,393)	(7,611)	(829,604)
Cash payments to employees for services				
Cost of sales and services (payroll)	\$ (917,373)	\$ (588,272)	\$ -	\$ (281,418)
Increase/ (decrease) in accrued payroll and taxes	12,549	(18,145)	-	87,956
Increase/ (decrease) in compensated absences payable	2,128	395	-	-
	(902,696)	(606,022)	-	(193,462)
<u>Reconciliation of Operating Income to</u>				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating income (loss)	\$ 1,297,068	\$ 965,182	\$ 248,110	\$ 53,158
Adjustments to reconcile operating income				
to net cash provided by (used for) operating activities:				
Depreciation and amortization	486,844	740,329	373,592	69,695
Change in assets and liabilities:				
(Increase)/ decrease in accounts receivable	(14,842)	(15,915)	-	2,818
(Increase)/ decrease in prepaid items	5,347	(6,477)	(27)	(17,935)
Increase/ (decrease) in accounts payable	214,964	138,918	(48)	(125,418)
Increase/ (decrease) in accrued payroll and taxes	49,300	(17,750)	-	138,695
Total adjustments	741,613	839,105	373,517	67,855
Net cash provided by (used for) operating activities	\$ 2,038,681	\$ 1,804,287	\$ 621,627	\$ 121,013

		Internal Service Fund	
Business Incubator	Total	Insurance Fund	
\$ 515,655	\$ 9,246,999	\$ 2,055,874	
(402,767)	(2,846,323)	(2,135,837)	
-	(1,702,180)	-	
112,888	4,698,496	(79,963)	
(67,303)	(1,734,135)	2,790	
(67,303)	(1,734,135)	2,790	
1,156,792	1,177,791	-	
(1,303,218)	(3,474,332)	-	
-	20,574,172	-	
-	(22,406,102)	-	
-	(1,868,849)	-	
(146,426)	(5,997,320)	-	
-	21,668	2,243	
-	21,668	2,243	
(100,841)	(3,078,594)	(74,930)	
-	12,016,583	877,382	
\$ (100,841)	\$ 8,937,989	\$ 802,452	
\$ -	\$ 629,265	\$ -	
1,061,685	9,261,534	2,031,327	
-	(78,678)	24,547	
(546,030)	(565,122)	-	
\$ 515,655	\$ 9,246,999	\$ 2,055,874	
\$ (32,960)	\$ (2,790,294)	\$ (2,372,315)	
(369,807)	(56,029)	236,478	
(402,767)	(2,846,323)	(2,135,837)	
\$ -	\$ (1,787,063)	\$ -	
-	82,360	-	
-	2,523	-	
-	(1,702,180)	-	
\$ (56,534)	\$ 2,506,984	\$ (340,988)	
23,574	1,694,034	-	
515,655	487,716	24,547	
-	(19,092)	-	
(369,807)	(141,391)	236,478	
-	170,245	-	
169,422	2,191,512	261,025	
\$ 112,888	\$ 4,698,496	\$ (79,963)	

COMPONENT UNIT

**COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS:	<u>Detention Center</u>
Current assets:	
Cash and cash equivalents	\$ 102
Non-current assets:	
Restricted cash and cash equivalents	6,569,177
Land	661,359
Buildings and improvements	34,129,886
Machinery and equipment	329,194
Accumulated depreciation	<u>(10,483,058)</u>
Total non-current assets	<u>31,206,558</u>
Total assets	<u>31,206,660</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflow on Refundings	<u>667,284</u>
Total Deferred Outflow of Resources	<u>667,284</u>
LIABILITIES	
Current Liabilities	
Accrued interest	489,672
Due to Primary Government	6,000
Current portion of Long Term Debt	<u>1,850,000</u>
Total current liabilities	<u>2,345,672</u>
Non current liabilities	
Non current portion of long term debt	<u>42,248,372</u>
Total non current liabilities	<u>42,248,372</u>
Total Liabilities	<u>44,594,044</u>
NET POSITION	
Net Investment in Capital assets	(18,793,707)
Restricted for debt service	4,788,030
Unrestricted	<u>1,285,576</u>
Total Net Position	<u><u>\$ (12,720,101)</u></u>

COMPONENT UNIT
STATEMENT OF ACTIVITIES - ALL FUND TYPES
For the Fiscal Year ended June 30, 2015

	Detention Center
Operating Revenues	
Charges for services	\$ 13,864,077
Total Operating Revenues	13,864,077
Operating Expenses	
General Operations	8,872,667
Depreciation	1,740,564
Total Operating Expenses	10,613,231
Operating Income (loss)	3,250,846
Non operating Revenues (expenses)	
Interest Revenues	1,710
Bond Issuance Costs	(1,586,998)
Interest Expense	(3,144,671)
Total Non operating Revenue (Expenses)	(4,729,959)
Change in Net Position	(1,479,113)
Net Position- Beginning	(11,240,988)
Net Position - Ending	\$ (12,720,101)

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Units

The San Luis 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, 2015, the activity of the SLCIC is reported in the Municipal Projects Bond Fund and the benefiting enterprise funds in the City's financial statements.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The San Luis Employees' Self Insurance Health Fund (ESI) was formed for the purpose of managing the health insurance fund and is governed by five Board members. The Board consists of three non-staff members, one member of Council and one member from the Human Resources Department. Although it is legally separate from the City, the Trust is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to City employees through a self-insured plan. Employees are covered 100% 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, 2015, 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 San Luis County and to provide facilities, equipment, and other physical plant and related support to the project. It is governed by a Board of five Directors of which two are members of City Council. The Corporation was used in April 2014 and July 2014 to refinance two bond issues that were originally used to build and extend the detention center 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.

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, 2015, there was no activity reported for the IDA.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

Joint Ventures

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

The City participates under a membership provision with two other entities in a jointly governed organization, the Greater San Luis Port Authority, Inc. (GYPA) which is directed by a seven person board. The GYPA was established in September 8, 2000, as a nonprofit corporation for the purpose of promoting and developing the new port district through cooperative regional effort of government entities (members), within the Yuma County region and to ensure the economic wellness of the San Luis area. Members are required to pay a fee of \$50,000 per year for operational expenses of the corporation. The City carries in its budget an annual appropriation of \$50,000 to retain its membership. 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, San Luis, 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
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds.

General 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.

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

Proprietary Fund Financial Statements - Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following proprietary funds.

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

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

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

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.

C. Cash, Cash Equivalents and Investments

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. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash, Cash Equivalents and Investments (Continued)

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

Money market investments are stated at amortized cost. All other investments are stated at cost, which approximates fair value. Certain resources set aside for the repayments of debt are classified as investments held by trustee – restricted

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

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

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

D. Restricted Cash and Investments with Fiscal Agents

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

E. Receivables

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

F. Interfund Receivables and Payable

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

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.

H. 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.

I. 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.

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

Assets	Years
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 \$93,765 and \$156,275 respectively on assets acquired with the utility bonds series 2013.

J. Deferred Inflows and Outflows

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows and Outflows (Continued)

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

K. Compensated Absences

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

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

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

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.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities, net of bond premiums or discounts. Bond premiums and discounts are amortized over the life of the bonds using straight-line method. Issuance costs are reported as expense when incurred.

Governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Arbitrage Rebate Requirement

The City is subject to the Internal Revenue Code (“IRC”) Section 148(f), related to its tax exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The City had no rebate liability for arbitrage as of June 30, 2015.

N. Claims Liabilities

The City accounts for material claims and judgments outstanding at year-end. When it is probable that a claim liability has incurred at year-end, and the amount of loss can be reasonably estimated, the City records the estimated loss.

O. Pensions

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

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

The following timeframes are used for pension reporting:

Valuation Date:	June 30, 2014
Measurement Date:	June 30, 2014
Measurement Period:	July 1, 2013 to June 30, 2014

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

P. Net Position

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position (Continued)

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

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

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

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

Q. Fund Balances

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

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

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

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

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances (Continued)

Assigned for Capital Projects – Portion of fund balance that has been budgeted or designated by Council for capital projects.

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

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

R. Budget

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

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

S. Use of Estimates

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

T. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Accounting Changes (Continued)

This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustments as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustments as a result of implementation.

U. Pending Pronouncements

GASB has issued Statement No. 72, *Fair Value Measurement and Application* with an effective reporting date beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value for financial reporting purposes and how to apply fair value to certain investments and disclosures related to all fair value measurements. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement identifies the hierarchy of generally accepted accounting principles (GAAP) which consists of the sources of accounting principle used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2- CASH AND INVESTMENTS

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

	Primary Government		Component Unit	
	Governmental	Business-type	SLDF	Total
	Activities	Activities		
Cash and cash equivalents	\$ 2,448,732	\$ 8,410,680	\$ -	\$ 10,859,412
Investments	10,405,786	-	-	10,405,786
Restricted assets:				
Cash and cash equivalents	3,617,849	-	-	3,617,849
Investments	-	628,150	6,569,176	7,197,326
Total	\$ 16,472,367	\$ 9,038,830	\$ 6,569,176	\$ 32,080,373

Cash and investments consisted of the following:

Cash on hand	\$ 4,400
Demand deposits	6,950,366
Investments	25,125,607
Total	\$ 32,080,373

Demand Deposits - The carrying amounts of the City's demand deposits were \$6,950,366 at June 30, 2015. Bank balances were \$5,361,088 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name.

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

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
U.S. agency securities	\$ 817,962	\$ 817,962	\$ -	\$ -
Money market funds	9,997,212	9,997,212	-	-
State Treasurer's investment pool	14,310,433	14,310,433	-	-
Total	\$ 25,125,607	\$ 25,125,607	\$ -	\$ -

Disclosures Related to Credit Risk. Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to repay the holder at the maturity date. This is generally measured by the assignment of a rating by a nationally recognized statistical organization. However, some issuers do not seek a credit rating. The City has no investment policy that would further limit its investment choices. As of June 30, 2015, the City's investment in the State Treasurer's Government Investment Pool (LGIP) did not receive a credit quality rating from national rating agency. The City's investments in U.S. agencies were rated Aaa-mf by Moody's Investors Service and AAAM by Standard & Poor's.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2- CASH AND INVESTMENTS (CONTINUED)

That portion of the external investment pool which belongs to local government participants is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at www.aztreasury.gov or by writing to Arizona State Treasurer's Office, 1700 West Washington Street, 1st Floor, Phoenix, AZ 85007. The City's position in the LGIP at June 30, 2015 is stated at cost which approximates fair value.

Disclosures Related to Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a policy for custodial credit risk. As of June 30, 2015, City deposits of \$5,361,088 were collateralized with securities held by the pledging financial institution.

Disclosures Related to Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the counterparty's failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, the City had \$10,815,175 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.

Disclosures Related to Concentration Credit Risk. The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2015, the City's investments include 3.26% invested in U.S. agency securities, 39.79% invested in money market funds, and 56.96% invested in the State Treasurer's investment pool.

