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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
TOWN OF SAHUARITA, ARIZONA**



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TOWN OF SAHUARITA, ARIZONA**



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Prepared by the Finance Department



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TOWN OF SAHUARITA, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Introductory Section

December 9, 2015

**To the Honorable Mayor, Members of the Council,
and Citizens of the Town of Sahuarita, Arizona (Town):**

State law §9-481 requires that towns have an audit performed on their financial statements at least once for every two fiscal years and shall include all financial transactions during that period. The audit shall be completed and the final audit report shall be submitted within six months after the close of the fiscal year or years audited. The Town exceeds the State mandated requirement by issuing an audited report annually. This report is published to fulfill that requirement 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 framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified opinion on the Town of Sahuarita's financials statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GOVERNMENT PROFILE

Our strength stems from our residents. Our Town is ultimately a reflection of its residents, and our vitality stems in great part from a family-oriented population. As of U.S. Census 2013 reports, our median age is 35.4 years, and our median income is \$64,231. Sahuarita is an educated population, with 35.1% of our residents having a four-year or greater college or university education.

We believe in the wisdom of governmental checks and balances. Residents elect seven council members. The Town Council appoints a mayor and vice mayor from the seven elected officials. The Council guides policy while the town manager is responsible for ongoing, day-to-day operations of 12 Town departments and 134.8 full-time equivalent employees (FTE). Our residents voice a positive affirmation of the Town's reputation for providing core services such as public safety, well-maintained roadways and parks and recreation facilities.

Budget: The Council is required to annually adopt a budget on or before the third Monday in August. The budget serves as the foundation for the Town of Sahuarita's financial planning and control. The budget is prepared by fund, function, and department.

Department heads may transfer budget appropriations within a department. The Town Manager may appropriate certain balances that have been assigned by the Council in the budget for contingency purposes. Other budget amendments or appropriations, however, require the approval of the Town Council.

ECONOMIC CONDITION

The Sahuarita Town Council unanimously approved the recommended \$61.75 million budget for FY 2016 on June 22, 2015. The tentative FY 2016 budget was approved on June 8, 2015, with budget materials available to the public via the Town's website and at the Sahuarita Library. Information and presentations about the FY 2016 budget can be found at www.sahuaritaaz.gov/FY16.

The FY 2016 budget is balanced: all money that the Town starts the fiscal year with or collects during the fiscal year is set aside for a specified purpose—to be spent for operations, debt service, capital or saved for the future (as an ending balance). This has been the approach that has put us in the favorable place we are today, and it will serve us well in the future—keeping us financially sustainable.

Of the \$61.75 million budget, we expect to save \$18.25 million as an ending balance to carry forward into fiscal year 2017, and we continue to leverage revenues purposefully to obtain grant, state and federal funds. The Town abides by purpose and policy restrictions in deciding what to do with our surpluses. We currently have three reserve policies in place:

- **Operating Reserve:** At least 25% of budgeted expenditures is reserved for unforeseen circumstances.
- **Capital Reserve:** 20% of the dollar amount of locally funded capital project costs is set aside for project contingencies.
- **Opportunity Fund:** Town Council adopted a policy to set aside \$10 million for economic development, parks, etc., by fiscal year 2020.

Forming a good, long-term plan means examining organizational effectiveness. As part of what the Town has come to define as best financial practice, we are constantly looking for ways to streamline and become more efficient in keeping with our strategic focus on organizational effectiveness. We seek to realign resources wherever possible. For example, when the Town Council and community called for more resources to be put into economic development, we met the need for more programs, outreach efforts and an increased budget by transferring one FTE position from the Town Manager's office to the Economic Development department. Furthermore, when the Sahuarita Police Department recently identified the need for a van, the Town transferred a van from the administrative pool to fill the void. These are only two examples of typical ways that we seek to reallocate resources where possible to fulfill the requests of our directors and Town Council while also limiting unnecessary spending.

With a new year come shifting priorities. While FY 2015 had many priorities surrounding infrastructure, many of our Public Works projects are beginning to lighten. We are happy to note that some are now complete. The Town's Sahuarita Road project has been completed, with many other projects approaching completion as funded in last year's budget. For this reason, it is noted that in FY 2016 we are realigning our Public Works Department to cross train and broaden responsibilities. This is another way that we can reallocate Town resources and financially prepare for the future.

Sahuarita is ranked the safest place in Arizona. One thing that has not changed in FY 2016 is our commitment to public safety. For the second year in a row, Movoto Real Estate ranked Sahuarita as the Safest Place in Arizona due to low crime rates. The operating expenditures of the Sahuarita Police Department are adequately funded to provide the robust police involvement and services that our community has come to expect.

Award-winning projects show road expansion and maintenance as a priority. As evidenced by its place as our second-highest expenditure, maintenance and expansion of our public roadways is an essential function of our Town government. We continue to complete pothole repairs in a timely fashion, usually within 24 hours. Our Sahuarita Road project was winner of the Pima Association of Government's inaugural Timothy M. Ahrens Partnering Award as well as a Metropolitan Pima Alliance Common Ground Award.

Planning well now means better building tomorrow. In June of 2015, our Town Council adopted the Sahuarita East Conceptual Area Plan (SECAP) and the General Plan, Aspire 2015. The general plan is the Town's policy guide to long-range growth and land development in Sahuarita, ensuring that the needs of current and future populations are met. As an element of the General Plan update, SECAP seeks voter ratification as Aspire 2015 approaches the ballot in this year's November special election.

Throughout 2015, we've sought to enhance the delivery of services to residents through our Water and Wastewater Resources Study. The wastewater enterprise fund implemented in July 2014 has resulted in stored water credits amounting to \$693,080 that may be used by the Town to establish a water service area and potentially become a water provider to residents of Sahuarita in the future.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Sahuarita for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the thirteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance department and to the many members of other departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their leadership and support.

Respectfully submitted,



L. Kelly Udall
Town Manager



A.C. Marriotti, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Sahuarita
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Mayor & Council

Set public policy and provide staff with direction to meet community needs

The Town Council is comprised of seven elected officials. Council Members serve overlapping four-year terms with elections held in the spring of odd-numbered years, with a Mayor and Vice Mayor selected by the Council after each election. As the Town's governing body, the Council establishes goals and objectives, adopts public policies, and approves the annual budget to meet the community's needs. All powers of the Council are exercised by ordinance, resolution, order, or motion.

Mayor Duane Blumberg

Blumberg came to Sahuarita in 2005; he was elected to Town Council in 2009 and was elected Mayor in 2011.



Vice-Mayor Bill Bracco

Bracco was elected to Town Council in 2011, he has lived in Sahuarita since 2005.



Lynne Skelton

Skelton was first elected to Town Council in 1999. She served as Mayor from 2007 until 2011.



Kara Egbert

Egbert was elected to Town Council in 2009. Egbert has lived in Sahuarita since 2005.



Melissa Smith

Smith was elected to Town Council in 2011 and has lived in the area since 1999.



Gil Lusk

Lusk was first appointed to Town Council in 2012, and then elected in 2013.



Tom Murphy

Murphy was elected to Town Council in 2013.

Organization



Citizens

Mayor & Council

**Boards
& Commissions**

Municipal Court

Town Manager

Department of Law

Town Clerk

Planning & Building

Finance

Parks & Recreation

Human Resources

Police

Public Works

Streets

Wastewater

About Sahuarita

LOCATION

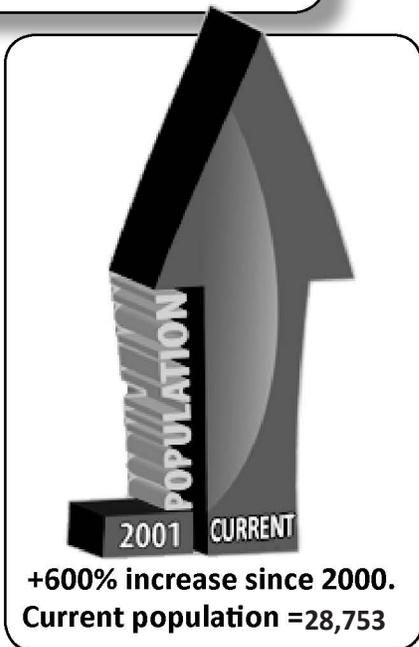
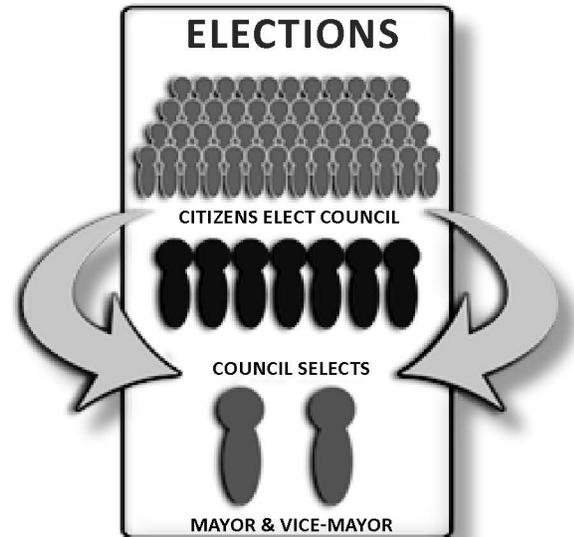


Town Hall to Tucson City Hall
19.5 miles
Town limits to Tucson City limits
3,721 feet at closest point
Town Hall to Nogales, Mexico Port of Entry
48.2 miles

Elevation
2,844 feet

Land Area
30 square miles

HISTORY
The Town of Sahuarita was officially incorporated in 1994.



EDUCATION

Over 50% of workforce possess bachelor's degree or higher.

8 Public Schools
3 Charter Schools



INDEPENDENT AUDITORS' REPORT

Town Council
Town of Sahuarita, Arizona
Sahuarita, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sahuarita, Arizona (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' 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. 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 auditors' 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 Town'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 Town'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, each major fund, and the aggregate remaining fund information of the Town of Sahuarita, Arizona as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison schedules of the General and the Highway User Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2015, the Town adopted Governmental Accounting Standards Board Statement (GASBS) No. 68, *Accounting and Financial Reporting for Pensions* and GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASBS No. 68 and No. 71, the Town reported a restatement for the change in accounting principle (see Note 13). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion, the Town's proportionate share of the net pension liability and contributions, and the schedule of agent OPEB plan's funding progress on pages 13 through 23, 66 through 68, and 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town Council
Town of Sahuarita, Arizona

The combining and individual nonmajor fund financial statements and schedules is 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 schedules is 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
December 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

As management of the Town of Sahuarita, Arizona (Town), we are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2015. This overview is presented with all amounts rounded to thousands in order to make it more reader friendly and to focus on significant changes. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found on pages 2-4 of this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2015 net position totaled \$162,777, an increase of \$6,006 over last year. Of this amount, \$10,785 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Capital asset balances totaled \$198,700, an increase of \$4,539 (+2.3%) compared to last year. Construction in progress accounted for \$46,219, approximately 23%, of the total balance.
- Long-term liabilities decreased \$4,385 from last year to a total of \$58,906 at June 30, 2015. Liabilities related to employee expenses (pension and compensated absences) accounted for \$9,542, approximately 16%, of the total balance.
- As of the close of the current fiscal year, the governmental funds combined ending fund balances had decreased \$2,553 to a new balance of \$23,599. Of this amount, \$2,767 is in a nonspendable form, \$1,030 is restricted for specific purposes due to agreements or laws, \$3,948 is committed for reserves, \$5,093 is assigned by the Town Council for advances, capital acquisition and maintenance, or to Town Center development, and \$10,761 is unassigned.
- The Wastewater Enterprise Fund's unrestricted net position decreased by \$892 over the course of the year, ending with a deficit balance of (\$5,790). Pursuant to an amendment made to the WIFA 2008A loan agreement, \$750 of the decrease was due to the establishment of a rate stabilization fund.
- The Town entered into an \$8,840 loan with an interest rate of 1.98% to advance refund \$8,125 of the 2006A GADA Loan outstanding balances that had an average interest rate of 5.0%. This resulted in an economic gain of \$965.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most 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 of 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).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the Town include a sewer treatment operation. The government-wide financial statements can be found on pages 26-27 of this report.

Fund financial statements. 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories, governmental funds and a proprietary fund.

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 and outflows 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 a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains six individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund, and for the Capital Infrastructure Improvement Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements*.

The Town adopts an annual appropriated budget for its funds. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28-33 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its wastewater treatment operation, which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

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 can be found on pages 37-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's pension plans and progress in funding its obligation to provide OPEB benefits to its employees enrolled in the Public Safety Personnel Retirement System. Required supplementary information can be found on page 66-70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 73-78 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The Town's net position was \$162,776 at the close of the most recent fiscal year.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current and other assets	\$ 34,609	\$ 33,052	\$ (1,331)	\$ (1,449)	\$ 33,278	\$ 31,603
Capital assets	150,434	144,864	48,266	49,297	198,700	194,161
Total assets	185,043	177,916	46,935	47,848	231,978	225,764
Deferred outflows	1,737	803	75	41	1,812	844
Liabilities:						
Current	7,533	4,558	2,311	1,987	9,844	6,545
Long-term	34,759	37,559	24,147	25,732	58,906	63,291
Total liabilities	42,292	42,117	26,458	27,719	68,750	69,836
Deferred inflows	2,115	-	149	-	2,264	-
Net position:						
Net investment in capital assets	124,700	117,810	23,335	22,959	148,035	140,769
Restricted	1,098	1,054	2,858	2,108	3,956	3,162
Unrestricted	16,575	17,738	(5,790)	(4,897)	10,785	12,841
Total net position	\$ 142,373	\$ 136,602	\$ 20,403	\$ 20,170	\$ 162,776	\$ 156,772

The largest portion of the Town's net position (91%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment), less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,785 is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

The Town continues the past trend in improving the net position, while providing the necessary services to the citizens and expanding the necessary infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(dollar amounts in thousands)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
REVENUES						
Program revenues:						
Charges for services	\$ 1,612	\$ 1,462	\$ 3,254	\$ 3,349	\$ 4,866	\$ 4,811
Operating grants and contributions	2,132	2,079	-	-	2,132	2,079
Capital grants and contributions	10,900	14,275	-	-	10,900	14,275
General revenues:						
Property taxes	355	300	-	-	355	300
Sales taxes	6,601	6,916	-	-	6,601	6,916
Franchise taxes	316	304	-	-	316	304
Share of state income tax	3,058	2,815	-	-	3,058	2,815
Share of state sales tax	2,308	2,199	-	-	2,308	2,199
Share of state vehicle license tax	1,006	963	-	-	1,006	963
Investment earnings (losses)	191	368	-	(41)	191	327
Micellaneous	857	898	2	2	859	900
Total revenues	29,336	32,579	3,256	3,310	32,592	35,889
EXPENSES						
Program expenses:						
Governmental activities:						
General government	5,223	4,679	-	-	5,223	4,679
Public safety	6,881	6,586	-	-	6,881	6,586
Highways and streets	7,351	7,225	-	-	7,351	7,225
Culture and recreation	2,077	2,278	-	-	2,077	2,278
Interest and amortization						
on long-term debt	1,332	1,388	-	-	1,332	1,388
Business-type activities:						
Sewer			3,722	3,523	3,722	3,523
Total expenses	22,864	22,156	3,722	3,523	26,586	25,679
Increase (decrease) in net position						
before transfers	6,472	10,423	(466)	(213)	6,006	10,210
Transfers	(699)	(693)	699	693	-	-
Change in net position	5,773	9,730	233	480	6,006	10,210
Net position at beginning of year	136,601	126,871	20,170	19,690	156,771	146,561
Net position at end of year	\$ 142,374	\$ 136,601	\$ 20,403	\$ 20,170	\$ 162,777	\$ 156,771

MANAGEMENT'S DISCUSSION AND ANALYSIS

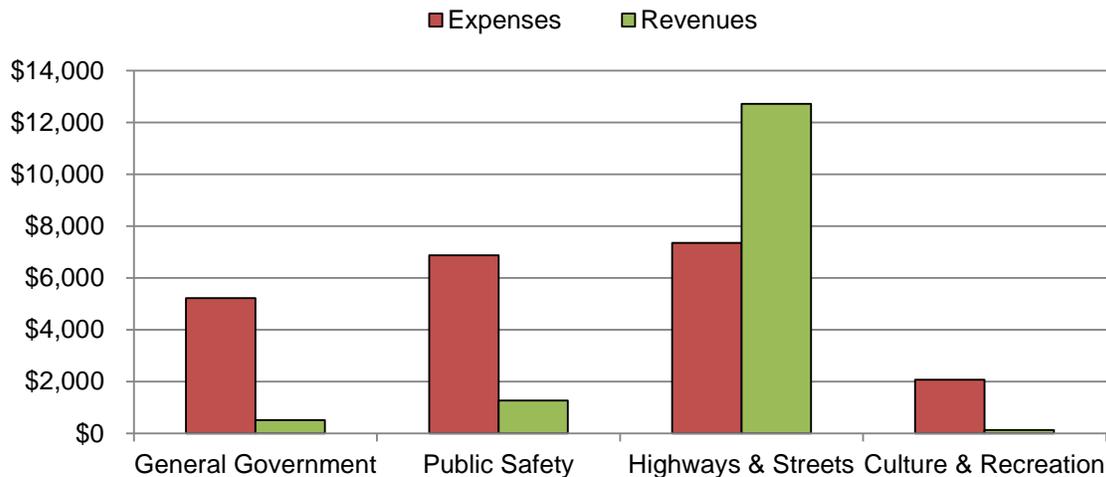
(dollar amounts in thousands)

Governmental Activities

The \$5,773 change in net position for governmental activities was \$3,957 less (-41%) than the change in net position of the previous fiscal year. Expenses increased by \$708, a nominal 3.2% increase over last year. Revenues were \$3,243 less than last year. Last year there were significantly more infrastructure contributions from developers than the current year resulting in the decline in capital grants and contributions as shown on the previous page.

As shown on the chart below, the general government, public safety, and culture and recreation functions had greater program expenses than program revenues. Accordingly, general revenues were used to help pay for each of these functions. Program revenues exceeded program expenses in the highways and streets function. These net revenues were invested in the Town's capital assets.

Governmental Activities Program Revenues and Expenses



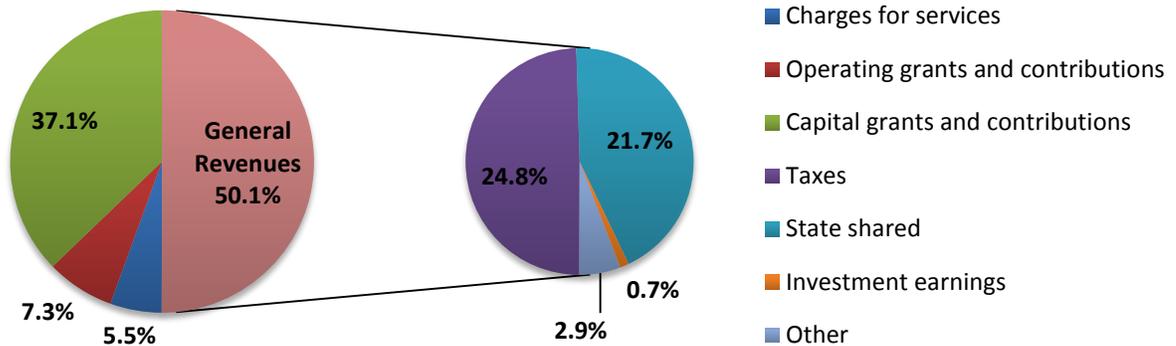
General revenues and transfers out totaling \$14,692, which comprised 50% of all governmental activities revenue sources, were \$71 less (-0.5%) than last year. Explanations for the primary impacts follow:

- Sales taxes decreased \$315 (-4.6%). There was less new development in the current year than last year resulting in a \$623 decline (-25%) in construction contracting taxes. This was offset by a \$308 increase (+6.9%) in general sales taxes.
- State shared revenues were \$395 more (+6.6%) than last year. The State's financial condition has been improving along with the general economy. This resulted in more revenues shared with the Town.
- Investment earnings decreased by \$177 (-48%) compared to last year. Realized investment gains were fairly stable year-to-year. However, due to market conditions, last year's revenues included significant unrealized gains that didn't apply in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Governmental Activities Revenues by Source

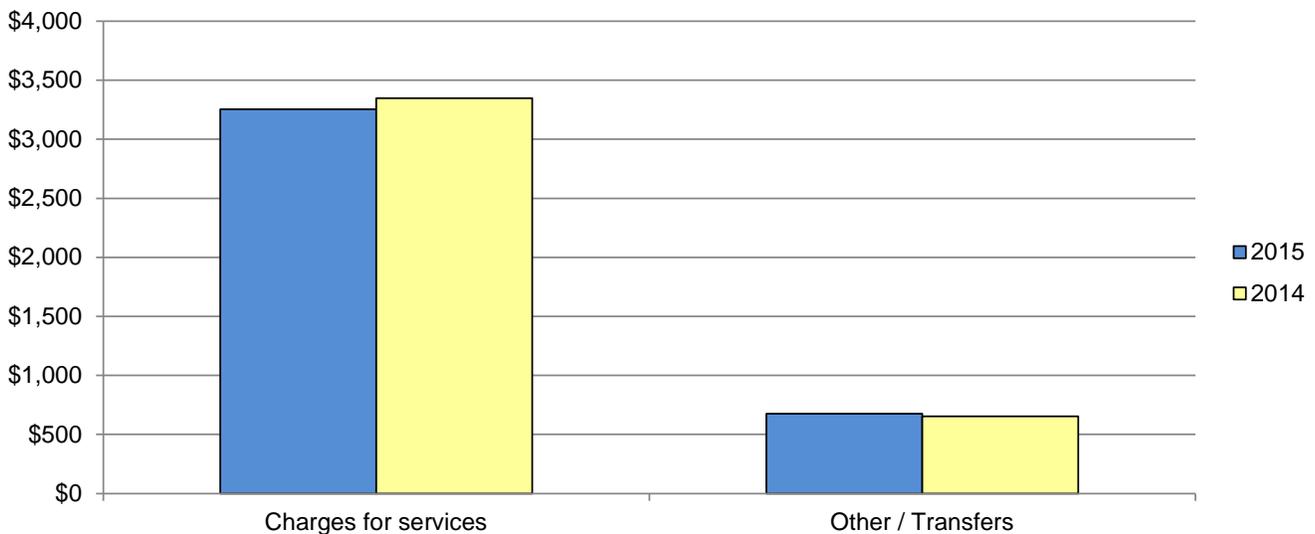


Business-type Activities

Business-type activities increased the Town's net position by \$233 in fiscal year 2015. Last year, the change in net position was \$480, a difference of (\$247) when compared to the current year change. Significant variances between fiscal year 2015 and 2014 are explained below:

- Charges for services decreased \$95 (-2.8%). There was less new development in the current year than last year resulting in a \$239 decline (-59%) in sewer connection fees. This decrease was partially offset by a \$145 increase (+4.9%) in sewer user fees, mostly attributable to a 4% rate increase that took effect on July 1, 2015.
- Sewer expenses increased by \$199 (+5.6%). Most of these additional expenses were the result of the Wastewater Utility in-sourcing the monthly billing and collections efforts of the operation.