NOTE 3- RECEIVABLES

Receivables are reported net of allowance for uncollectible of \$21,813 for utility receivables and \$1,061,925 for Governmental funds receivable of which the majority relates to court fines. 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:

	Governmental Activities					Total
	General Fund	Highway Users Fund	Municipal Projects Bond	Non-Major Governmental Funds	Insurance Fund	
Accounts Receivables	\$ 557,998	\$ -	\$ 5,108	\$ 15,768	\$ 137,756	\$ 716,630
Fines Receivable	1,720,642	-	-	-	-	1,720,642
Due from governmental entities	850,141	194,144	-	73,568	-	1,117,853
Net total receivables	<u>\$3,128,781</u>	<u>\$ 194,144</u>	<u>\$ 5,108</u>	<u>\$ 89,336</u>	<u>\$ 137,756</u>	<u>\$3,555,125</u>

	Business-Type Activities				Total
	Water	Wastewater	Business Center	Sanitation	
Accounts Receivables	\$ 410,291	\$ 99,888	\$ 52,440	\$ 36,004	\$ 598,623
Notes Receivable	47,060	-	-	-	47,060
Net total receivables	<u>\$ 457,351</u>	<u>\$ 99,888</u>	<u>\$ 52,440</u>	<u>\$ 36,004</u>	<u>\$ 645,683</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3- RECEIVABLES (CONTINUED)

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 \$1,683,233.

NOTE 4- INTERFUND TRANSACTIONS

A. Due From and To Other Funds

Fund	Due From Other Funds	Due To Other Funds
General	\$ 6,000	\$ 140,594
Highway User	91,335	-
Municipal Projects Bond Fund	-	2,540,261
Non-Major Governmental	885,627	3,379
Water	-	1,522,314
Wastewater	3,861,628	-
Business Center	45,944	-
Business Incubator	-	78,914
Sanitation	-	596,282
Internal Service fund	-	2,790
Detention Facility	-	6,000
Total	<u>\$ 4,890,534</u>	<u>\$ 4,890,534</u>

B. Interfund Transfers

Fund	Transfers In	Transfers out
General	\$ -	\$ 1,344,202
HURF	-	183,544
Municipal Project	1,150,100	-
Non-Major Governmental	276,805	-
Enterprise - Business Incubator	100,841	-
Total	<u>\$ 1,527,746</u>	<u>\$ 1,527,746</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2015 follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,531,972	\$ -	\$ -	\$ 1,531,972
Construction in progress	139,112	459,302	-	598,414
Total capital assets, not being depreciated	<u>1,671,084</u>	<u>459,302</u>	<u>-</u>	<u>2,130,386</u>
Capital assets, being depreciated:				
Infrastructure	40,256,496	416,191	-	40,672,687
Buildings and improvements	23,473,682	632,201	(23,700)	24,082,183
Machinery and equipment	8,659,359	1,954,247	(148,309)	10,465,297
Total capital assets being depreciated	<u>72,389,537</u>	<u>3,002,639</u>	<u>(172,009)</u>	<u>75,220,167</u>
Less accumulated depreciation for:				
Infrastructure	(11,452,665)	(836,815)	-	(12,289,480)
Buildings and improvements	(6,028,259)	(615,354)	141,631	(6,501,982)
Machinery and equipment	(5,135,431)	(781,453)	6,017	(5,910,867)
Total accumulated depreciation	<u>(22,616,355)</u>	<u>(2,233,622)</u>	<u>147,648</u>	<u>(24,702,329)</u>
Total capital assets, being depreciated, net	<u>49,773,182</u>	<u>769,017</u>	<u>(24,361)</u>	<u>50,517,838</u>
Governmental activities capital assets, net	<u>\$ 51,444,266</u>	<u>\$ 1,228,319</u>	<u>\$ (24,361)</u>	<u>\$ 52,648,224</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 674,819	\$ -	\$ -	\$ 674,819
Construction in progress	1,038,375	1,552,785	(836,838)	1,754,322
Total	<u>1,713,194</u>	<u>1,552,785</u>	<u>(836,838)</u>	<u>2,429,141</u>
Capital assets, being depreciated:				
Infrastructure	47,415,702	205,684	-	47,621,386
Buildings and improvements	6,019,282	1,356,329	836,838	8,212,449
Machinery and equipment	7,515,505	359,536	-	7,875,041
Total	<u>60,950,489</u>	<u>1,921,549</u>	<u>836,838</u>	<u>63,708,876</u>
Less accumulated depreciation for:				
Infrastructure	(10,748,971)	(1,061,492)	-	(11,810,463)
Buildings and improvements	(1,291,893)	(212,998)	-	(1,504,891)
Machinery and equipment	(5,668,995)	(419,544)	-	(6,088,539)
Total accumulated depreciation	<u>(17,709,859)</u>	<u>(1,694,034)</u>	<u>-</u>	<u>(19,403,893)</u>
Total capital assets, being depreciated, net	<u>43,240,630</u>	<u>227,515</u>	<u>836,838</u>	<u>44,304,983</u>
Business-type activities capital assets, net	<u>\$ 44,953,824</u>	<u>\$ 1,780,300</u>	<u>\$ -</u>	<u>\$ 46,734,124</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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	661,359	-	-	661,359
Capital assets, being depreciated:				
Infrastructure	-	-	-	-
Buildings and improvements	34,129,886	-	-	34,129,886
Machinery and equipment	329,194	-	-	329,194
Total	34,459,080	-	-	34,459,080
Less accumulated depreciation for:				
Buildings and improvements	(8,520,691)	(1,706,495)	-	(10,227,185)
Machinery and equipment	(221,803)	(34,069)	-	(255,873)
Total accumulated depreciation	(8,742,494)	(1,740,564)	-	(10,483,058)
Total capital assets, being depreciated, net	25,716,586	(1,740,564)	-	23,976,022
Business-type activities capital assets, net	\$ 26,377,945	(1,740,564)	\$ -	\$ 24,637,381

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 518,196
Public safety	422,080
Public works and streets	937,519
Health and welfare	18,570
Culture and recreation	330,762
Community development	6,494
Total depreciation expense	\$ 2,233,621
Business-type activities:	
Water	\$ 486,844
Wastewater	740,329
Business Center	373,592
Business Incubator	23,574
Sanitation	69,695
Total depreciation expense	\$ 1,694,034
Discretely Presented Component Units:	
Detention Facility	\$ 1,740,564
Total depreciation expense	\$ 1,740,564

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 2015 amounted to \$49,145.

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

Year ending June 30,	Amount
2016	\$ 35,517
2017	30,748
2018	26,513
2019	21,054
2020	<u>5,959</u>
Total	<u>\$ 119,791</u>

NOTE 7- REVENUE BONDS PAYABLE

PRIMARY GOVERNMENT

Revenue bonds payable at June 30, 2015 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

In November 2014 the City issued \$28,795,000 in Excise Tax Revenue Refunding Obligations Series 2014A and \$2,220,000 Series 2014B taxable Obligations collectively with an average true-interest rate of 4.02% to refund the 2005 San Luis Civic Improvement Corporation (SLCIC) in the amount of \$40,000,000. The entire proceeds of the refunding issue combined with City funds totaling \$37,223,946 was deposited in an irrevocable trust held by an escrow agent to provide for all future debt service requirements on the refunded bonds to the July 1, 2015 call date. As a result, the refunded bond are considered to be defeased and the liability for those bonds has been removed from the City's Municipal Project Bond Fund. The City refunded the debt to reduce its total debt service payments over the next 23 years by \$4,530,000 and to obtain an economic gain of \$2,684,869. The reacquisition price exceeded the net carrying amount of the old debt by \$451,784. This amount is being amortized as interest expense over the term of the debt.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2015
Governmental activities	4.02%	7/1/14-38	\$ 12,085,699
Business-type activities	4.02%	7/1/14-38	<u>18,929,301</u>
Total			<u>\$ 31,015,000</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7- REVENUE BONDS PAYABLE (CONTINUED)

PRIMARY GOVERNMENT (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:				
2016	\$ 572,820	\$ 605,739	\$ 897,181	\$ 948,742
2017	298,100	543,104	466,900	850,641
2018	305,893	535,274	479,107	838,376
2019	317,583	525,610	497,417	823,240
2020	327,325	514,689	512,675	806,136
2021-25	1,872,377	2,319,283	2,932,623	3,632,592
2025-29	2,369,210	1,810,595	3,710,790	2,835,855
2030-34	3,021,912	1,142,764	4,733,088	1,789,861
2035-39	3,000,480	309,303	4,699,520	484,447
Total	<u>\$ 12,085,700</u>	<u>\$ 8,306,361</u>	<u>\$ 18,929,301</u>	<u>\$ 13,009,890</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 the pledged water and wastewater revenues.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2015
Business-type activities	4.00%	7/1/2033	<u>\$ 6,580,000</u>
Total			<u>\$ 6,580,000</u>

	Business-Type Activities		
	Principal	Interest	Total
Year Ending June 30:			
2016	\$ -	\$ 250,040	\$ 250,040
2017	260,000	245,100	505,100
2018	270,000	235,030	505,030
2019	280,000	224,580	504,580
2020	295,000	213,655	508,655
2021-25	1,635,000	889,295	2,524,295
2026-30	1,975,000	547,675	2,522,675
2031-34	1,865,000	145,255	2,010,255
Total	<u>\$ 6,580,000</u>	<u>\$ 2,750,630</u>	<u>\$ 9,330,630</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7- REVENUE BONDS PAYABLE (CONTINUED)

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 and July 2014 the Corporation refunded both issues following an IRS audit in which the issues were found to be taxable as opposed to the non-taxable status at time of issuance. The refunding amounts were \$26,090,000 and \$20,835,000 respectively.

Purpose	Interest Rate	Maturity	Outstanding Principal June 30, 2015
Business activities	6.00-7.25%	4/1/14 - 30	\$ 25,355,000
Business activities	6.00-7.25%	11/1/14 - 27	<u>19,780,000</u>
Total			<u>\$ 45,135,000</u>

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

Year Ending June 30:	Principal		Interest	
	2014 Series	2014 Series A	2014 Series	2014 Series A
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2016	\$ 765,000	\$ 1,085,000	\$ 1,709,000	\$ 1,229,030
2017	795,000	1,130,000	1,677,636	1,185,088
2018	835,000	1,180,000	1,640,270	1,132,542
2019	880,000	1,240,000	1,597,686	1,072,952
2020	925,000	1,310,000	1,550,166	1,006,612
2021-25	5,545,000	7,825,000	6,827,860	3,748,102
2026-30	<u>15,610,000</u>	<u>6,010,000</u>	<u>4,244,402</u>	<u>703,688</u>
Total	<u>\$ 25,355,000</u>	<u>\$ 19,780,000</u>	<u>\$ 19,247,020</u>	<u>\$ 10,078,014</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8- NOTE OBLIGATIONS

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

Government – type activities:	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
Notes payable to the Walmart Store for \$376,000 dated October 4, 2006 for road extension. Note is due in quarterly installments of the first 1% of City Sales Tax collected on retail sales from the Walmart store until fully paid.	\$ -	\$ 244,243	\$ 244,243
Notes 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.	1,967	-	1,967
Notes 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
Converted a line of credit received from 1st Bank Yuma on June 11, 2015 for equipment purchase to a note payable in the amount of \$554,453 with an interest rate of 3.75% payable in five years.	<u>24,053</u>	<u>267,647</u>	<u>291,700</u>
Total Notes Payable	<u>\$ 26,020</u>	<u>\$ 3,536,890</u>	<u>\$ 3,562,910</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 26,020	\$ 176,379	\$ 242,794
2017	66,967	173,859	240,826
2018	69,558	171,268	240,826
2019	72,250	168,577	240,827
2020	58,890	166,492	184,987
Thereafter	<u>3,269,225</u>	<u>2,932,242</u>	<u>6,201,467</u>
Total	<u>\$ 3,562,910</u>	<u>\$ 3,788,817</u>	<u>\$ 7,351,727</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8- NOTE OBLIGATIONS (CONTINUED)

Business activities:	<u>CURRENT PORTION</u>	<u>LONG TERM PORTION</u>	<u>TOTAL</u>
Notes payable to the Greater Arizona Development Authority (GADA) organization for \$10,725,000 dated February 1, 2009 for refinancing of Call Center development 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 2015 until the loan expires on July 2036.	\$ 220,000	\$ 10,300,000	\$ 10,520,000
Converted a line of credit from 1st Bank of Yuma on June 11, 2015 for equipment purchase to a note payable in the amount of \$554,453 with an interest rate of 3.75% payable in five years.	<u>81,456</u>	<u>104,453</u>	<u>185,909</u>
Total Notes Payable	<u>\$ 301,456</u>	<u>\$ 10,404,453</u>	<u>\$ 10,705,909</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 301,456	\$ 815,141	\$ 1,076,207
2017	272,671	798,127	1,070,798
2018	294,322	780,041	1,074,363
2019	311,037	760,693	1,071,730
2020	296,785	740,533	1,037,318
Thereafter	<u>9,229,638</u>	<u>7,233,008</u>	<u>16,503,036</u>
Total Payments	<u>\$ 10,705,909</u>	<u>\$ 11,127,543</u>	<u>\$ 21,833,452</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9 - CHANGE IN LONG-TERM LIABILITIES

Compensated Absences

The City's policy relating to compensated absences is described in Note 1-K. 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, 2015 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the General Fund.

Long-term liability activity for all categories for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 584,818	\$ 384,592	\$ 396,700	\$ 572,710	\$ 466,633
Revenue bonds payable	14,168,500	12,085,699	14,168,500	12,085,699	572,820
Revenue bonds premium	214,709	1,264,630	214,709	1,264,630	-
Revenue Bonds / GADA Loans	3,025,000	-	-	3,025,000	-
Note payable	311,222	300,939	74,251	537,910	26,020
Governmental activities long-term liabilities	\$ 18,304,249	\$ 14,035,860	\$ 14,854,160	\$ 17,485,949	\$ 1,065,473
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	\$ 69,436	\$ 75,847	\$ 63,508	\$ 81,001	\$ 65,998
Revenue bonds payable	28,771,501	18,929,301	22,191,501	25,509,301	897,181
Revenue bonds premium	237,075	1,980,735	237,075	1,980,735	-
Revenue Bonds / GADA Loans	10,725,000	-	205,000	10,520,000	220,000
Note payable	127,683	88,137	29,911	185,909	81,456
Business-type activities long-term liabilities	\$ 39,930,695	\$ 21,025,117	\$ 22,726,995	\$ 38,276,946	\$ 1,264,635
Discretely presented units					
Revenue bonds payable	\$ 44,900,000	\$ 19,780,000	\$ 19,545,000	\$ 45,135,000	\$ 1,850,000
Revenue bonds discount	(1,107,985)	(317,645)	(389,002)	(1,036,628)	-
Business-type activities long-term liabilities	\$ 43,792,015	\$ 19,462,355	\$ 19,155,998	\$ 44,098,372	\$ 1,850,000

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, 2015; 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
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 11 – CONTESTED TAXES

As of June 30, 2015 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, 2015, the following individual major and non-major governmental fund reported deficits in fund balance or fund Net Position.

Major/Non-Major Enterprise Fund:	<u>Deficit</u>
Business Center	\$ 5,784,567
Sanitation	\$ 744,535
Discretely Presented Units	
Detention Facility	\$ 12,720,102

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
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS

A. Pensions and Other Postemployment Benefits

The City has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which requires the following disclosures.

Plan Descriptions - The City contributes to four plans, three of which are described below. The Arizona Elected Officials Retirement Plan is not described because of its relative insignificance to the City's financial statements. The plans are component units of the State of Arizona.

At June 30, 2015, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities
Net pension liabilities	\$ 9,549,692	\$ 2,058,413
Deferred outflows of resources	\$ 1,918,841	\$ 243,164
Deferred inflows of resources	\$ 1,493,152	\$ 281,297
Pension expense	\$ 1,082,550	\$ 169,653

Arizona State Retirement System

Plan Description – City employees not covered by the other pension plans described below or the Elected Official Retirement Plan participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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

ASRS

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

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Contributions – The City’s contributions to the pension plan for the year ended June 30, 2015 were \$622,364. The City’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

<u>Year ended June 30:</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2015	\$ 33,719	\$ 7,097
2014	\$ 32,754	\$ 13,250
2013	\$ 33,254	\$ 12,502

During fiscal year 2015, the City paid for ASRS pension and OPEB contributions as follows: 64 percent from the General Fund, 13 percent from Special Revenue funds, and 22 percent from Enterprise funds.

Pension Liability – At June 30, 2015, the City reported a liability of \$9,246,398 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014.

The City’s reported liability at June 30, 2015, decreased by \$634,312 from the City’s prior year liability of \$9,880,710 because of changes in the ASRS’ net pension liability and the City’s proportionate share of that liability. The ASRS’ publicly available financial report provides details on the change in the net pension liability.

The City’s proportion of the net pension liability was based on \$14,796,602,153 total ASRS employer’s pension liability. The City’s proportion measured as of June 30, 2014, was 0.062490 percent, which was an increase of 0.00306 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$762,081. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

ASRS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 469,929	\$ -
Changes of assumptions or other inputs Net difference between projected and actual earnings on pension plan investments	-	1,616,910
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(353,323)
City contribution subsequent to the measurement date	622,364	-
Total	<u>\$ 1,092,293</u>	<u>\$ 1,263,587</u>

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The \$622,364 reported as deferred outflows of resources related to ASRS pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (46,292)
2017	\$ (46,292)
2018	\$ (296,847)
2019	\$ (404,227)
2020	\$ -
Thereafter	\$ -

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

ASRS

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	included
Mortality rate	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

ASRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed Income	25%	3.20%
Real estate	8%	4.50%
Commodities	4%	4.75%
Total	100%	

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the ASRS Net pension Liability to Changes in the Discount Rate – The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate.

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City’s proportionate share of the net pension liability	\$ 11,686,976	\$ 9,246,398	\$ 7,922,264

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued ASRS financial report.

Public Safety Personnel Retirement System

Plan Description – City public safety personnel who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

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

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

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Employees Covered by Benefit Terms – At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS	
	<u>Police</u>	<u>Fire</u>
Inactive employees or beneficiaries currently receiving benefits	5	1
Inactive employees entitled to but not yet receiving benefits	5	4
Active employees	32	29
Total	42	34

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS	
	<u>Police</u>	<u>Fire</u>
Active members--Pension	11.05%	11.05%
City		
Pension	15.63%	12.21%
Health insurance premium benefit	1.27%	0.97%

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

FY2015	PSPRS	
	<u>Police</u>	<u>Fire</u>
Pension		
Contributions made	281,218	188,635
Health Insurance Premium benefit		
Annual OPEB cost	20,633	15,806
Contributions made	20,633	15,806

During fiscal year 2015, the City paid for PSPRS pension and OPEB contributions as follows: 97.32 percent from the General Fund, 2.68 percent from other funds.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Pension Liability (Asset) – At June 30, 2015, the City reported the following net pension liabilities (and asset):

	Net Pension Liability/(Asset)
PSPRS Police	\$ 2,192,254
PSPRS Fire	\$ 169,453

The net pension liabilities (and asset) were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, CORP plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

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

PSPRS - Pension

Actuarial valuation date	June 30, 2014	June 30, 2014
Actuarial cost method		Entry age normal
Discount rate		7.85%
Projected salary increases		4%- 8.0%
Inflation		4.00%
Permanent benefit increase		included
Mortality rates		RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Long-Term Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
	<hr/>	
Total	100%	

Pension Discount Rates – The following discount rates were used to measure the total pension liabilities:

	PSPRS	
	<u>Police</u>	<u>Fire</u>
Discount rates	7.85%	7.85%

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

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>PSPRS - Police Department</u>			
Balances at June 30, 2014	\$ 5,920,656	\$ 4,157,488	\$ 1,763,168
Changes for the year:			
Service cost	282,241	-	282,241
Interest on the total pension liability	466,641	-	466,641
Changes of benefit terms	91,936	-	91,936
Differences between expected and actual experience in the measurement of the pension liability	(9,596)	-	(9,596)
Changes of assumptions or other inputs	606,442	-	606,442
Contributions-employer -	-	264,741	(264,741)
Contributions-employee -	-	165,787	(165,787)
Net investment income -	-	580,609	(580,609)
Benefit payments, including refunds of employee contributions	(234,608)	(234,608)	-
Administrative expense -	-	(4,714)	4,714
Other changes	-	2,155	(2,155)
Net changes	1,203,056	773,970	429,086
Balances at June 30, 2015	\$ 7,123,712	\$ 4,931,458	\$ 2,192,254

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>PSPRS - Fire Department</u>			
Balances at June 30, 2014	\$ 3,372,185	\$ 2,879,528	\$ 492,657
Changes for the year:			
Service cost	294,507	-	294,507
Interest on the total pension liability	275,282	-	275,282
Changes of benefit terms	(8,383)	-	(8,383)
Differences between expected and actual experience in the measurement of the pension liability	(184,049)	-	(184,049)
Changes of assumptions or other inputs	77,627	-	77,627
Contributions-employer -	-	199,532	(199,532)
Contributions-employee -	-	157,403	(157,403)
Net investment income -	-	416,103	(416,103)
Benefit payments, including refunds of employee contributions	(25,329)	(25,329)	-
Administrative expense -	-	(3,378)	3,378
Other changes	-	8,528	(8,528)
Net changes	429,655	752,859	(323,204)
Balances at June 30, 2015	\$ 3,801,840	\$ 3,632,387	\$ 169,453

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

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Police			
Rate	6.85%	7.85%	8.85%
Net pension liability (asset)	\$ 3,248,789	\$ 2,192,254	\$ 1,328,826
PSPRS Fire			
Rate	6.85%	7.85%	8.85%
Net pension liability (asset)	\$ 804,905	\$ 169,453	\$ (345,633)

Pension Plan Fiduciary Net Position-Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial report.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Pension Expense-For the year ended June 30, 2015, the City recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Police	\$ 363,438
PSPRS Fire	126,683

Pension Deferred Outflows/Inflows of Resources-At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS Police		
Differences between expected and actual experience	\$ -	\$ 8,375
Changes of assumptions or other inputs	529,275	-
Net difference between projected and actual earnings on pension plan investments	-	195,225
City contributions subsequent to the measurement date	281,218	-
Total	\$ 810,493	\$ 203,600
 PSPRS Fire		
Differences between expected and actual experience	\$ -	\$ 167,351
Changes of assumptions or other inputs	70,584	-
Net difference between projected and actual earnings on pension plan investments	-	139,910
City contributions subsequent to the measurement date	188,635	-
Total	\$ 259,219	\$ 307,261

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Def outflow/inflow amortization	PSPRS Police	PSPRS Fire
Year ending June 30		
2016	\$28,083	\$ (43,957)
2017	28,083	(43,957)
2018	28,083	(43,957)
2019	28,083	(43,957)
2020	75,946	(9,655)
Thereafter	141,168	(48,492)

Agent Plan OPEB Trend Information-The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and preceding years:

Year Ended June 30	Annual OPEB Cost	Percentage of annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2015	20,633	100%	-
2014	18,205	100%	-
2013	20,315	100%	-
PSPRS Fire			
2015	15,806	100%	-
2014	14,476	100%	-
2013	14,681	100%	-

OPEB Agent Plan Actuarial Assumptions - Actuarial valuations involve estimates of the reported amounts value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF SAN LUIS, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Projections of benefits are based on (1) the plans as understood by the City and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level of percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
Wage growth	4%

The funded status of the PSPRS health insurance premium benefit plans in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

PSPRS - OPEB Funded Status

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
Wage growth	4%

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14- RETIREMENT PLANS (CONTINUED)

Agent Plan OPEB Funded Status— The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2014.