Business-type Activities Revenues by Source



MANAGEMENT'S DISCUSSION AND ANALYSIS

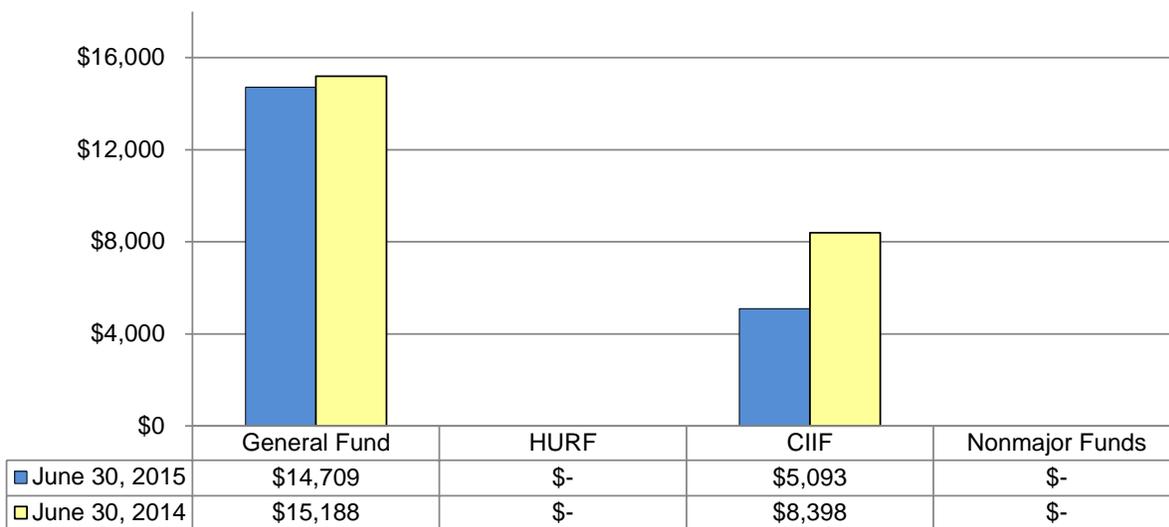
(dollar amounts in thousands)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balances (the total of the committed, assigned, and unassigned fund balance) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, the Town's governmental funds reported combined ending fund balances of \$23,599, a decrease of \$2,553 or (-9.8%) compared to last year. Of this amount, \$19,802 constitutes available fund balances, which includes the unassigned, assigned and committed fund balances. The remaining fund balance is either non-spendable (\$2,767) to indicate that it is not available because it has already been spent on prepaid items or associated with long-term notes receivable and general fund advances, or restricted (\$1,030) through agreements with other entities or by enabling legislation.

Governmental Funds Available Fund Balances



The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures. Available fund balances represented 118% of total General Fund expenditures. This fund balance decreased by \$479 (-3.2%) because more of the ending balances are in a nonspendable format, associated with advances to the Wastewater Enterprise Fund.

The Highway User Revenue Fund (HURF) fund balances are restricted unless in a deficit position.

The Capital Infrastructure Improvement Fund (CIIF) available fund balances decreased by \$3,305 (-57%). At year-end, \$3,243 in revenue was deferred as grant reimbursements were not received timely enough to be recorded in 2015.

The Nonmajor Funds consist of three special revenue funds: the Quail Creek Community Facilities District (QC CFD) Fund, Rancho Sahuarita Community Facilities District (RS CFD) Fund, and the Grants and Restricted Sources (GARS) Fund. Ending balances of these funds are restricted and are not considered available for general purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Proprietary fund. The Town's Wastewater Enterprise Fund provides the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the wastewater treatment operation at the end of the year amounted to a deficit balance of \$5,790, which is \$893 lower than last year. Of this reduction, \$750 was related to the establishment of a debt service rate stabilization fund. Restricted net position was \$2,858 and represents debt service reserves and the rate stabilization fund, complying with loan agreements. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Wastewater Enterprise Fund Net Position



GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year there were minor intra and interdepartmental expenditure budget transfers amounting to \$21.

Final budget compared to actual results. Total actual revenues exceeded estimated revenues by \$325. The most significant differences were as follows:

Revenue Sources	Budgeted Revenues	Actual Revenues	Difference
Taxes	\$ 4,848	\$ 5,057	\$ 209
Licenses and permits	806	1,111	305
Charges for services	901	805	(96)
Investment earnings	230	123	(107)

- Retail sales transaction activity was higher than expected when the budget was developed.
- New home permitting activity exceeded expectations by 3%. Also, updated building valuation tables were used during the year, which generated more permit revenue than anticipated when the budget was developed.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- A component of charges for services revenues comes from indirect cost recoveries. There were fewer costs allocated to the Capital Infrastructure Improvement Fund because there was less capital activity during the year than what was anticipated in the budget, accounting for the shortfall.
- Budgeted investment earnings accounted for an expected rate increase in the federal funds rate, which would drive investment rates up overall. This never occurred resulting in the shortfall.

Total actual expenditures were less than appropriations by \$944 as follows:

<u>Category</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Personnel	\$ 9,739	\$ 9,267	\$ (472)
Services	2,263	1,962	(301)
Supplies and equipment	652	568	(84)
Other	744	657	(87)

All but two departments had budget savings. The Non-Departmental and Law Department ended the year over budget by \$65 and \$6, respectively. The Non-Departmental department experienced an unforeseen increase in program costs related to animal control services. The Law Department exceeded its budget due to specialized contracted legal services associated with development projects in the Town. The budget variances were covered by expenditure savings from other General Fund accounts. None of these budget variations have a significant effect on future service levels or liquidity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$198,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer conveyance systems, machinery and equipment, vehicles, park facilities, roads, highways, and bridges.

CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 9,151	\$ 9,151	\$ 2,640	\$ 2,640	\$ 11,791	\$ 11,791
Buildings & improvements	18,555	18,832	-	-	18,555	18,832
Sewer conveyance system	-	-	45,222	45,862	45,222	45,862
Infrastructure	75,136	80,916	-	-	75,136	80,916
Vehicles	908	917	122	140	1,030	1,057
Equipment and software	747	755	-	21	747	776
Construction in progress	45,937	34,293	282	634	46,219	34,927
Total assets	<u>\$150,434</u>	<u>\$144,864</u>	<u>\$ 48,266</u>	<u>\$ 49,297</u>	<u>\$198,700</u>	<u>\$194,161</u>

The Town's investment in capital assets increased by \$4,538 (+2.3%) during the year, which is the net difference between new capital acquisitions, disposals, and depreciation. Major capital asset events during the fiscal year included the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- The Town's governmental activities capitalized \$12,396 of project costs to acquire and improve capital assets. Major capital projects included the Sahuarita Road Improvements (\$8,824), Quail Creek Park Expansion (\$1,150), and the Pima Mine Rd Bridge Reconstruction (\$1,145) projects. All three projects were still under construction at year end.
- During the year, capital assets valued at \$104 were acquired without cost to the Town. These came in the form of developer-contributed infrastructure.

Additional information on the Town's capital assets can be found in note 5 on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$49,364. Of this amount, \$10,070 comprises debt backed by the full faith and credit of the Quail Creek Community Facilities District. The remainder of the debt is secured by specific revenue sources. A summary of outstanding long-term debt follows.

LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
	Quail Creek CFD G.O. bonds	\$10,070	\$10,495	\$ -	\$ -	\$10,070
Loans payable	15,821	16,559	23,473	24,932	39,294	41,491
Total long-term debt	\$25,891	\$27,054	\$ 23,473	\$ 24,932	\$49,364	\$51,986

The Town entered into an \$8,840 loan with an interest rate of 1.98% to advance refund \$8,125 of the 2006A GADA Loan outstanding balances that had an average interest rate of 5.0%. This resulted in an economic gain of \$965.

Principal payments reduced the governmental activities and business-type debt liabilities by \$1,440 and \$1,459, respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue. However, as the Quail Creek Community Facilities District is a legally separate entity, its general obligation debt does not apply against the Town's debt capacity, which is \$49,470.

Additional information on the Town's long-term debt can be found in note 6 on pages 45-48 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

The current estimated population of 28,753 is 2.7% larger than last year's estimated population of 28,006, and more than eight times larger than the census population in 2000 which was 3,242. The Town uses a growth rate of approximately 2.5% for planning purposes.

The secondary assessed property valuation increased 11%, to \$210,980, since last year. The total full cash property value decreased 15%, to \$2,106,589, during the same period.

The Town's budget for fiscal year 2016 totals \$61,754. Expenditures are expected to exceed revenues and other sources by \$3,522. This is attributable to the implementation of the Capital Improvement Plan, where previously accumulated resources are being spent on major infrastructure projects in the Town. Ending fund balances are still expected to be \$18,271 by the end of 2016.

The first year of the five-year Capital Improvement Plan is incorporated into the 2016 capital budget and amounts to \$12,151. Significant projects include the completion of the Sahuarita Road extension, the reconstruction of the Pima Mine Road Bridge, and the Quail Creek park expansion. The Town intends to finance \$8,680 of the 2016 capital budget with grants and contributions from other entities and \$111 with long-term debt proceeds. The remainder of the capital budget will be financed with Town revenues and beginning fund balances.

The Wastewater sewer user fees will be increased by approximately 4% in fiscal year 2016. The fee increases are needed to cover the cost of providing sewer services and, pursuant to loan agreements, to ensure there is sufficient revenue-to-debt service coverage.