	PSPRS Police	PSPRS Fire
Actuarial value of Assets (a)	\$ 238,401	\$ 155,510
Actuarial accrued liability (b)	\$ 213,629	\$ 158,388
Unfunded actuarial accrued liability (funding excess) (b) - (a)	\$ (24,772)	\$ 2,878
Funded ratio (a)/(b)	111.6%	98.18%
Annual covered payroll(c)	\$ 1,651,331	\$ 1,520,803
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%	0.19%

NOTE 15- CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities	Business-Type Activities
Net position as previously reported at June 30, 2014	\$ 47,573,022	\$ 16,261,394
Prior period adjustment- Implementation of GASB 68:		
Net pension liability (measurement date as of June 30, 2013)	(9,927,948)	(2,199,623)
Deferred outflows- City contributions made during fiscal year 2014	932,828	134,180
Total prior period adjustment	(8,995,120)	(2,065,443)
Net position as restated July 1, 2014	<u>\$ 38,577,902</u>	<u>\$ 14,195,951</u>

NOTE 16- 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 17- CONSTRUCTION COMMITMENTS

The City entered into several construction contracts for street projects (special revenue fund projects) and water treatment projects totaling almost \$2,234 million. These commitments have only been recorded in the accompanying financial statements for work completed as of June 30, 2015. The remaining balance for work not yet complete at the end of the year is estimated at \$1,131 million.

**CITY OF SAN LUIS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 18- PLEDGED REVENUES

Due to an increase in services caused by a growing population, the City needed to expand its facilities to better serve its citizens. Since the funding for such expansion was not readily available, the City decided to issue the 2005 series Civic Improvement Corporation bonds in the amount of \$40 million. The bonds were issued for a term of 33 years. The proceeds were used to finance its public buildings such as: City Hall, Police and Fire stations as well as infrastructure for Water and Sewer storage capacities. These bonds were funded with pledged revenues payable solely from Excise taxes and the revenues directly or indirectly derived from the operation and use of the water system. Therefore, the City pledged all excise taxes, franchise, privilege and business taxes, State-shared sales and income taxes, fees or licenses and permits. Those bonds were refunded during fiscal year 2015 to take advantage of substantial savings during the same remaining period.

NOTE 19- SUBSEQUENT EVENTS

The City evaluated subsequent events through January 18, 2016, the date of the audit report. There are no significant events that would materially impact the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Luis, Arizona
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Cost-Sharing Pension Plans
 June 30, 2015

<u>Arizona State Retirement System</u>	Reporting Fiscal Year (Measurement Date)	
	2015-2014	(2014) through 2006 information not available
City's proportion of the net pension liability	0.062490%	
City's proportionate share of the net pension liability	\$9,246,398	
City's covered-employee payroll	9,456,971	
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.77%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

City of San Luis, Arizona
 Required Supplementary Information
 Schedule of Changes in the City's
 Net Pension Liability (Asset) and Related Ratios
 Agent Pension Plans
 June 30, 2015

<u>PSPRS Police</u>	Reporting Fiscal Year (Measurement Date)	
	2015-2014	(2014) through 2006 information not available
Total pension liability		
Service cost	\$ 282,241	
Interest on the total pension liability	466,641	
Changes of benefit terms	91,936	
Differences between expected and actual experience in the measurement of the pension liability	(9,596)	
Changes of assumptions or other inputs	606,442	
	(234,608)	
Benefit payments, including refunds of employee contributions	1,203,056	
Net change in total pension liability	5,920,656	
Total pension liability - beginning	\$ 7,123,712	
Total pension liability - ending (a)		
Plan fiduciary net position		
Contributions - employer	\$ 264,741	
Contributions - employee	165,787	
Net investment income	580,609	
	(234,608)	
Benefit payments, including refunds of employee contributions	(4,714)	
Administrative expense	2,155	
Other changes	773,970	
Net change in plan fiduciary net position	4,157,488	
Plan fiduciary net position - beginning	\$ 4,931,458	
Plan fiduciary net position - ending (b)		
City's net pension liability (asset) - ending (a) - (b)	\$ 2,192,254	
Plan fiduciary net position as a percentage of the total pension liability	69.23%	
Covered-employee payroll	\$ 1,651,331	
City's net pension liability (asset) as a percentage of covered employee payroll	132.76%	

City of San Luis, Arizona
 Required Supplementary Information
 Schedule of Changes in the City's
 Net Pension Liability (Asset) and Related Ratios
 Agent Pension Plans
 June 30, 2015

<u>PSPRS Fire</u>	Reporting Fiscal Year (Measurement Date)	
	2015-2014	(2014) through 2006 information not available
Total pension liability		
Service cost	\$ 294,507	
Interest on the total pension liability	275,282	
Changes of benefit terms	(8,383)	
Differences between expected and actual experience in the measurement of the pension liability	(184,049)	
Changes of assumptions or other inputs	77,627	
Benefit payments, including refunds of employee contributions	(25,329)	
Net change in total pension liability	429,655	
Total pension liability - beginning	3,372,185	
Total pension liability - ending (a)	\$ 3,801,840	
Plan fiduciary net position		
Contributions - employer	\$ 199,532	
Contributions - employee	157,403	
Net investment income	416,103	
Benefit payments, including refunds of employee contributions	(25,329)	
Administrative expense	(3,378)	
Other changes	8,528	
Net change in plan fiduciary net position	752,859	
Plan fiduciary net position - beginning	2,879,528	
Plan fiduciary net position - ending (b)	\$ 3,632,387	
City's net pension liability (asset) - ending (a) - (b)	\$ 169,453	
Plan fiduciary net position as a percentage of the total pension liability	95.54%	
Covered-employee payroll	\$ 15,208,903	
City's net pension liability (asset) as a percentage of covered employee payroll	11.14%	

City of San Luis, Arizona
 Required Supplementary Information
 Schedule of City Pension Contributions
 June 30, 2015

<u>Arizona State Retirement System</u>	<u>Reporting Fiscal Year</u>			2012 through 2006 information not available
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Statutorily required contribution	\$ 644,042	\$ 584,114	\$ 543,219	
City's contributions in relation to the statutorily required contribution	644,042	584,114	543,219	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered-employee payroll	5,914,065	5,299,698	5,209,366	
City's contributions as a percentage of covered- employee payroll	10.89%	11.02%	10.43%	

<u>PSPRS Police</u>	<u>Reporting Fiscal Year</u>			2012 through 2006 information not available
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Statutorily required contribution	\$ 281,218	\$ 272,789	\$ 242,295	
City's contributions in relation to the statutorily required contribution	281,218	272,789	242,295	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered-employee payroll	\$ 1,725,228	\$ 1,622,173	\$ 1,482,705	
City's contributions as a percentage of covered-employee payroll	16.30%	16.82%	16.34%	

<u>PSPRS Fire</u>	<u>Reporting Fiscal Year</u>			2012 through 2006 information not available
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Statutorily required contribution	\$ 188,635	\$ 180,241	\$ 169,598	
City's contributions in relation to the statutorily required contribution	188,635	180,241	169,598	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered-employee payroll	\$ 1,431,223	\$ 1,372,575	\$ 1,356,910	
City's contributions as a percentage of covered-employee payroll	13.18%	13.13%	12.50%	

City of San Luis, Arizona
 Required Supplementary Information
 Schedule of Agent OPEB Plans' Funding Progress
 June 30, 2015

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll ((b) - (a)/c)
PSPRS Police						
6/30/2014	\$238,401	\$213,629	\$(24,772)	111.60%	\$1,651,332	0.00%
6/30/2013	-	200,483	200,483	0.00%	1,487,720	13.48%
6/30/2012	-	177,670	177,670	0.00%	1,501,144	11.84%
PSPRS Fire						
6/30/2014	155,510	158,388	\$2,878	98.18%	1,520,802	0.19%
6/30/2013	-	139,348	139,348	0.00%	1,492,179	9.34%
6/30/2012	-	132,088	132,088	0.00%	1,396,801	9.46%

City of San Luis, Arizona
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2015

A. Pension Plan Schedule Note

1. Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level of percent closed for unfunded actuarial accrued liability open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability. 20 years for excess
Asset valuation method	7-year smoothed market value, 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return as decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5% for PSPRS
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS
Retirement age	Experience-based table rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006- June 30,2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

B. Schedule of Agent OPEB Plans' Funding Progress Note

1. Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

**SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS**

**CITY OF SAN LUIS, ARIZONA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015**

	SPECIAL REVENUES			
	Police Grants and Special Revenues	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	-	2,261	13,507	-
Due from governmental entities	70,189	-	-	-
Due from other funds	29,953	377,860	354,064	22,500
Prepaid items	-	-	-	-
Total assets	\$ 100,142	\$ 380,121	\$ 367,571	\$ 22,500
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	4,855	5,397	12,730	-
Due to other funds	-	-	-	-
Total liabilities	4,855	5,397	12,730	
Fund balances:				
Non-spendable assigned for:				
Prepaid items	-	-	-	-
Restricted for:				
Capital outlay	-	-	-	-
Special revenue funds	95,287	374,724	354,841	22,500
Total fund balances	95,287	374,724	354,841	22,500
Total liabilities and fund balances	\$ 100,142	\$ 380,121	\$ 367,571	\$ 22,500

CAPITAL PROJECTS

Capital Outlay Reserve Fund	Cultural Center	Totals
\$ 842,986	\$ -	\$ 842,986
-	-	15,768
-	3,379	73,568
101,250	-	885,627
-	143,742	143,742
<u>\$ 944,236</u>	<u>\$ 147,121</u>	<u>\$ 1,961,691</u>
321,387	-	344,369
-	3,379	3,379
<u>321,387</u>	<u>3,379</u>	<u>347,748</u>
-	143,742	143,742
622,849	-	622,849
-	-	847,352
<u>622,849</u>	<u>143,742</u>	<u>1,613,943</u>
<u>\$ 944,236</u>	<u>\$ 147,121</u>	<u>\$ 1,961,691</u>