All of these factors were considered in preparing the Town's budget for the 2016 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Sahuarita, Arizona's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 375 W. Sahuarita Center Way, Sahuarita, AZ 85629 or by visiting the Town's website at www.sahuaritaaz.gov.



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Basic Financial Statements



Town of Sahuarita, Arizona

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 23,623,362	\$ 100	\$ 23,623,462
Receivables, net of allowances for doubtful accounts	5,072,781	1,080,951	6,153,732
Internal balances	5,270,091	(5,270,091)	-
Prepaid items	122,711	-	122,711
Restricted assets	520,512	2,858,048	3,378,560
Capital assets:			
Land and construction in progress	55,087,610	2,921,588	58,009,198
Other capital assets, net of depreciation	95,346,135	45,344,550	140,690,685
Total capital assets	150,433,745	48,266,138	198,699,883
Total assets	185,043,202	46,935,146	231,978,348
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	157,066	-	157,066
Deferred outflows related to pensions	1,580,403	75,240	1,655,643
Total deferred outflows of resources	1,737,469	75,240	1,812,709
LIABILITIES			
Accrued payroll and benefits	466,932	24,544	491,476
Payables:			
Accounts	3,018,428	362,138	3,380,566
Debt due and payable	425,000	1,458,691	1,883,691
Interest	289,486	464,100	753,586
Contract retention	146,599	2,159	148,758
Deposits	36,797	-	36,797
Unearned revenues	3,150,085	-	3,150,085
Noncurrent liabilities:			
Due within one year	1,992,577	1,541,197	3,533,774
Due in more than one year	32,766,179	22,605,344	55,371,523
Total liabilities	42,292,083	26,458,173	68,750,256
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,114,752	149,070	2,263,822
Total deferred inflows of resources	2,114,752	149,070	2,263,822
NET POSITION			
Net investment in capital assets	124,700,350	23,334,636	148,034,986
Restricted for:			
Court	35,353	-	35,353
Public safety	621,308	-	621,308
Transportation	437,844	-	437,844
Quail Creek CFD	3,290	-	3,290
Debt service	-	2,858,048	2,858,048
Unrestricted	16,575,691	(5,789,541)	10,786,150
Total net position	\$ 142,373,836	\$ 20,403,143	\$ 162,776,979

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

Town of Sahuarita, Arizona

Statement of Activities For the Fiscal Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 5,222,615	\$ 391,278	\$ 129,301	\$ -	\$ (4,702,036)		\$ (4,702,036)
Public safety	6,881,354	1,087,329	183,149	-	(5,610,876)		(5,610,876)
Highways and streets	7,351,674	-	1,819,794	10,899,898	5,368,018		5,368,018
Culture and recreation	2,076,948	133,340	-	-	(1,943,608)		(1,943,608)
Interest and amortization on long-term debt	1,332,284	-	-	-	(1,332,284)		(1,332,284)
Total governmental activities	<u>22,864,875</u>	<u>1,611,947</u>	<u>2,132,244</u>	<u>10,899,898</u>	<u>(8,220,786)</u>		<u>(8,220,786)</u>
Business-type activities:							
Sewer	<u>3,722,561</u>	<u>3,254,711</u>	<u>-</u>	<u>-</u>		<u>\$ (467,850)</u>	<u>(467,850)</u>
Total business-type activities	<u>3,722,561</u>	<u>3,254,711</u>	<u>-</u>	<u>-</u>		<u>(467,850)</u>	<u>(467,850)</u>
Total primary government	<u>\$ 26,587,436</u>	<u>\$ 4,866,658</u>	<u>\$ 2,132,244</u>	<u>\$ 10,899,898</u>	<u>(8,220,786)</u>	<u>(467,850)</u>	<u>(8,688,636)</u>
General revenues:							
Property taxes					354,728	-	354,728
Sales taxes					6,601,243	-	6,601,243
Franchise taxes					316,332	-	316,332
Share of state income tax					3,057,758	-	3,057,758
Share of state sales tax					2,308,388	-	2,308,388
Share of state vehicle license tax					1,006,277	-	1,006,277
Investment earnings (losses)					191,184	-	191,184
Miscellaneous					856,915	1,612	858,527
Transfers					(699,540)	699,540	-
Net general revenues and transfers					<u>13,993,285</u>	<u>701,152</u>	<u>14,694,437</u>
Change in net position					<u>5,772,499</u>	<u>233,302</u>	<u>6,005,801</u>
Net position at beginning of year, as restated					<u>136,601,337</u>	<u>20,169,841</u>	<u>156,771,178</u>
Net position at end of year					<u>\$ 142,373,836</u>	<u>\$ 20,403,143</u>	<u>\$ 162,776,979</u>

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

Town of Sahuarita, Arizona

Balance Sheet Governmental Funds June 30, 2015

	General Fund	Highway User Revenue Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 14,951,858	\$ 470,117	\$ 7,614,340	\$ 587,047	\$ 23,623,362
Receivables, net of allowances for doubtful accounts	950,154	195,736	3,600,043	326,848	5,072,781
Prepaid items	122,711	-	-	-	122,711
Restricted assets	-	-	-	520,512	520,512
Advances to other funds	2,635,046	-	2,635,045	-	5,270,091
Total assets	\$ 18,659,769	\$ 665,853	\$ 13,849,428	\$ 1,434,407	\$ 34,609,457
Liabilities					
Accrued payroll and benefits	\$ 427,786	\$ 26,581	\$ 12,565	\$ -	\$ 466,932
Payables:					
Accounts	499,654	201,428	2,295,939	21,407	3,018,428
Bonds	-	-	-	425,000	425,000
Interest	-	-	-	289,486	289,486
Contract retention	-	-	146,599	-	146,599
Deposits	36,797	-	-	-	36,797
Unearned revenues	211,522	-	2,900,000	38,563	3,150,085
Total liabilities	1,175,759	228,009	5,355,103	774,456	7,533,327
Deferred inflows of resources					
Unavailable revenues	7,195	661	3,401,410	67,442	3,476,708
Total deferred inflows of resources	7,195	661	3,401,410	67,442	3,476,708
Fund balances					
Nonspendable:					
Long-term notes receivable	9,870	-	-	-	9,870
Prepaid items	122,711	-	-	-	122,711
Long-term interfund advances	2,635,046	-	-	-	2,635,046
Restricted:					
Transportation	-	437,183	-	-	437,183
Courts	-	-	-	35,353	35,353
Public safety	-	-	-	557,156	557,156
Committed for stabilization reserves	3,947,700	-	-	-	3,947,700
Assigned:					
Long-term interfund advances	-	-	2,635,045	-	2,635,045
Town Center development	-	-	562,629	-	562,629
Capital projects	-	-	1,895,241	-	1,895,241
Unassigned	10,761,488	-	-	-	10,761,488
Total fund balances	17,476,815	437,183	5,092,915	592,509	23,599,422
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,659,769	\$ 665,853	\$ 13,849,428	\$ 1,434,407	\$ 34,609,457

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

Town of Sahuarita, Arizona
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2015

Total fund balances—governmental funds \$ 23,599,422

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 9,150,798	
Construction in progress	45,936,812	
Buildings and improvements	22,424,718	
Infrastructure	116,330,598	
Vehicles	2,687,852	
Equipment and software	3,491,766	
Accumulated depreciation	<u>(49,588,799)</u>	
Total capital assets		150,433,745

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

Deferred outflows of resources related to pensions		1,580,403
Deferred inflows of resources related to pensions		(2,114,752)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources. 3,476,708

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(10,070,000)	
Loans payable	(15,830,000)	
Unamortized premium on long-term debt	(22,808)	
Unamortized discount on long-term debt	32,347	
Deferred charge on refunding	157,066	
Net pension liability	(7,925,906)	
Compensated absences	<u>(942,389)</u>	
Total noncurrent liabilities		<u>(34,601,690)</u>

Net position of governmental activities \$ 142,373,836

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

Town of Sahuarita, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Highway User Revenue Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,057,011	\$ -	\$ 1,860,564	\$ 354,981	\$ 7,272,556
Licenses and permits	1,110,925	-	1,200	-	1,112,125
Intergovernmental	6,372,424	2,013,163	9,471,393	176,712	18,033,692
Charges for services	805,380	-	-	13,350	818,730
Fines and forfeitures	247,594	-	-	57,903	305,497
Investment earnings (losses)	123,176	2,123	61,687	4,198	191,184
Miscellaneous	46,161	2,177	100,013	800,529	948,880
Total revenues	<u>13,762,671</u>	<u>2,017,463</u>	<u>11,494,857</u>	<u>1,407,673</u>	<u>28,682,664</u>
Expenditures					
Current:					
General government	4,673,967	-	-	115,458	4,789,425
Public safety	6,376,334	-	-	414,593	6,790,927
Highways and streets	-	1,663,442	-	17,342	1,680,784
Culture and recreation	1,404,537	-	-	55,707	1,460,244
Capital outlay	-	-	13,161,400	-	13,161,400
Debt service:					
Principal	-	-	1,015,000	425,000	1,440,000
Interest	-	-	628,862	578,973	1,207,835
Fiscal charges	-	-	1,150	4,000	5,150
Debt issuance costs	-	-	113,190	-	113,190
Total expenditures	<u>12,454,838</u>	<u>1,663,442</u>	<u>14,919,602</u>	<u>1,611,073</u>	<u>30,648,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,307,833</u>	<u>354,021</u>	<u>(3,424,745)</u>	<u>(203,400)</u>	<u>(1,966,291)</u>
Other financing sources (uses)					
Face amount of refunding debt	-	-	8,840,000	-	8,840,000
Payments to refunded debt escrow	-	-	(8,726,810)	-	(8,726,810)
Transfers in	-	-	95,837	22,176	118,013
Transfers out	(721,716)	(95,837)	-	-	(817,553)
Total other financing sources (uses)	<u>(721,716)</u>	<u>(95,837)</u>	<u>209,027</u>	<u>22,176</u>	<u>(586,350)</u>
Net change in fund balances	586,117	258,184	(3,215,718)	(181,224)	(2,552,641)
Fund balance at beginning of year	16,890,698	178,999	8,308,633	773,733	26,152,063
Fund balance at end of year	<u>\$ 17,476,815</u>	<u>\$ 437,183</u>	<u>\$ 5,092,915</u>	<u>\$ 592,509</u>	<u>\$ 23,599,422</u>

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

Town of Sahuarita, Arizona

Reconciliation of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities—Governmental Activities For the Fiscal Year Ended June 30, 2015

Net change in fund balances—governmental funds		\$ (2,552,641)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capitalized expenditures	\$ 12,395,705	
Depreciation expense	<u>(6,906,280)</u>	
Excess of depreciation expense over capitalized expenditures		5,489,425
Some capital additions were acquired during the year without cost to the Town. These assets are not recognized in governmental funds, but in the statement of activities, the fair market values are reported as revenues.		
		104,416
Some revenues reported in the statement of activities do not represent the collection of current financial resources and are not reported as revenues in the governmental funds. Conversely, some revenues reported in the governmental funds are collections of current financial resources that relate to other periods and are not reported as revenues in the statement of activities. These revenues consist of:		
Increase in unavailable deferred inflows of resources		1,135,157
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the Town's report date. Pension expense, which is the change in net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Town pension contributions		911,826
Town proportionate share of State's appropriation to EORP		39,617
Pension expense		<u>(592,339)</u>
The issuance of long term-debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumed the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and discounts when debt is first issued whereas these amounts are amortized in the statement of activities.		
Face amount of refunding debt	\$ (8,840,000)	
Principal balance of refunded debt	8,125,000	
Debt service - principal payments	1,440,000	
Unamortized premium on refunded debt	440,186	
Deferred amount on refunding debt	161,624	
Net amortization of discounts, premiums, and deferred amounts	<u>(6,109)</u>	
Net effect of long-term debt and related items		1,320,701
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Book value on the disposal of capital assets		(23,648)
Increase in compensated absences		<u>(60,015)</u>
Change in net position of governmental activities		<u><u>\$ 5,772,499</u></u>

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

Town of Sahuarita, Arizona
Statement of Revenues, Expenditures,
and Changes in Fund Balance—Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 4,848,100	\$ 4,848,100	\$ 5,057,011	\$ 208,911
Licenses and permits	806,230	806,230	1,110,925	304,695
Intergovernmental	6,326,500	6,326,500	6,372,424	45,924
Charges for services	901,040	901,040	805,380	(95,660)
Fines and forfeitures	275,570	275,570	247,594	(27,976)
Investment earnings	230,410	230,410	123,176	(107,234)
Miscellaneous	50,000	50,000	46,161	(3,839)
Total revenues	<u>13,437,850</u>	<u>13,437,850</u>	<u>13,762,671</u>	<u>324,821</u>
Expenditures				
General government:				
Mayor and Council	120,320	120,320	104,519	15,801
Town Manager	803,360	803,360	710,447	92,913
Law	583,720	583,720	590,094	(6,374)
Town Clerk	492,320	492,320	334,910	157,410
Finance	1,101,550	1,101,550	1,084,833	16,717
Human Resources	247,350	247,350	228,888	18,462
Municipal Court	555,190	555,190	541,036	14,154
Planning and Building-Zoning	560,620	561,868	502,438	59,430
Public Works-Facilities	425,940	425,940	389,247	36,693
Non-Departmental	102,850	122,850	187,555	(64,705)
Total general government	<u>4,993,220</u>	<u>5,014,468</u>	<u>4,673,967</u>	<u>340,501</u>
Public safety:				
Planning and Building-Building Safety	666,570	665,322	608,955	56,367
Public Works-Engineering	419,830	419,830	299,327	120,503
Police	5,828,010	5,808,010	5,468,052	339,958
Total public safety	<u>6,914,410</u>	<u>6,893,162</u>	<u>6,376,334</u>	<u>516,828</u>
Culture and recreation:				
Parks and Recreation	1,491,050	1,491,050	1,404,537	86,513
Total culture and recreation	<u>1,491,050</u>	<u>1,491,050</u>	<u>1,404,537</u>	<u>86,513</u>
Contingency reserves	15,679,050	15,679,050	-	15,679,050
Total expenditures	<u>29,077,730</u>	<u>29,077,730</u>	<u>12,454,838</u>	<u>16,622,892</u>
Excess (deficiency) of revenues over (under) expenditures	(15,639,880)	(15,639,880)	1,307,833	16,947,713
Other financing sources (uses)				
Transfers out	(729,600)	(729,600)	(721,716)	7,884
Total other financing sources (uses)	<u>(729,600)</u>	<u>(729,600)</u>	<u>(721,716)</u>	<u>7,884</u>
Net change in fund balance	(16,369,480)	(16,369,480)	586,117	16,955,597
Fund balance at beginning of year	16,369,480	16,369,480	16,890,698	521,218
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,476,815</u>	<u>\$ 17,476,815</u>

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

Town of Sahuarita, Arizona
Statement of Revenues, Expenditures,
and Changes in Fund Balance—Budget and Actual
Highway User Revenue Fund—Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 2,800,290	\$ 2,800,290	\$ 2,013,163	\$ (787,127)
Investment earnings	2,590	2,590	2,123	(467)
Miscellaneous	-	-	2,177	2,177
Total revenues	<u>2,802,880</u>	<u>2,802,880</u>	<u>2,017,463</u>	<u>(785,417)</u>
Expenditures				
Current:				
Highways and streets	1,778,510	1,778,510	1,663,442	115,068
Contingency reserves	206,260	206,260	-	206,260
Total expenditures	<u>1,984,770</u>	<u>1,984,770</u>	<u>1,663,442</u>	<u>321,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>818,110</u>	<u>818,110</u>	<u>354,021</u>	<u>(464,089)</u>
Other financing sources (uses)				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(95,837)</u>	904,163
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(95,837)</u>	904,163
Net change in fund balance	(181,890)	(181,890)	258,184	440,074
Fund balance at beginning of year	181,890	181,890	178,999	(2,891)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,183</u>	<u>\$ 437,183</u>

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

Town of Sahuarita, Arizona

Statement of Net Position

Proprietary Fund

June 30, 2015

	<u>Wastewater Enterprise Fund</u>
Assets	
Current:	
Cash and cash equivalents	\$ 100
Accounts receivable (net of allowance for doubtful accounts of \$63,204)	1,080,951
Total current	<u>1,081,051</u>
Noncurrent assets:	
Restricted cash and cash equivalents	2,858,048
Capital assets:	
Land	2,640,000
Construction in progress	281,588
Sewage conveyance system	53,648,381
Vehicles and equipment	369,978
Accumulated depreciation	(8,673,809)
Capital assets, net of accumulated depreciation	<u>48,266,138</u>
Total noncurrent assets	<u>51,124,186</u>
Total assets	<u>52,205,237</u>
Deferred outflows of resources	
Deferred outflows related to pensions	75,240
Total deferred outflows of resources	<u>75,240</u>
Liabilities	
Current:	
Accrued payroll and benefits	24,544
Accounts payable	362,138
Contract retention payable	2,159
Interest payable-current	464,100
Loan payable-current	1,458,691
Total current liabilities	<u>2,311,632</u>
Noncurrent liabilities:	
Accrued compensated absences	40,163
Advances from other funds	5,270,091
Net pension liability	633,567
Loan payable	23,472,811
Total noncurrent liabilities	<u>29,416,632</u>
Total liabilities	<u>31,728,264</u>
Deferred inflows of resources	
Deferred inflows related to pensions	149,070
Total deferred inflows of resources	<u>149,070</u>
Net position	
Net investment in capital assets	23,334,636
Restricted for debt service:	
Reserves	2,108,048
Rate Stabilization	750,000
Unrestricted	(5,789,541)
Total net position	<u>\$ 20,403,143</u>

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

Town of Sahuarita, Arizona
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Wastewater Enterprise Fund
Operating revenues	
Charges for services	\$ 3,085,168
Total operating revenues	<u>3,085,168</u>
Operating expenses	
Personnel	632,571
Operating supplies and services	385,079
Utilities	215,701
General and administrative	223,719
Depreciation	1,312,878
Total operating expenses	<u>2,769,948</u>
Operating income	<u>315,220</u>
Nonoperating revenues (expenses)	
Sewer connection fees	169,543
Other	1,612
Interest expense	<u>(952,613)</u>
Total nonoperating revenues (expenses)	<u>(781,458)</u>
Net income before transfers	<u>(466,238)</u>
Transfers in	699,540
Change in net position	233,302
Net position at beginning of year, as restated	20,169,841
Net position at end of year	<u>\$ 20,403,143</u>

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

Town of Sahuarita, Arizona

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2015

	Wastewater Enterprise Fund
	<u> </u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 2,562,986
Payments to suppliers and contractors	(788,988)
Payments to employees	(645,083)
Miscellaneous receipts	1,612
Net cash provided by operating activities	<u>1,130,527</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from interfund loans	1,154,599
Transfers from other funds	699,540
Interest paid to other funds	(25,446)
Net cash provided by noncapital financing activities	<u>1,828,693</u>
Cash Flows From Capital and Related Financing Activities	
Sewer connection fees	169,543
Acquisition and construction of capital assets	(18,984)
Principal payments on capital debt	(1,406,333)
Interest payments on capital debt	(953,346)
Net cash used for capital and related financing activities	<u>(2,209,120)</u>
Net change in cash and cash equivalents	750,100
Cash and cash equivalents at beginning of year	2,108,048
Cash and cash equivalents at end of year	<u>\$ 2,858,148</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 315,220
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,312,878
Other nonoperating revenues	1,612
Changes in assets and liabilities:	
Increase in accounts receivable	(522,182)
Increase in deferred outflows related to pension	(33,940)
Increase in accrued payroll and benefits	21,428
Increase in accounts payable related to operations	35,511
Net cash provided by operating activities	<u>\$ 1,130,527</u>

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Sahuarita, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

For the year ended June 30, 2015, the Town implemented the provisions 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*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

A. Reporting Entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

Blended Component Units

On September 12, 2005, the Town Council approved Resolution No. 2005-86 which ordered and declared the formation of the Quail Creek Community Facilities District, a legally separate entity from the Town. The District encompasses an area of approximately 1,248 acres wholly within the corporate boundaries of the Town. The District was formed as a tax levying public improvement district for the purpose of financing public facilities. The Town Council acts as the District's Board of Directors and the management of the Town has operational responsibility for the District. Accordingly, the District is a blended component unit of the Town and is reported as a special revenue fund in the Town's financial statements. The District does not issue separate financial statements.

On March 24, 2014, the Town Council approved Resolution No. 2014-383 which ordered and declared the formation of the Rancho Sahuarita Community Facilities District, a legally separate entity from the Town. The District encompasses an area of approximately 943 acres wholly within the corporate boundaries of the Town. The District was formed as a tax levying public improvement district for the purpose of financing public facilities. The Town Council acts as the District's Board of Directors and the management of the Town has operational responsibility for the District. Accordingly, the District is a blended component unit of the Town and is reported as a special revenue fund in the Town's financial statements. The District does not issue separate financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements—Provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the Town's governmental and business-type activities and between the Town and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

the Town's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the Town levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—Provide information about the Town's funds, including blended component units. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Revenues, such as user charges, in which each party receives and gives up essentially equal value are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues that ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Highway User Revenue Fund—Special Revenue Fund* accounts for the Town's share of the State's motor fuel tax revenues.

The *Capital Infrastructure Improvement Fund—Capital Projects Fund* accounts for the acquisition, construction, and maintenance of major capital facilities other than those financed by the community facilities districts and the proprietary fund.

The Town reports the following major enterprise fund:

The *Wastewater Enterprise Fund* accounts for the operations and capital acquisition of the Town's sewer system.

C. Basis of Accounting

The government-wide and the proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town's major revenue sources that are susceptible to accrual are taxes, grants submitted for reimbursement, and investment earnings. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt are reported as other financing sources.

D. Property Tax Calendar

The Quail Creek Community Facilities District levies real and personal property taxes on or before the Third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next calendar year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

E. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer in short-term investment pools, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or are restricted. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, Town's or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pools. Investments are stated at fair value.