CITY OF SAN LUIS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUES			
	Police Grants	Judicial Collection Enhancement	Assessment Districts	San Luis Community Facilities District
Revenues:				
Special assessments	\$ -	\$ -	\$ 374,470	\$ -
Intergovernmental	727,448	7,618	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	229,922	-	-
Interest Revenues	-	-	-	-
Other	-	-	-	2,500
Total revenues	727,448	237,540	374,470	2,500
Expenditures:				
Current				
General government	-	357,497	-	-
Public safety	507,768	-	-	-
Public works and streets	-	-	62,640	-
Culture and recreation	-	-	235,293	-
Community development	-	-	-	-
Capital outlay	297,973	44,972	-	-
Total expenditures	805,741	402,469	297,933	-
Excess (deficiency) of revenues over expenditures	(78,293)	(164,929)	76,537	2,500
Other financing sources (uses):				
Transfers in	93,261	-	-	-
Total other financing sources (uses)	93,261	-	-	-
Change in fund balances	14,968	(164,929)	76,537	2,500
Fund balances - beginning	80,319	539,653	278,304	20,000
Fund balances - ending	\$ 95,287	\$ 374,724	\$ 354,841	\$ 22,500

CAPITAL PROJECTS

<u>Capital Outlay Reserve Fund</u>	<u>Cultural Center</u>	<u>Totals</u>
\$ -	\$ -	\$ 374,470
-	300,584	1,035,650
312,313	-	312,313
-	-	229,922
1,381	-	1,381
-	-	2,500
<u>313,694</u>	<u>300,584</u>	<u>1,956,236</u>
2,967	-	360,464
-	-	507,768
-	-	62,640
-	-	235,293
-	-	-
<u>574,274</u>	<u>484,128</u>	<u>1,401,347</u>
<u>577,241</u>	<u>484,128</u>	<u>2,567,512</u>
<u>(263,547)</u>	<u>(183,544)</u>	<u>(611,276)</u>
-	183,544	276,805
-	183,544	276,805
<u>(263,547)</u>	<u>-</u>	<u>(334,471)</u>
<u>886,396</u>	<u>143,742</u>	<u>1,948,414</u>
<u>\$ 622,849</u>	<u>\$ 143,742</u>	<u>\$ 1,613,943</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL PROJECT BOND FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 5,621	\$ 5,621
Total revenues	<u>-</u>	<u>-</u>	<u>5,621</u>	<u>5,621</u>
Expenditures:				
Current				
Community development	-	-	2,282	(2,282)
Debt service				
Interest and fiscal changes	832,500	832,500	1,158,267	(325,767)
Principal retirement	317,600	317,600	317,583	17
Bond issuance cost	-	-	238,101	(238,101)
Total expenditures	<u>1,150,100</u>	<u>1,150,100</u>	<u>1,716,233</u>	<u>(566,133)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,150,100)</u>	<u>(1,150,100)</u>	<u>(1,710,612)</u>	<u>(560,512)</u>
Other financing sources (uses):				
Premium on refunding bonds issued	-	-	1,296,704	1,296,704
Payment to refunded bond escrow agent	-	-	(13,850,916)	(13,850,916)
Refunding bonds issued	-	-	12,085,699	12,085,699
Transfers in	1,150,100	1,150,100	1,150,100	-
Total other financing sources (uses)	<u>1,150,100</u>	<u>1,150,100</u>	<u>681,587</u>	<u>(468,513)</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>(1,029,025)</u>	<u>(1,029,025)</u>
Fund balances - beginning	<u>1,256,620</u>	<u>1,256,620</u>	<u>1,256,620</u>	<u>-</u>
Fund Balances - ending	<u>\$ 1,256,620</u>	<u>\$ 1,256,620</u>	<u>\$ 227,595</u>	<u>\$ (1,029,025)</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY GRANTS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 672,000	\$ 675,200	\$ 727,448	\$ 52,248
Total revenues	<u>672,000</u>	<u>675,200</u>	<u>727,448</u>	<u>52,248</u>
Expenditures:				
Current				
Public safety	464,740	509,090	507,768	1,322
Capital outlay	305,550	340,050	297,973	42,077
Total expenditures	<u>770,290</u>	<u>849,140</u>	<u>805,741</u>	<u>43,399</u>
Excess (deficiency) of revenues over expenditures	<u>(98,290)</u>	<u>(173,940)</u>	<u>(78,293)</u>	<u>95,647</u>
Other financing sources (uses):				
Transfers in	98,290	98,290	93,261	(5,029)
Total other financing sources (uses)	<u>98,290</u>	<u>98,290</u>	<u>93,261</u>	<u>(5,029)</u>
Change in fund balances	<u>-</u>	<u>(75,650)</u>	<u>14,968</u>	<u>90,618</u>
Fund balances - beginning	<u>80,319</u>	<u>80,319</u>	<u>80,319</u>	<u>-</u>
Fund Balances - ending	<u>\$ 80,319</u>	<u>\$ 4,669</u>	<u>\$ 95,287</u>	<u>\$ 90,618</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUDICIAL COLLECTION ENHANCEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	5,200	5,200	\$ 7,618	\$ 2,418
Fines and Forfeitures	\$ 262,700	\$ 262,700	229,922	(32,778)
Total Revenues	<u>267,900</u>	<u>267,900</u>	<u>237,540</u>	<u>(30,360)</u>
Expenditures:				
Current				
General Government	435,380	463,810	357,497	106,313
Capital Outlay	149,900	149,500	44,972	104,528
Total Expenditures	<u>585,280</u>	<u>613,310</u>	<u>402,469</u>	<u>210,841</u>
Change in fund balances	(317,380)	(345,410)	(164,929)	180,481
Fund balances - beginning	<u>539,653</u>	<u>539,653</u>	<u>539,653</u>	<u>-</u>
Fund Balances - ending	<u>\$ 222,273</u>	<u>\$ 194,243</u>	<u>\$ 374,724</u>	<u>\$ 180,481</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ASSESSMENT DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 307,375	\$ 307,375	\$ 374,470	\$ 67,095
Total revenues	<u>307,375</u>	<u>307,375</u>	<u>374,470</u>	<u>67,095</u>
Expenditures:				
Current				
Public works and streets	62,640	62,640	62,640	-
Culture and recreation	<u>244,735</u>	<u>244,735</u>	<u>235,293</u>	<u>9,442</u>
Total expenditures	<u>307,375</u>	<u>307,375</u>	<u>297,933</u>	<u>9,442</u>
Change in fund balances	-	-	76,537	76,537
Fund balances - beginning	<u>278,304</u>	<u>278,304</u>	<u>278,304</u>	<u>-</u>
Fund Balances - ending	<u>\$ 278,304</u>	<u>\$ 278,304</u>	<u>\$ 354,841</u>	<u>\$ 76,537</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL OUTLAY RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 137,000	\$ 137,000	\$ 312,313	\$ 175,313
Investment earnings	1,100	1,100	1,381	281
Total revenues	<u>138,100</u>	<u>138,100</u>	<u>313,694</u>	<u>175,594</u>
Expenditures:				
Current				
General government	3,100	3,100	2,967	133
Capital Outlay	534,470	534,470	574,274	(39,804)
Total expenditures	<u>537,570</u>	<u>537,570</u>	<u>577,241</u>	<u>(39,671)</u>
Change in fund balances	(399,470)	(399,470)	(263,547)	135,923
Fund balances - beginning	<u>886,396</u>	<u>886,396</u>	<u>886,396</u>	<u>-</u>
Fund Balances - ending	<u>\$ 486,926</u>	<u>\$ 486,926</u>	<u>\$ 622,849</u>	<u>\$ 135,923</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CULTURAL CENTER
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 232,100	\$ 233,570	\$ 300,584	\$ 67,014
Total Revenue	<u>232,100</u>	<u>233,570</u>	<u>300,584</u>	<u>67,014</u>
Expenditures:				
Capital Outlay	<u>527,000</u>	<u>528,470</u>	<u>484,128</u>	<u>44,342</u>
Total Expenditures	<u>527,000</u>	<u>528,470</u>	<u>484,128</u>	<u>44,342</u>
Excess (deficiency) of revenues over expenditures	<u>(294,900)</u>	<u>(294,900)</u>	<u>(183,544)</u>	<u>111,356</u>
Other financing sources (uses):				
Transfers in	<u>294,900</u>	<u>225,000</u>	<u>183,544</u>	<u>(41,456)</u>
Total other financing sources (uses)	<u>294,900</u>	<u>225,000</u>	<u>183,544</u>	<u>(41,456)</u>
Change in fund balances	<u>-</u>	<u>(69,900)</u>	<u>-</u>	<u>69,900</u>
Fund balances - beginning	<u>143,742</u>	<u>143,742</u>	<u>143,742</u>	<u>-</u>
Fund Balances - ending	<u>\$ 143,742</u>	<u>\$ 73,842</u>	<u>\$ 143,742</u>	<u>\$ 69,900</u>

CITY OF SAN LUIS, ARIZONA
SCHEDULE OF CASH FLOWS - COMPONENT UNIT
DETENTION CENTER
FOR THE YEAR ENDED JUNE 30, 2015

Increase/(Decrease) In Cash and Cash Equivalents	SLFDC
Cash flows from operating activities:	
Cash received from customers	\$ 13,864,129
Cash payments to suppliers for goods and services	(10,379,346)
Net cash provided by (used for) operating activities	3,484,783
Cash flows from capital and related financing activities:	
Proceed from capital debt	19,019,778
Principal paid on long-term debt	(19,116,358)
Interest paid on long-term debt	(3,210,323)
Net cash provided by (used for) capital and related financing	(3,306,903)
Cash flows from from non capital and related financing activities:	
(Increase)/ decrease in due to primary government	(6,000)
Net cash provided by non capital and related financing activities	(6,000)
Cash flows from investing activities:	
Investment income	1,710
Net cash provided by investing activities	1,710
Net decrease in cash and cash equivalents	173,590
Cash and cash equivalents, beginning of year	6,395,587
Cash and cash equivalents, end of year	\$ 6,569,177
Cash received from customers:	
Charges for services	\$ 13,864,077
(Increase)/ decrease in accounts receivable	52
	\$ 13,864,129
Cash payments to suppliers for goods and services	
Cost of sales and services (non-payroll)	\$ (8,872,667)
Increase/ (decrease) in accounts payable	80,319
	(1,586,998)
	\$ (10,379,346)
Reconciliation of Operating Income to	
<u>Net Cash Provided by (Used for) Operating Activities</u>	
Operating income (loss)	\$ 1,663,848
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	52
Increase/ (decrease) in accounts payable	80,319
Total adjustments	1,820,935
Net cash provided by (used for) operating activities	\$ 3,484,783

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

STATISTICAL SECTION

CITY OF SAN LUIS, ARIZONA
Statistical Section

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>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	75
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source.	80
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	86
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	93

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

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

	Fiscal Year									
	<u>2015</u>	<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>
Governmental Activities										
Net investment in capital assets	35,443,285	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
Restricted	2,383,498	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	1,372,813	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
Total Primary Government Net Position	\$39,199,596	\$47,573,022	\$47,639,795	\$45,259,860	\$45,401,477	\$44,598,613	\$38,065,071	\$33,129,652	\$24,775,559	\$25,692,391
Business-type Activities										
Net investment in capital assets	13,550,172	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
Restricted	8,444,571	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
Unrestricted	(6,706,347)	(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
Total Primary Government Net Position	\$15,288,396	\$16,261,396	\$16,069,861	\$16,330,867	\$17,122,613	\$18,936,475	\$22,906,363	\$19,225,243	\$14,967,245	\$15,025,673
Primary Government										
Net investment in capital assets	\$48,993,457	\$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
Restricted	10,828,069	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
Unrestricted	(5,333,534)	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
Total Primary Government Net Position	\$54,487,992	\$63,834,418	\$63,709,656	\$61,590,727	\$62,524,090	\$63,535,088	\$60,971,434	\$52,354,895	\$39,742,804	\$40,718,064