F. Prepaid Items

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

G. Restricted Assets

Resources set aside for debt service and amounts held by fiduciary are classified as restricted assets on the balance sheet, because they are maintained in separate accounts and their use is limited by applicable debt covenants or enabling legislation.

H. Capital Assets

Capital assets, which include property, plant, equipment, and intangible assets are reported in the applicable governmental activities or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are reported at actual cost or estimated historical cost, if the historical records are not available. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. If material, interest costs on wastewater construction projects are capitalized over a period beginning with project commencement, to when they are substantially complete and ready for use. Other costs for repairs and maintenance are expensed as incurred.

General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements.

Depreciation on the following assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Sewage conveyance system	20 to 50 years
Infrastructure	10 to 20 years
Equipment / Vehicles	4 to 15 years

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

I. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

J. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary statements consists of unpaid, accumulated leave balances. Vacation leave may be accumulated up to a maximum of 240 hours and is payable upon termination of employment. Therefore, the full amount of vacation leave earned is recorded for each employee. In lieu of overtime pay, non-exempt employees may elect to convert overtime hours to compensatory time. Police officers may accumulate up to a maximum of 100 hours and all other employees up to a maximum of 60 hours. This time is payable upon termination of employment and the full amount of hours earned is recorded for each employee. Sick leave liability may be accumulated with no maximum and has been calculated using the vesting method. Leave amounts for employees who are currently eligible to receive termination payments and employees who are expected to become eligible in the future of receiving payments are included. Employees who have become vested are entitled to a payment based on one-third of the total number of sick leave accumulated at the time of separation.

K. Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the governmental activities statement of net position. Discount and premiums are amortized over the life of the bonds using the straight-line method. Debt is reported along with applicable unamortized amounts.

In the fund financial statements, governmental fund types recognize debt premiums, discounts and issuance costs during the current period. The face amount of debt issued, premiums and discounts are reported as other financing sources. Issuance costs are reported as expenditures.

L. Pensions

For purposes of measuring the net pension (asset and) liability, 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.

M. Net Position

In the government-wide and propriety fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories.

N. Fund Balance

Flow assumptions—Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

General policies—In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are either not in spendable form or have a requirement to remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation.

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken by the Town Council to remove or revise the limitation.

Amounts in the *assigned* fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. The Town Council assigns amounts to specific purposes.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Minimum fund balance policy—The Town Council has adopted a financial policy to maintain a minimum level of reserves in the funds. Each fund should maintain a fund balance of at least 25% of its adopted operating budget and 20% of its annual adopted capital outlay budget (adjusted for amounts not subjecting the Town to obligation) for the year. The General Fund and the Capital Infrastructure Improvement Fund minimums shall include any fund balance deficiencies of other funds with respect to the operating and capital outlay budgets, respectively. The reserves are intended to provide fiscal stability when economic downturns and other unexpected events occur.

Stabilization arrangement—In accordance with Sahuarita Town Code §3.20, on June 24, 2013, the Town Council adopted a resolution to establish an amount to maintain in the General Fund's stabilization reserve. The reserve is funded with available (i.e., unrestricted) cash and investments. Other resources may be directed for inclusion in the reserve through the adoption of an ordinance or resolution by the Town Council. Expenditure of the amounts in the stabilization reserve may occur only when specific circumstances exist. The Town Code directs that these resources may only be used to temporarily divest monies to avoid negative cash balances. This situation can only occur when, disbursements would cause unreserved cash balances to fall below \$0. To allow for the withdrawal of the resources, their use must first be approved by the Town Council.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits—At June 30, 2015, the Town had cash on hand of \$2,935. The carrying amount of the Town's cash in bank was \$7,303,145 and the bank balance was \$8,006,819. Of this amount, \$273,968 was insured by the Federal Depository Insurance Corporation (FDIC), \$7,732,851 was collateralized with securities that were held by the Town's custodial bank in the Town's name. Additionally, the Town had deposits of \$43,469 held by Pima County in a fiduciary capacity.

Investments—At June 30, 2015, \$13,935,853 of the Town's investment portfolio consisted of deposits in the State Treasurer's Local Government Investment (LGI) Pools. The pools are not required to register (and are not registered) with the Securities and Exchange Commission under the 1940 Investment Advisors Act. The activity and performance of the pools are reviewed monthly by the State Board of Investment in accordance with Arizona Revised Statutes §35-311. The fair value of investments is measured on a monthly basis. Participant shares are purchased

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

and sold based on the net asset value (NAV) of the shares. The NAV is determined by dividing the fair value of the portfolio by the total shares outstanding. Those shares are not identified with specific investments, are not subject to custodial credit risk, and have no stated interest rate or maturity date. The State Treasurer does not contract with an outside insurer in order to guarantee the value of the portfolio or the price of shares redeemed.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy attempts to mitigate exposure to declines in fair values by specifying that its composite portfolio should be managed to achieve a one year dollar-weighted average maturity. The following table summarizes the Town's interest rate risk based on maturity dates of its deposits and investments as of June 30, 2015.

	Maturities (in Months)			Fair Value	%
	< 6	6 to < 18	18 to 26		
Deposits:					
Cash on hand	\$ 2,935	\$ -	\$ -	\$ 2,935	0.0%
Cash in bank	7,303,145	-	-	7,303,145	27.0%
Cash held by fiduciary	43,469	-	-	43,469	0.2%
Investments:					
Government money market fund	827,789	-	-	827,789	3.1%
State Treasurer's LGI Pool 500	-	-	11,038,781	11,038,781	40.9%
State Treasurer's LGI Pool 700	-	-	2,897,072	2,897,072	10.7%
Corporate bonds	1,020,400	856,955	-	1,877,355	6.9%
Certificates of deposit	2,268,824	742,652	-	3,011,476	11.2%
Total composite portfolio	<u>\$ 11,466,562</u>	<u>\$ 1,599,607</u>	<u>\$ 13,935,853</u>	<u>27,002,022</u>	<u>100.0%</u>
Less:					
Restricted cash and investments				<u>(3,378,560)</u>	
Total non-restricted cash and investments				<u>\$ 23,623,462</u>	

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. With the exception of U.S. Treasury securities, U.S. Agency securities, and authorized investment pools, the Town's investment policy does not allow for more than 30% of the total portfolio to be invested in corporate or municipal obligations. Additionally, no more than 10% may be invested in the corporate or municipal holdings of any one issuer.

Credit Risk. Credit risk is the risk that an issue or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The Town's investment policy minimizes credit risk by limiting investments to a specific list of the safest types of securities. The State Treasurer's LGI Pools 500 and 700 did not receive a credit quality rating from a national rating agency. The securities in LGIP Pool 500 had a weighted average credit rating of AA-2 by Moody's. LGI Pool 700 investments are specifically limited to those securities that carry the full faith and credit of the United States Government, having a weighted average credit rating of AAA by Moody's. The certificates of deposit were entirely insured by the FDIC.

	A+	A	A-	Exempt from Disclosure	Fair Value
Investments:					
Government money market fund	\$ -	\$ -	\$ -	\$ 827,789	\$ 827,789
State Treasurer's LGI Pools	-	-	-	13,935,853	13,935,853
Corporate bonds	711,944	508,761	656,650	-	1,877,355
Certificates of deposit	-	-	-	3,011,476	3,011,476
Total Investments	<u>\$ 711,944</u>	<u>\$ 508,761</u>	<u>\$ 656,650</u>	<u>\$ 17,775,118</u>	<u>\$ 19,652,473</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 3—RESTRICTED ASSETS

At June 30, 2015, restricted assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Deposits:			
Amounts held by fiduciary	\$ 43,469	\$ -	\$ 43,469
Investments:			
Government money market fund	477,043	-	477,043
State Treasurer's LGI Pool 700	-	2,858,048	2,858,048
Total restricted assets	\$ 520,512	\$ 2,858,048	\$ 3,378,560

The government money market funds, which were held in trust, represent property tax collections which are obligated for debt service on the Quail Creek Community Facilities District Series 2006 General Obligation Bonds. The Town's share of State RICO funds were held in a fiduciary capacity by Pima County. The Town's Police Department may only use these funds for public safety purposes.

The State Treasurer's LGI Pool 700 amount represents funds that are reserved for debt service and for rate stabilization in accordance with requirements specified in the WIFA 2008A System Revenues Loan Agreement.

NOTE 4—RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS

Amounts are aggregated into a single receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is the detail of receivables for the governmental funds, including the applicable allowances for doubtful accounts:

	General Fund	HURF Fund	CIIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	\$ 695,991	\$ -	\$ 515,011	\$ 6,246	\$ 1,217,248
Accounts	6,028	680	-	237,447	244,155
Intergovernmental	245,047	195,056	3,243,221	83,155	3,766,479
Notes	9,870	-	-	-	9,870
Gross receivables	956,936	195,736	3,758,232	326,848	5,237,752
Less: Allowance for doubtful accounts	(6,782)	-	(158,189)	-	(164,971)
Net receivables	\$ 950,154	\$ 195,736	\$ 3,600,043	\$ 326,848	\$ 5,072,781

The only receivables not expected to be collected within one year are the \$9,870 notes receivable reported in the General Fund and \$158,189 of tax lien receivables reported in the Capital Infrastructure Improvement Fund.

Town of Sahuarita, Arizona
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,150,798	\$ -	\$ -	\$ 9,150,798
Construction in progress	34,292,781	11,674,950	(30,919)	45,936,812
Total capital assets not being depreciated	<u>43,443,579</u>	<u>11,674,950</u>	<u>(30,919)</u>	<u>55,087,610</u>
Capital assets being depreciated:				
Buildings and improvements	22,201,653	223,065	-	22,424,718
Infrastructure	116,226,182	104,416	-	116,330,598
Vehicles	2,555,291	297,120	(164,559)	2,687,852
Equipment and software	3,319,159	231,489	(58,881)	3,491,767
Total capital assets being depreciated	<u>144,302,285</u>	<u>856,090</u>	<u>(223,440)</u>	<u>144,934,935</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,370,045)	(499,932)	-	(3,869,977)
Infrastructure	(35,310,210)	(5,883,884)	-	(41,194,094)
Vehicles	(1,637,982)	(282,759)	140,911	(1,779,830)
Equipment and software	(2,564,076)	(239,705)	58,882	(2,744,899)
Total accumulated depreciation	<u>(42,882,313)</u>	<u>(6,906,280)</u>	<u>199,793</u>	<u>(49,588,800)</u>
Total capital assets being depreciated, net	<u>101,419,972</u>	<u>(6,050,190)</u>	<u>(23,647)</u>	<u>95,346,135</u>
Governmental activities capital assets, net	<u>\$ 144,863,551</u>	<u>\$ 5,624,760</u>	<u>\$ (54,566)</u>	<u>\$150,433,745</u>
	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ -	\$ 2,640,000
Construction in progress	634,379	281,588	(634,379)	281,588
Total capital assets not being depreciated	<u>3,274,379</u>	<u>281,588</u>	<u>(634,379)</u>	<u>2,921,588</u>
Capital assets being depreciated:				
Sewer conveyance system	53,014,002	634,379	-	53,648,381
Vehicles	337,524	-	-	337,524
Equipment and software	32,454	-	-	32,454
Total capital assets being depreciated	<u>53,383,980</u>	<u>634,379</u>	<u>-</u>	<u>54,018,359</u>
Less accumulated depreciation for:				
Sewer conveyance system	(7,152,466)	(1,273,479)	-	(8,425,945)
Vehicles	(197,488)	(18,671)	-	(216,159)
Equipment and software	(10,977)	(20,728)	-	(31,705)
Total accumulated depreciation	<u>(7,360,931)</u>	<u>(1,312,878)</u>	<u>-</u>	<u>(8,673,809)</u>
Total capital assets being depreciated, net	<u>46,023,049</u>	<u>(678,499)</u>	<u>-</u>	<u>45,344,550</u>
Business-type activities capital assets, net	<u>\$ 49,297,428</u>	<u>\$ (396,911)</u>	<u>\$ (634,379)</u>	<u>\$ 48,266,138</u>

Town of Sahuarita, Arizona
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Depreciation Expense was charged to functions as follows:

Governmental activities:

General government	\$ 589,514
Public safety	306,517
Highways and streets	5,334,161
Culture and recreation	676,088
Total governmental activities depreciation	\$ 6,906,280

Business-type activities:

Sewer	\$ 1,312,878
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NOTE 6—LONG-TERM LIABILITIES

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental Activities					
Quail Creek CFD general obligations bonds	\$ 10,495,000	\$ -	\$ (425,000)	\$ 10,070,000	\$ 450,000
Loans payable	16,130,000	8,840,000	(9,140,000)	15,830,000	1,055,000
Unamortized premiums	463,752	-	(440,944)	22,808	8,868
Unamortized discounts	(34,657)	-	2,310	(32,347)	(2,310)
Net pension liability	9,622,281	226,975	(1,923,350)	7,925,906	-
Compensated absences	882,374	514,179	(454,164)	942,389	481,019
Total governmental activities long-term liabilities	\$ 37,558,750	\$ 9,581,154	\$ (12,381,148)	\$ 34,758,756	\$ 1,992,577

For the governmental activities, compensated absences are generally liquidated in the General Fund.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Business-Type Activities					
Loans payable	\$ 24,931,502	\$ -	\$ (1,458,691)	\$ 23,472,811	\$ 1,512,998
Net pension liability	766,687	-	(133,120)	633,567	-
Compensated absences	35,517	31,271	(26,625)	40,163	28,199
Total business-type activities long-term liabilities	\$ 25,733,706	\$ 31,271	\$ (1,618,436)	\$ 24,146,541	\$ 1,541,197

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

QUAIL CREEK COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION BONDS Governmental Activities

The District's general obligation bonds payable at June 30, 2015 follows. The District issued debt to provide funds for the construction and acquisition of enhanced infrastructure within the District boundaries. Of the total \$30,000,000 originally authorized from the November 8, 2005 bond election, \$17,340,000 has not been issued. Interest is payable semi-annually and is calculated based upon the principal amount of the bonds outstanding during such period. The bonds are payable from the District's property tax revenues through 2030.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2015
Series 2006	\$12,660,000	5.15 - 5.55%	2016 - 2030	\$ 10,070,000

The following schedule provides the debt service requirements to maturity at June 30, 2015.

Year Ending June 30	Principal	Interest
2016	\$ 450,000	\$ 557,085
2017	470,000	533,910
2018	500,000	507,825
2019	525,000	480,075
2020	555,000	450,938
2021-2025	3,275,000	1,756,575
2026-2030	4,295,000	740,925
Total	\$ 10,070,000	\$ 5,027,333

LOANS PAYABLE Governmental Activities

On March 17, 2015, the Town entered into an \$8,840,000 loan (2015 Excise Tax Revenue Refunding Obligation) with an interest rate of 1.98% to advance refund \$8,125,000 of the outstanding 2006A GADA Loan with an average interest rate of 5.0%. The net proceeds of \$8,726,808 (after issuance costs of \$113,190) were used to purchase state and local government securities (SLGS). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 2006A GADA Loan. As a result, the refunded portion of the 2006A GADA Loan is considered to be defeased and the associated liability has been removed from the government-wide statement of net position. The 2015 Refunding Obligation is secured by a pledge of future excise tax revenues. Annual principal and interest payments on the loans are expected to require approximately 17% of revenues pledged. Interest is payable semi-annually and is calculated based upon the principal amount of the loans outstanding during such period.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$8,565,185. This difference, reported in the accompanying financial statements as a deferred charge, is being amortized through fiscal year 2025 using the straight-line method. The Town completed the advance refunding to reduce its total debt service payments over the next 10 years by \$1,000,636 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$965,122.

The Town participated in the Greater Arizona Development Authority's (GADA) bond issuances in March 2006 and June 2009. The Town received loans in exchange for pledged future State-shared revenues and excise tax revenues, which GADA used as security for its bond issuances. The Town will repay \$1,580,000 of principal issued in March 2006 and \$5,410,000 of principal issued in June 2009. Proceeds of the loans provided financing for the construction of municipal complex as well as road projects and North Santa Cruz Park improvements. Annual principal and interest payments on the loans are expected to require approximately 8% of revenues pledged.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Interest is payable semi-annually and is calculated based upon the principal amount of the loans outstanding during such period.

The aforementioned loans are payable from the revenues of the Town's governmental funds through 2029. During that timeframe, total principal and interest to be paid on the loans will be \$21,029,713. During fiscal year ended June 30, 2015, total principal and interest paid was \$1,643,862 and the total revenue subject to pledge was \$14,448,820.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2015</u>
2006A GADA Loan	\$ 16,355,000	5.00%	2016 - 2017	\$ 1,580,000
2009B GADA Loan	6,700,000	4.00 - 5.00%	2016 - 2029	5,410,000
2015 Refunding Obligation	8,840,000	1.98%	2018 - 2025	<u>8,840,000</u>
			Loans payable outstanding	\$ 15,830,000
			Unamortized amounts	<u>(9,539)</u>
			Total loans outstanding	<u>\$ 15,820,461</u>

The following schedule provides the debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,055,000	\$ 914,007
2017	1,105,000	864,107
2018	1,030,000	404,820
2019	1,420,000	376,614
2020	1,455,000	341,120
2021-2025	7,850,000	1,121,795
2026-2029	<u>1,915,000</u>	<u>1,177,250</u>
	<u>\$ 15,830,000</u>	<u>\$ 5,199,713</u>

LOANS PAYABLE Business-type Activities

The Town has two outstanding loan agreements with the Water Infrastructure Finance Authority of Arizona (WIFA), which were used to finance the construction and design of several wastewater treatment plant expansions. Interest is payable semi-annually and is calculated based upon the principal amount of the loans outstanding during such period. Principal and interest payments to maturity are subject to change based upon the total amounts drawn down on the loans. Of the total amount originally authorized through WIFA, \$1,249,348 of the 2008 WIFA Non-System Revenue Loan remains to be borrowed.

For the 2008 WIFA System Revenues Loan, the Town has pledged wastewater system resources, net of specified operating expenses. Annual principal and interest payments on the loan are expected to require 100% of pledged revenues. In the current year, total principal and interest paid, and total pledged resources were \$2,108,048 and \$2,549,253, respectively.

For the 2008 WIFA Non-System Revenues Loan, the Town has pledged wastewater system resources, net of specified operating expenses, and the excess of non-system revenues (i.e. excise taxes) not pledged towards other debt. Annual principal and interest payments on the loan are expected to require less than 5% of pledged resources. In the current year, total principal and interest paid, and total pledged resources were \$278,843 and \$11,161,096, respectively.

Town of Sahuarita, Arizona
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2015</u>
2008 WIFA System Revenues Loan	\$28,350,000	3.723%	2016 - 2028	\$ 21,416,714
2008 WIFA Non-System Revenues Loan	\$4,375,525	3.723%	2016 - 2028	<u>2,056,097</u>
Total Loans Payable				<u><u>\$ 23,472,811</u></u>

The following schedule estimates total debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,512,998	\$ 927,667
2017	1,569,327	871,608
2018	1,627,752	813,463
2019	1,688,354	753,152
2020	1,751,211	690,597
2020-2024	9,442,252	2,319,443
2025-2028	5,880,917	443,227
	<u>\$ 23,472,811</u>	<u>\$ 6,819,157</u>

NOTE 7—CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Town has active construction projects at June 30, 2015. At fiscal year end the Town's commitments with construction contractors and engineering firms were as follows:

Governmental Activities

<u>Project Description</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Sahuarita Road: La Villita to Country Club	\$36,820,670	\$4,647,841
Pima Mine Road Bridge Reconstruction	1,424,494	5,472,640
Quail Creek Veteran's Municipal Park Phase 2	655,299	562,709
Total	<u>\$38,900,463</u>	<u>\$10,683,190</u>

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 232,270
HURF Fund	170,695
QCCFD Fund	10,566
GARS Fund	2,902
CIIF Fund	293,891
Wastewater Fund	122,724
Total	<u>\$ 833,048</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 8—DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES

Governmental funds report deferred inflows of resources for revenues and receivables due, but not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenues for resources that have been received, but not earned, due to unfulfilled requirements to perform a function or service. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable Receipts	Unearned Revenues
<u>General Fund</u>		
Advances received for future services	\$ -	\$ 211,522
Sales tax audit assessment liens	3,917	-
Restitution	3,278	-
Total General Fund	7,195	211,522
 <u>HURF Fund</u>		
Capital grants from the State	142	-
Restitution	519	-
Total HURF Fund	661	-
 <u>CIIF Fund</u>		
Capital grants from private parties	-	2,900,000
Construction sales tax audit assessments liens	158,189	-
Capital grants from Regional Transportation Authority	3,243,221	-
Total CIIF Fund	3,401,410	2,900,000
 <u>Nonmajor Governmental Funds</u>		
Advances received for future services	-	38,563
Operating grants from other governments	64,152	-
Delinquent property taxes	3,290	-
Total Nonmajor Governmental Funds	67,442	38,563
Total for governmental funds	\$ 3,476,708	\$ 3,150,085

NOTE 9—INTERFUND ACTIVITY

Advances from the General and CIIF funds relate to working capital loans made to the Wastewater Fund. No repayment is expected in the subsequent year. Remaining balances will be paid in future years.

Advances from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Wastewater Fund	\$2,635,046
CIIF Fund	Wastewater Fund	<u>2,635,045</u>
Total advances from/to other funds		<u>\$5,270,091</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Transfers out of the General Fund were used to (1) acquire 1,137.46 recharge credits from the Wastewater Fund and (2) to cover fund balance deficits of the QCCFD Fund, a nonmajor governmental fund. Transfers out of the HURF Fund were used to reimburse the CIIF Fund for capital costs incurred on certain transportation projects.