Source: Statement of Net Position
 City financial records and reports

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

Table II

Expenses:	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
General Government	7,694,562	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
Public Safety	7,483,604	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
Health and Welfare	226,788	168,499	168,025	197,462	213,814	235,594	329,290	545,081	620,257	297,916
Culture and Recreation	2,509,450	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
Community Development	703,901	691,362	550,348	585,843	698,776	751,305	976,797	718,941	800,806	148,806
Public Works & Streets	2,591,698	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
Interest on Long-Term Debt	1,367,055	830,808	891,737	912,848	970,092	989,460	3,480,809	3,234,265	3,012,814	1,957,994
Total Governmental activities expenses	\$22,577,058	\$20,676,249	\$18,807,354	\$16,870,421	\$16,192,679	\$17,026,190	\$27,624,317	\$24,365,761	\$17,418,845	\$13,923,235
Business activities										
Water	3,218,848	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
Wastewater	3,395,825	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
Business Center	1,197,456	1,263,313	1,282,395	1,357,589	1,390,561	1,450,087	1,181,660			
Business Incubator	56,534	-								
Sanitation	1,117,567	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
Industrial Park								78,097	132,065	117,716
Total business activities expenses	\$8,986,230	\$7,795,769	\$7,703,290	\$7,711,862	\$7,586,262	\$8,177,327	\$7,851,955	\$6,407,118	\$5,302,369	\$4,163,239
Total Primary Government expenses	\$31,563,288	\$28,472,018	\$26,510,644	\$24,582,283	\$23,778,941	\$25,203,517	\$35,476,272	\$30,772,879	\$22,721,214	\$18,086,474
Program revenues										
Governmental activities										
Charges for services										
General Government	2,780,190	2,494,028	2,226,528	\$1,002,249	\$531,031	\$587,365	\$578,509	\$713,179	\$604,973	\$998,456
Public Safety	1,007,465	980,528	867,899	677,226	686,632	374,162	363,882	216,217	61,832	329,719
Health and Welfare	-	-	-	-	-	-	-	-	4,640	-
Culture and Recreation	373,194	288,009	219,142	284,797	264,622	176,077	66,070	74,558	47,877	37,112
Community Development	385,797	432,936	497,921	334,557	318,051	407,927	395,856	584,126	911,345	-
Public Works & Streets	62,640	51,595	50,530	49,978	49,368	33,432	169,935	341,947	153,609	-
Operating Grants and Contributions	2,989,656	2,564,023	3,343,398	2,601,626	2,715,700	2,251,704	2,471,619	2,875,139	2,625,838	1,084,459
Capital Grants and Contributions	612,897	157,458	947,390	122,614	1,314,549	547,555	6,312,084	9,893,641	421,405	2,290,980
Total Governmental activities program revenues	8,211,839	6,968,577	8,152,808	5,073,047	5,879,953	4,378,222	10,357,955	14,498,807	4,831,519	4,740,726
Business activities										
Charges for services										
Water	3,592,820	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
Wastewater	3,397,094	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
Business Center	629,265	629,265	629,265	629,265	629,265	629,268	618,777	629,265	115,365	-
Business Incubator	-	-	-	-	-	-	-	-	-	-
Sanitation	1,159,196	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
Industrial Park								27,618	88,065	79,962
Operating Grants and Contributions	-	-	-	-	-	-	30,000	22,400	76,360	-
Capital Grants and Contributions	1,177,792	1,322,452	481,955	361,918			2,512,240	5,707,191	10,865	2,061,206
Total business activities program revenues	9,956,167	9,127,192	7,441,348	6,807,569	5,762,207	5,642,003	7,861,715	10,858,230	4,547,348	6,012,427
Total primary government program revenues	18,168,006	16,095,769	15,594,156	11,980,616	11,642,160	10,020,225	18,219,670	25,357,037	9,378,867	10,753,153

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (Expense)/Revenue										
Governmental Activities:	(14,365,219)	(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)
Business activities	969,937	1,331,423	(261,942)	(804,293)	(1,824,055)	(2,535,324)	9,760	4,451,112	(755,021)	1,849,188
Total primary government net (expense) revenue	(13,395,282)	(12,376,249)	(10,916,488)	(12,601,667)	(12,136,781)	(15,183,292)	(17,256,602)	(5,415,842)	(13,342,347)	(7,333,321)
General Revenues and Other Changes in net Position										
Governmental Activities										
Taxes										
Sales and use taxes	7,324,294	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
Franchise taxes	439,034	427,800	432,371	397,532	381,836	351,505	346,429	337,757	269,360	189,364
Other taxes	122,163	(69,355)	1,296	95,172	32,715	76,342	12,347	34,274	186,530	349,613
State shared Revenues	6,936,337	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
Investment Earnings	19,300	16,064	28,197	12,341	12,032	10,072	13,748	240,139	694,606	329,383
Miscellaneous	246,626	213,640	321,613	79,471	189,377	41,593	222,292	-	568,107	271,111
Transfer in (out)	(100,841)					(169,525)	-			
Total governmental activities	14,986,913	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
Business activities										
Investment Earnings	21,667	13,909	\$20,935	\$10,130	\$10,194	\$17,994	\$32,580	\$191,587	\$813,066	\$247,218
Miscellaneous			(\$19,999)	\$2,417						46,208
Transfer in (out)	100,841					169,525				
Total Business activities	122,508	13,909	\$936	\$12,547	\$10,194	\$187,519	\$32,580	\$191,587	\$813,066	\$293,426
<i>Total primary government</i>	15,109,421	14,684,092	13,041,639	11,668,304	11,125,784	13,487,319	13,879,377	11,664,729	12,114,324	10,253,514
Change in net Position										
Governmental Activities	621,694	962,511	\$2,386,157	(\$141,617)	\$802,864	\$651,832	(\$3,419,565)	\$1,606,188	(\$1,286,068)	\$777,579
Business activities	1,092,445	1,345,332	(261,006)	(791,746)	(1,813,861)	(2,347,805)	42,340	4,642,699	58,045	2,142,614
Total Primary Government	\$1,714,139	\$2,307,843	\$2,125,151	(\$933,363)	(\$1,010,997)	(\$1,695,973)	(\$3,377,225)	\$6,248,887	(\$1,228,023)	\$2,920,193

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>2015</u>	<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>
General Fund										
Nonspendable	\$42,831	\$56,719	\$99,774	\$211,131	\$1,218,352	-	-	-	-	-
Committed	106,624	106,465	106,250	106,250	-	-	-	-	-	-
Unassigned	10,005,982	9,061,328	7,139,348	5,599,699	5,314,536	-	-	-	-	-
Total General Fund	<u>\$10,155,437</u>	<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>
All other governmental funds										
Nonspendable	\$167,914	\$190,319	\$147,511	\$65,677	\$31,625	-	-	-	-	-
Restricted	1,181,060	1,461,661	1,223,913	488,962	383,351	-	-	-	-	-
Assigned	2,648,759	2,776,109	3,158,888	3,227,193	3,532,974	-	-	-	-	-
Total all other governmental funds	<u>\$3,046,478</u>	<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>
General Fund										
Unreserved	-	-	-	-	-	6,244,397	3,554,287	823,410	748,003	1,872,500
Total General Fund	<u>\$0</u>	<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>
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
Special revenue funds	-	-	-	-	-	1,163,015	1,057,942	980,483	690,345	452,796
Capital projects funds	-	-	-	-	-	946,543	1,555,997	50	(114,244)	1,187,116
Total all other governmental funds	<u>\$0</u>	<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>
TOTAL GOVERNMENTAL FUNDS	<u>\$13,201,915</u>	<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>

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>2015</u>	<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>
Revenues:										
Taxes	7,885,491.00	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
Special Assessments	374,470	282,484	218,171	290,987	267,579	156,102	169,935	341,947	153,609	72,399
Licenses and permits	483,218	431,909	389,295	349,777	355,759	393,365	458,802	555,409	673,105	1,338,032
Interest earnings	17,057	13,322	24,266	11,437	12,032	10,072	13749	166,878	694,607	329,383
Fines and forfeits	611,178	687,319	792,994	523,053	491,230	553,262	549,231	592,197	445,553	362,062
Intergovernmental	10,098,225	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
Charges for user services	376,938	218,807	214,180	160,919	151,474	304,930	358,428	514,023	640,635	-
Rents	761,335	811,666	674,019	659,222	712,121	384,118	358,520	240,935	22,498	-
Others	529,759	418,940	577,687	140,909	167,388	103,039	230,842	210,196	99,902	346,337
Total revenues	\$21,137,671	\$19,869,103	\$18,886,794	\$16,308,083	\$16,995,543	\$17,678,022	\$18,815,917	\$16,749,781	\$15,796,427	\$13,550,680
Expenditures:										
General government	4,652,111.00	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
Public safety	6,688,960	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
Public works	1,636,602	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
Community, recreational, and cultural	2,768,148	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
Health and welfare	205,049	149,367	141,225	165,387	187,211	201,555	288,465	512,345	586,007	268,325
Capital outlay	3,843,180	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
Debt service/authorities:										
Interest	1,168,906	839,755	859,513	880,623	928,920	948,289	839,906	791,882	786,950	606,964
Principal	391,834	331,242	445,229	477,261	492,044	542,425	408,910	319,375	481,962	234,843
Bond issue costs	238,101						-	-		1,319,899
Total expenditures	\$21,592,891	\$17,856,932	\$16,703,800	\$16,003,476	\$16,232,343	\$16,786,956	\$18,255,044	\$22,590,793	\$23,510,575	\$17,145,313
Excess (Deficiency) of Revenues Over Expenditures	(\$455,220)	\$2,012,171	\$2,182,994	\$304,607	\$763,200	\$891,066	\$560,873	(\$5,841,012)	(\$7,714,148)	(\$3,594,633)
OTHER FINANCING SOURCES (USES)										
Premium on debt issued	1,296,704	-	-	-	-	-	-	-	-	286,279
Debt issued	12,085,699	-	-	-	-	-	-	-	-	15,586,908
Payment to Refunded Bond Escrow Agt	(13,850,916)	-	-	-	-	-	-	-	-	-
Notes Issued	300,939	37,693	-	-	-	-	3,025,000	375,628	40,000	10,000
capital leases	-	-	-	-	-	-	-	1,115,798	9,871	1,043,680
Transfer from Other Funds	1,426,905	1,739,361	1,359,172	1,198,137	1,153,242	18,537	43,605	612,201	161,193	
Transfer to Other Funds	(1,527,746)	(1,739,361)	(1,359,172)	(2,284,670)	(1,153,242)	(188,062)	(43,605)	(612,201)	(161,193)	
Total other financing sources (Uses)	(268,415)	37,693	0	(1,086,533)	0	(169,525)	3,025,000	1,491,426	49,871	16,926,867
NET CHANGE IN FUND BALANCES	(\$723,635)	\$2,049,864	\$2,182,994	(\$781,926)	\$763,200	\$721,541	\$3,585,873	(\$4,349,586)	(\$7,664,277)	\$13,332,234
Debt Services as a percentage of noncapital expenditures	8.55%	6.56%	8.42%	8.95%	9.68%	9.62%	7.61%	7.23%	9.00%	6.21%

Source: City financial records and reports

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

	Fiscal Year									
	<u>2015</u>	<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>
Governmental Activities:										
Charges for service										
General Government	2,780,190	2,494,028	2,226,528	\$1,002,249	\$531,031	\$587,365	\$648,751	\$713,179	\$604,973	\$998,456
Public Safety	1,007,465	980,528	867,899	677,226	686,632	356,262	363,882	216,217	61,832	329,719
Health and Welfare	-	-	-	-	-	-	-	-	4,640	-
Culture and Recreation	373,194	288,009	219,142	284,797	264,622	176,077	66,070	74,558	47,877	37,112
Community Development	385,797	432,936	497,921	334,557	318,051	407,927	395,856	584,126	911,345	-
Public Works & Streets	62,640	51,595	50,530	49,978	49,368	33,432	169,935	341,947	153,609	-
Operating grants and contributions	2,989,656	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
Capital grants and contributions	612,897	157,458	947,390	122,614	1,314,549	547,555	6,241,842	9,693,641	421,404	2,290,980
<i>Total governmental activities program revenues</i>	<u>\$8,211,839</u>	<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>
Business activities										
Charges for service										
Water	3,592,820	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
Wastewater	3,397,094	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
Business Center	629,265	629,265	629,265	629,265	629,265	629,268	618,777	629,265	115,365	-
Business Incubator	-	-	-	-	-	-	-	-	-	-
Sanitation	1,159,196	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
Industrial Park	-	-	-	-	-	-	-	27,618	88,065	79,962
Operating grants and contributions	-	-	-	-	-	-	30,000	22,400	76,360	-
Capital grants and contributions	1,177,792	1,322,452	481,955	361,918	-	-	2,512,240	5,707,191	10,865	2,061,206
<i>Total business activities program revenues</i>	<u>\$9,956,167</u>	<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>
Total primary government program revenues	<u><u>\$18,168,006</u></u>	<u><u>\$16,095,769</u></u>	<u><u>\$15,594,156</u></u>	<u><u>\$11,980,616</u></u>	<u><u>\$11,642,160</u></u>	<u><u>\$10,020,225</u></u>	<u><u>\$18,219,670</u></u>	<u><u>\$25,357,037</u></u>	<u><u>\$9,378,867</u></u>	<u><u>\$10,753,153</u></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									
	<u>2015</u>	<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>
Governmental Activities										
General Government	2,856,516	2,531,262	2,288,465	\$1,029,723	\$554,389	\$640,571	\$722,004	\$719,519	\$608,191	\$1,599,795
Public Safety	1,990,965	1,653,703	2,184,656	1,746,600	1,746,918	910,540	9,589,253	779,629	403,758	702,471
Health and Welfare	0	0	0	0	0	0	0	-	8,420	-
Culture and Recreation	489,099	368,966	302,596	343,483	320,814	198,810	273,942	108,843	178,001	643,614
Community Development	385,797	432,936	497,921	334,557	1,529,630	527,822	1,025,956	693,867	960,408	-
Public Works & Streets	2,489,462	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
Unallocated General Revenues	14,986,913	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
Total Governmental Activities	\$23,198,752	\$21,638,760	\$21,193,511	\$16,728,804	\$16,995,543	\$17,678,022	\$32,801,227	\$16,328,786	\$16,132,778	\$14,700,814
Business activities										
Water	3,592,820	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
Wastewater	3,418,093	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
Business Center	629,265	629,265	629,265	629,265	629,265	-	-	-	-	-
Business Incubator	1,156,793	-	-	-	-	-	-	-	-	-
Sanitation	1,159,196	822,452	1,117,185	1,056,628	1,047,317	1,146,276	1,553,236	1,081,687	983,383	978,123
Industrial Park	-	-	-	-	-	169,525	-	27,618	98,930	79,962
Unallocated General Revenues	122,508	13,909	936	12,547	10,194	187,519	32,580	191,587	813,066	293,426
Total Business Activities	\$10,078,675	\$7,998,279	\$7,442,284	\$6,920,116	\$5,772,401	\$5,369,779	\$5,150,676	\$4,713,361	\$5,245,049	\$6,305,853

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>2015</u>	<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>
City Sales Tax	\$7,324,294	\$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
State Sales taxes	2,550,568	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
Franchise Tax	439,034	427,800	432,371	397,532	381,836	351,505	346,429	337,757	269,360	189,364
Special Districts*	374,470	282,484	218,171	290,987	267,579	156,102	169,935	341,947	153,609	72,399
Others	122,163	(69,355)	1,296	95,172	32,715	76,342	12,347	34,274	170,120	349,613
Total tax revenues	\$10,810,529	\$10,204,139	\$9,288,380	\$8,850,470	\$8,112,949	\$9,765,367	\$9,478,935	\$7,442,559	\$6,674,315	\$6,186,657

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>2015</u>	<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>
State Shared Sales Tax	\$2,550,568	\$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
Urban Revenue Sharing	3,378,557	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
Highway Users	2,126,238	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
Auto-in-lieu	1,007,212	959,549	1,015,403	851,821	836,971	847,890	884,648	905,453	898,056	687,255
Local Transportation Aid						35,312	104,499	108,840	109,993	105,205
Federal	615,896	634,216	1,130,716	1,004,693	2,177,538	565,787	1,152,596	679,861	819,393	1,099,113
Others	419,754	-	133,216	40,643	67,407	53,749	4,499	12,588		
Total tax revenues	\$10,098,225	\$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

Note: Includes governmental fund types
Includes all governmental revenues, including revenues from federal government

**CITY OF SAN LUIS, ARIZONA
CITY TRANSACTION PRIVILEGE TAXES BY CATEGORY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2015</u>	<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	\$3,719,366	\$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	\$1,654,681	\$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	\$356,150	\$324,795	\$297,456	\$280,163	244,048	274,975	301,065	197,161	150,024	147,024
Communications/Utilities	\$1,044,285	\$1,053,760	\$959,929	\$624,166	570,915	584,850	560,704	402,304	357,975	326,738
Restaurant/Bar	\$417,278	\$363,027	\$371,107	\$342,810	309,338	294,048	249,331	235,140	206,264	208,974
Use	\$121,091	\$109,195	\$84,108	\$131,100	83,071	110,978	58,856	45,286	42,343	59,446
Other	\$45,339	\$64,415	\$61,346	\$74,436	137,650	66,250	109,705	79,374	113,595	42,897
	\$7,358,190	\$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
% Growth by year										
Retail Sales	22.1%	14.8%	8.0%	5.0%	3.1%	-8.3%	66.2%	32.3%	-4.4%	49.9%
Contracting	5.1%	-15.1%	-6.7%	11.4%	-57.9%	20.8%	53.0%	11.0%	-1.0%	22.9%
Rentals	27.1%	15.9%	6.2%	14.8%	-11.2%	-8.7%	52.7%	31.4%	2.0%	27.0%
Utilities	67.3%	68.8%	53.8%	9.3%	-2.4%	4.3%	39.4%	12.4%	9.6%	50.2%
Restaurant/Bar	21.7%	5.9%	8.3%	10.8%	5.2%	17.9%	6.0%	14.0%	-1.3%	27.7%
Use	-7.6%	-16.7%	-35.8%	57.8%	-25.1%	88.6%	30.0%	7.0%	-28.8%	37.9%
Other	-39.1%	-13.5%	-17.6%	-45.9%	107.8%	-39.6%	38.2%	-30.1%	164.8%	23.7%
	96.6%	60.2%	16.0%	63.3%	19.5%	75.0%	285.5%	77.9%	141.0%	239.3%

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 TEN YEARS AGO**

	2015				2006			
	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	608	28.48%	\$3,719,366	50.55%	299	30.73%	\$1,459,863	37.46%
Construction, MFG & Wholesale	835	39.11%	1,654,681	22.49%	301	30.94%	1,651,766	42.39%
Rentals	150	7.03%	356,150	4.84%	109	11.20%	147,024	3.77%
Communications/Utilities	81	3.79%	1,044,285	14.19%	54	5.55%	326,738	8.38%
Restaurant/Bar	42	1.97%	417,278	5.67%	22	2.26%	208,974	5.36%
Use/Services	274	12.83%	121,091	1.65%	87	8.94%	59,446	1.53%
Other	145	6.79%	45,339	0.62%	101	10.38%	42,897	1.10%
	2,135	100%	\$7,358,190	100%	973	100%	\$3,896,708	100%

Note: Includes governmental fund types

Source: AZ Department of Revenues
City financial Records and reports

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Municipal Bonds	Notes Payable	Capital Leases	Municipal Bonds/Loans	Notes Payable	Capital Leases			
2015	\$13,350,329	\$3,562,910	\$0	\$38,010,036	\$185,909	\$0	\$55,109,184	6.64%	1,660
2014	\$14,383,209	\$3,336,222	\$0	\$39,733,576	\$127,693	\$0	\$57,580,700	8.26%	1,847
2013	\$14,698,048	\$3,323,879	\$0	33,642,562	\$834,330	\$0	\$52,498,819	5.61%	1,602
2012	15,001,198	3,347,536	133,235	34,113,235	844,703	54,246	53,494,153	7.65%	2,057
2011	15,292,656	3,970,481	305,037	34,565,602	866,495	173,673	54,653,849	6.40%	2,102
2010	15,574,373	3,992,005	582,176	24,277,708	864,211	350,649	55,839,041	6.06%	2,148
2009	15,846,348	4,013,134	945,566	24,699,558	866,495	524,699	57,074,895	6.25%	2,238
2008	15,855,295	1,009,406	1,507,405	24,709,436		432,321	50,449,133	6.05%	1,964
2007	15,864,241	43,087	1,379,787	24,719,314		518,948	47,441,822	7.47%	1,924
2006	15,873,187	8,059	1,375,100	24,729,192		705,780	42,088,939	7.15%	1,777

Note; See Table XIV for Personal Income and Population

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

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

	Fiscal Year									
	<u>2015</u>	<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)	15,379,657	15,052,446	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	\$317,583	\$305,893	\$294,203	\$282,513	\$272,771	\$263,029	-	-	-	-
Interest	1,158,269	679,338	691,906	703,624	714,730	725,117	730,049	730,049	730,049	511,034
Total Annual Requirements	\$1,475,852	\$985,231	\$986,109	\$986,137	\$987,501	\$988,146	\$730,049	\$730,049	\$730,049	\$511,034
Estimated Coverage	10.42	15.28	13.47	11.95	11.49	13.04	18.04	14.78	13.18	15.43

Note: Civic Improvement Corporation (CIC) 2005 Bonds series issued by the City of San Luis in October 2005 and refunded in November 2014

(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, Wasterwater 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
PLEGDED REVENUE COVERAGE - CIVIC IMPROVEMENT CORPORATION
ENTERPRISE PORTION
LAST EIGHT FISCAL YEARS**

		Fiscal Year									
		<u>2015</u>	<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)	\$7,011,185	\$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)	5,387,500	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		\$1,623,685	\$1,730,141	\$973,499	\$827,157	\$141,738	\$804,839	\$803,463	\$343,237	\$220,711	\$546,497
Debt Service Requirements											
Principal	(3)	\$497,416	\$479,107	\$460,797	\$442,487	\$427,229	\$411,971	- \$	- \$	- \$	- \$
Interest	(4)	1,514,082	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		\$2,011,498	\$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		0.807	1.121	0.630	0.536	0.092	0.520	0.703	0.300	0.193	0.683

Note: Civic Improvement Corporation (CIC) 2005 Bonds series issued by the City of San Luis in October 2005 and refunded in November 2014

- (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, 2015

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Yuma County	6,930,000	5.34% (1)	369,862
Yuma County Library	37,210,000	5.34% (1)	1,985,941
Yuma Union High School District No 70	11,665,000	5.34% (1)	<u>622,575</u>
Subtotal Overlapping Debt			2,978,378
City of San Luis	16,913,239	100.00% (2)	<u>16,913,239</u>
Total Direct and Overlapping Debt			19,891,617

Sources: YUMA County Finance Department

Note: (1) Based on State and County abstract of the assessment Roll, Arizona Department of Revenue

(2) City Records

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

Fiscal Year	(1) Population	(3) Personal Income	(2) Labor force	(2) Employment	(2) Unemployment	(2) Unemployment rate percentage
2015	33,190	\$25,000	18,662	9,822	8,840	47.4%
2014	31,180	\$22,368	19,824	9,689	10,134	51.1%
2013	32,763	\$28,548	17,965	6,000	11,965	66.6%
2012	26,000	\$26,889	17,249	5,614	11,635	67.5%
2011	26,000	\$32,828	15,896	5,489	10,407	65.5%
2010	25,505	36,103	8,466	4,109	4,357	51.5%
2009	25,682	35,584	7,986	4,175	3,811	47.7%
2008	24,654	33,838	7,176	4,267	2,909	40.5%
2007	23,680	26,804	6,150	5,057	2,093	34.0%
2006	22,351	26,352	6,375	4,112	2,263	35.5%

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 ELEVEN YEARS AGO**

Employer	2015			2005		
	# of Employees	Rank	Percentage of City Employment	# of Employees	Rank	Percentage of City Employment
Gadsen Unified School District	869	3	8.85%	460	2	11.50%
Arizona State Prison	854	2	8.69%	700	1	17.50%
ACT Call Center	820	1	8.35%			
Factor Sales	409	4	4.16%	36	8	
Walmart	333	5	3.39%	-	-	-
City of San Luis	237	6	2.41%	180	3	4.50%
San Luis Detention Center	122	7	1.24%	-	-	-
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%
Total Employees	3,644		37.10%	1,896		46.50%

Source: Greater Yuma Economic Development Corporation

Notes: Data for years 2006-2010 is not available

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

Permanent Position by Function	Fiscal Year									
	<u>2015</u>	<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>
General Fund										
General Government	55	58	57	54	52	51	56	56	54	58
Public Safety	85	94	90	87	86	77	72	72	70	67
Health and Welfare	4	2	2	2	2	3	3	3	3	3
Culture and Recreation	37	34	36	28	22	21	26	26	20	19
Community Development	8	11	9	9	9	11	10	10	9	8
Sub total General Fund	189	199	194	180	171	163	167	167	156	155
General Fund	189	199	194	180	171	163	167	167	156	155
Public Works & Streets	16	13	11	13	15	16	20	20	20	20
Enterprise Funds	32	31	32	26	30	31	33	33	28	28
Total Permanent Positions	237	243	237	219	216	210	220	220	204	203

Source:

City Payrol City Payrol City Payroll

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

	Utility Rate Increases & Average Bill									
	<u>2015</u>	<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>
Water										
Average bill	\$46.59	\$45.05	\$41.72	\$38.31	\$36.56	\$33.92	\$35.70	\$33.58	\$31.24	\$29.84
% Increase	3.41%	7.98%	8.89%	4.80%	7.78%	-5.00%	6.31%	7.48%	4.69%	16.83%
Wastewater										
Average bill	\$46.30	\$37.33	\$31.57	\$29.41	\$23.24	\$22.10	\$24.58	\$21.30	\$22.41	\$22.01
% Increase	24.03%	18.25%	7.34%	26.53%	5.19%	-10.11%	15.40%	-4.96%	1.83%	-26.20%
Residential Solid Waste										
Average bill	\$16.86	\$16.89	\$17.11	\$16.45	\$15.89	\$17.60	\$17.66	\$17.96	\$17.24	\$18.36
% Increase	-0.15%	-1.32%	4.07%	3.51%	-9.74%	-0.34%	-1.67%	4.16%	-6.09%	17.33%

Source: City Customer Service and Billing records

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

	Utility Accounts									
	<u>2015</u>	<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>
Water										
Number of Accounts	6,190	6,023	5,890	6,036	5,701	5,865	5,722	5,316	5,105	4,805
% Increase	2.77%	2.26%	-2.42%	5.88%	-2.80%	2.50%	7.64%	4.13%	6.24%	5.84%
Wastewater										
Number of Accounts	5,990	5,827	5,688	5,597	5,514	5,491	5,264	4,869	4,683	4,438
% Increase	2.80%	2.44%	1.63%	1.51%	0.42%	4.31%	8.11%	3.97%	5.52%	5.29%
Residential Solid Waste										
Number of Accounts	5,549	5,549	5,366	5,249	5,172	5,330	5,082	4,857	4,679	4,439
% Increase	1.69%	3.41%	2.23%	1.49%	-2.96%	4.88%	4.63%	3.80%	5.41%	5.24%

Source: City Customer Service and Billing records

**CITY OF SAN LUIS, ARIZONA
UTILITY STATISTICAL DATA - RATES
FISCAL YEAR 2015**

**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"	\$12.64	\$1.93	\$32.13	\$2.44	\$2.70
1"	N/A	N/A	53.66	2.44	2.70
1 1/2"	N/A	N/A	107.00	2.44	2.70
2"	N/A	N/A	171.26	2.44	2.70
3"	N/A	N/A	374.98	2.44	2.70
4"	N/A	N/A	1,285.28	2.44	2.70
6"	N/A	N/A	2,677.68	2.44	2.70
8"	N/A	N/A	3,855.86	2.44	2.70

**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	\$18.52	N/A	N/A	N/A
5/8" - 3/4"	\$36.61	N/A	\$22.43	\$2.26
1" - 8"	N/A	N/A		Varies
2" School			188.40	N/A
2" Gadsden	50.59	N/A	69.89	

Source: City Customer Service and Billing records

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

	<u>2015</u>	<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>
Miscellaneous data on water utility										
Annual Consumption (000's gal)	1,023,995	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
Avg gallons/account/month	13,786	14,956	13,621	14,158	16,410	15,387	14,636	15,862	17,530	19,892
Avg gallons/account/year	165,427	179,477	163,452	169,899	196,920	184,647	175,629	190,340	210,365	238,705
Avg. daily demand (MGD)	460	499	454	472	547	513	488	529	584	663
Peak demand (MGD)	3.43	3.43	3.43	3.43	3.43	3.33	3.23	3.23	3.23	3.23
Number of wells in system	12	12	12	12	12	12	12	12	12	10
Available storage capacity (million Gallons)	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	3,025
Miscellaneous data on wastewater utility										
Treatment plant capacity (000's)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual wastewater treated (000's)	471,403	463,767	457,864	437,574	445,704	437,715	433,508	418,973	467,808	473,542
Average daily flow (000's)	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340
Miscellaneous data on solid waste service										
Tons of waste collected and disposed	9,681	10,610	9,013	9,523	9,066	13,053	10,952	**	**	**

Source: City Customer Service and Billing records
Public Works records
** Not available

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

	Building Permits									
	Fiscal Year									
	<u>2015</u>	<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>
Commercial										
Number of Permits	2	3	1	3	13	12	12	16	11	7
Value	\$128	\$2,181	\$204	\$5,773	\$7,560	\$1,048	\$3,629	\$3,059	\$13,879	\$17,274
Residential										
Number of Dwelling Units	159	112	120	85	68	182	245	193	259	315
Value	\$24,530	\$16,908	\$20,166	\$13,147	\$11,078	\$20,338	\$24,754	\$21,041	\$25,324	\$28,125
Other										
Number of Permits	318	200	138	161	134	127	162	216	268	183
Value	\$2,146	\$19,089	\$3,649	\$1,157	\$1,554	\$1,165	\$2,652	\$2,736	\$2,941	\$2,101

	Single Family Housing Sales									
	Calendar Year									
	<u>2015</u>	<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>
New units sold	88	56	118	114	63	85	218	231	215	328

Source: City Development Services

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

	Fiscal Year									
	<u>2015</u>	<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>
GENERAL GOVERNMENT										
<i>Court</i>										
Charges filed	3,989	4,630	7,214	4,449	3,385	4,225	3,248	4,621	4,496	3,776
Charges dismissed	938	1,019	8,469	690	847	835	798	1,501	791	577
<i>Human Resources</i>										
# of employment Applications Processed	750	530	601	44*	40*	306	**	**	**	**
# of turnover (%)										
<i>Finance</i>										
# of Accounts Payable checks issued	4,201	3,848	3,739	3,723	3,929	4,329	3,901	**	**	**
# of Claims filed, injured or ill workers	29	27	18	16	**	**	**	**	**	**
# of deficiency during electrical inspections	1	8	10	6	1	**	**	**	**	**
Notice of claims	4	1	6	6	**	**	**	**	**	**
PUBLIC SAFETY										
<i>Police</i>										
# of 911 Emergency and Animal Calls	5,483	5,694	5,046	**	**	**	**	**	**	**
# of Traffic Stops	6,393	6,834	9,439	**	**	**	**	**	**	**
# of Arrests										
<i>Fire</i>										
# of Ambulance Transport Services	2,476	2,318	2,169	1,912	1,620	1,415	1,494	**	**	**
# of Fire & Hazmat Incidents	28	78	62	69	72	76	89	**	**	**
HEALTH AND WELFARE										
# of Meals served - Food Assistance	7,963	9,604	9,296	7,677	9,239	7,528	7,077	**	**	**
# of citywide transit ridership	8,136	9,243	8,378	6,323	5,190	4,096	3,699	**	**	**

Note: (*) Hiring Freeze

Source: Various Departments:

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

	Fiscal Year									
	<u>2015</u>	<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>
General Government										
City Hall										
Building	1	1	1	1	1	1	1	1	1	1
Vehicle	26	18	18	18	17	19	18	17	13	9
Public Safety										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	70	57	57	53	50	56	52	50	43	41
Culture & Recreation										
Building	3	3	3	3	3	3	3	3	3	2
Equipment	33	23	23	22	19	19	14	13	11	11
Health and Welfare										
Building	2	2	2	2	2	2	2	2	2	2
Vehicle	3	5	5	6	6	6	6	6	6	6
Public Works and streets										
Building	1	1	1	1	1	1	-	-	-	-
Equipment	26	18	18	17	17	20	20	20	20	17
Enterprise										
Building	3	3	3	3	3	3	3	3	3	1
Equipment	51	44	44	49	47	48	49	47	46	39

Source: City records Finance Department