Interfund transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$699,540
General Fund	Nonmajor Governmental Funds	22,176
HURF Fund	CIIF Fund	<u>95,837</u>
Total transfers		<u>\$817,553</u>

NOTE 10—PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the Arizona State Retirement System (ASRS), the Elected Officials Retirement Plan (EORP), and the Public Safety Personnel Retirement System (PSPRS) for police officers. The plans are component units of the State of Arizona.

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

<u>Statement of Net Position & Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liability	\$ 7,925,906	\$ 633,567	\$ 8,559,473
Deferred outflows	2,114,752	149,070	2,263,822
Deferred inflows	1,580,403	75,240	1,655,643
Pension expense	592,339	25,050	617,389

The Town reported accrued payroll and employee benefits of \$39,101 for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the Town reported \$911,826 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System (ASRS)

Plan Description—Town employees not covered by the other pension plans described on the following pages 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); 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 website at www.azasrs.gov.

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

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

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. 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 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for the health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

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

Year Ended June 30,	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 29,220	\$ 5,922
2014	31,381	11,586
2013	33,368	12,320

During the fiscal year ended June 30, 2015, the Town paid for ASRS pension and OPEB contributions as follows: 87 percent from the General Fund, and 13 percent from other major funds.

Pension Liability—At June 30, 2015, the Town reported a liability of \$7,919,591 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 Town's reported liability at June 30, 2015, decreased by \$1,663,998 from the Town's prior year liability of \$9,583,589 because of changes in the ASRS' net pension liability and the Town's proportionate share of that liability.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

The ASRS' publicly available financial report provides details on the change in the net pension liability.

The Town's proportion of the net pension liability was based on the Town's fiscal year 2014 contributions. The Town's proportion measured as of June 30, 2014, was 0.053523 percent, which was a decrease of 0.004125 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 Town recognized pension expense for ASRS of \$313,119. At June 30, 2015, the Town 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
Differences between expected and actual experience	\$ 402,496	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,384,892
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	478,476
Town contributions subsequent to the measurement date	539,326	-
Total	\$ 941,822	\$ 1,863,368

The \$539,326 reported as deferred outflows of resources related to ASRS pensions resulting from Town 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 pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (379,257)
2017	(379,257)
2018	(356,133)
2019	(346,225)

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

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 rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial 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 weighing 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:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Asset Class	Target Allocation	Real Return Arithmetic Basis
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
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 statutes. 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 Town’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate—The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town’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.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town’s proportionate share of the net pension liability	\$ 10,009,956	\$ 7,919,591	\$ 6,785,462

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

Elected Officials Retirement Plan (EORP)

Plan Description – Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The EORP issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on PSPRS’s Web site at www.psprs.com.

Benefits Provided – The EORP 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 yearly compensation, and service credit as follows:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

<u>Retirement and Disability</u>	Initial Membership Date	
	Before July 1, 2012	On or After July 1, 2012
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years and age 65 5 years and any age* Any years and age if disabled	10 years age 62 5 years and age 65 Any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percentage Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10+ years of service 40% with 5 to 10 years of service 20% with <5 years of service	75% with 10+ years of service 37.5% with 5 to 10 years of service 18.75% with <5 years of service
<u>Survivor Benefit</u>		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members	75% of retired member's benefit	50% of retired member's benefit

*With reduced benefits of .25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the Town was required contribute a designated portion of certain court fees and 25.06 percent (23.5 percent for retirement and 1.56 percent for health insurance premium benefit) of active EORP members' annual covered payroll. The Town's contributions to the pension plan for the year ended June 30, 2015 were \$10,438. The Town's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Health Insurance Fund
2015	\$ 693
2014	582
2013	845

During the fiscal year 2015, the Town paid for EORP pension and OPEB contributions entirely from the General Fund.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Pension Liability—At June 30, 2015, the Town reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the Town's proportionate share of the State's appropriation for EORP. The amount the Town recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the EORP net pension liability	\$	435,909
State's proportionate share of the EORP net pension liability associated with the Town		133,654
Total	\$	569,563

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Town's reported liability at June 30, 2015, increased by \$226,975 from the Town's prior year liability of \$208,934 because of changes in the EORP's net pension liability and the Town's proportionate share of that liability. The EORP's publicly available financial report provides details on the change in the net pension liability.

The Town's proportion of the net pension liability was based on fiscal year 2014 employer contributions. The Town's proportion measured as of June 30, 2014, was .0650056 percent, which was unchanged from the prior year.

Pension Expense and Deferred Outflows/Inflows of Resources—For the year ended June 30, 2015, the Town recognized pension expense for EORP of \$168,826 and revenue of \$39,617 for the Town's proportionate share of the State's appropriation to EORP. At June 30, 2015, the Town 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
Differences between expected and actual experience	\$ 1,915	\$ -
Net difference between projected and actual earnings on pension plan investments	-	8,264
Changes of assumptions or other inputs	117,967	-
Town contributions subsequent to the measurement date	10,438	-
Total	\$ 130,320	\$ 8,264

The \$10,438 reported as deferred outflows of resources related to EORP pensions resulting from Town 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 EORP pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2016	\$	66,975
2017		48,776
2018		(2,066)
2019		(2,067)

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	Fair value
Discount rate	5.67%
Projected salary increases	4.25%
Payroll growth	4.0%
Permanent benefit increase, retired ≤July 31, 2011	3.0% of benefit
Permanent benefit increase, retired ≥August 1, 2011	0.5% of benefit
Mortality rates	RP-2000 table scale AA

The long-term expected rate of return on EORP 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	0.07%
Absolute return	4%	0.27%
Risk parity	4%	0.24%
Fixed income	7%	0.33%
Real assets	8%	0.48%
GTAA	10%	0.57%
Private equity	11%	1.05%
Real estate	11%	0.72%
Credit opportunities	13%	1.04%
Non-U.S. equity	14%	1.21%
U.S. equity	16%	1.22%
Total	100%	

Discount Rate—The discount rate used to measure the EORP total pension liability was 5.67 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 26, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Sensitivity of the Town's Proportionate Share of the EORP Net Pension Liability to Changes in the Discount Rate—The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
Town's proportionate share of the net pension liability	\$ 508,888	\$ 435,909	\$ 374,291

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

Public Safety Personnel Retirement System (PSPRS)

Plan Description—Town police employees 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 issues a publicly available financial report that includes their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

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

	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	40
Total	43

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:

Town of Sahuarita, Arizona
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Initial Membership Date	
	Before January 1, 2012	On or After January 1, 2012
<u>Retirement and Disability</u>		
Years of service 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	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percentage 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	
Catastrophic 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	
<u>Survivor Benefit</u>		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

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. In addition, the Town was required by statute to make contributions for retired members who worked for the Town in positions that would typically be filled by an employee who contributes to the PPSRS. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

	Contributions	
	Standard	Alternate
	Rate	Rate
Active Members - Pension	11.05%	-
Town		
Pension	11.29%	18.48%
Health Insurance Premium Benefit	1.02%	1.17%

For the year ended June 30, 2015, the Town's contributions to the pension plan and health insurance premium benefit totaled \$405,102 and \$106,068, respectively. The annual OPEB cost was \$27,064. The contributions were all paid entirely from the General Fund.

Pension Liability—At June 30, 2015, the Town reported a net pension liability of \$203,973. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflected a decrease in the wage growth actuarial assumption 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:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Discount rate	7.85%
Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 table (adjusted +105%)

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.

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:

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%
Total	100%	

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Pension Discount Rates—A discount rate of 7.85% was used to measure the total pension liabilities. The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Agent Plans Net Pension Liability—The following tables present changes in the Town's net pension liability for the PSPRS pension plan as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 6,417,223	\$ 5,820,778	\$ 596,445
Changes for the year:			
Service cost	476,570	-	476,570
Interest on the total pension liability	520,977	-	520,977
Changes of benefit terms	(20,272)	-	(20,272)
Differences between expected and actual experience in the measurement of the pension liability	(129,225)	-	(129,225)
Changes of assumptions or other inputs	202,160	-	202,160
Contributions-employer	-	314,125	(314,125)
Contributions-employee	-	260,111	(260,111)
Net investment income	-	833,960	(833,960)
Benefit payments, including refunds of employee contributions	(37,716)	(37,716)	-
Administrative expenses	-	(6,717)	6,717
Other (net transfer)	-	41,203	(41,203)
Net changes	1,012,494	1,404,966	(392,472)
Balance at June 30, 2015	<u>\$ 7,429,717</u>	<u>\$ 7,225,744</u>	<u>\$ 203,973</u>

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate—The following table presents the Town's net pension liabilities (assets) calculated using the discount rates noted above, as well as what the Town'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 (6.85%)	Current Discount Rate (7.85%)	1% Increase (8.85%)
Town's proportionate share of the net pension liability/(asset)	\$ 1,409,028	\$ 203,973	\$ (781,809)

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

Pension Expense—For the year ended June 30, 2015, the Town recognized a pension expense of \$135,444.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Pension Deferred Outflows/Inflows of Resources—At June 30, 2015, the Town 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
Differences between expected and actual experience	\$ -	\$ 119,410
Net difference between projected and actual earnings on pension plan investments	-	272,780
Changes of assumptions	178,399	-
Town contributions subsequent to the measurement date	405,102	-
Total	\$ 583,501	\$ 392,190

The \$405,102 reported as deferred outflows of resources related to PSPRS pensions resulting from Town 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:

Year Ended June 30,	
2016	\$ (60,966)
2017	(60,966)
2018	(60,966)
2019	(60,966)
2020	8,572
Thereafter	21,501

Agent Plan OPEB Actuarial Assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and 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.

Projections of benefits are based on (1) the plans as understood by the Town 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 Town 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 to establish the fiscal year 2015 contribution requirements are as follows:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for underfunded 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	4.5% - 8.5%
Wage growth	4.5%

Agent Plan OPEB Trend Information—The table on the following page presents the annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2015	\$ 27,064	392%	\$ -
2014	26,371	100%	-
2013	23,061	100%	-

Agent Plan OPEB Funded Status—The funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2014 is as follows:

Actuarial value of assets (a)	\$ 218,180
Actuarial accrued liability (b)	297,184
Unfunded actuarial accrued liability (b) - (a)	79,004
Annual covered payroll	\$ 2,590,256
Unfunded actuarial accrued liability as a percentage of covered payroll	3.05%

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:

OPEB Funded Status

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for underfunded accrued liability, open for excess
Remaining amortization period	22 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	4.0% - 8.0%
Wage growth	4.0%

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 11—RISK MANAGEMENT

The Town of Sahuarita, 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 Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool (AMRRP), of which the Town is a participating member. The limit for the basic coverage is for \$2 million per occurrence on a claims-made basis. Excess coverage is for an additional \$10 million per occurrence on a follow form, claims-made basis. Losses have not exceeded these coverage limits in any of the past three years.

The AMRRP 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 member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town is insured by Arizona Municipal Workers Compensation Pool for potential worker-related accidents. The Town is responsible for paying a premium on an experience-rating formula that allocates pool expenditures and liabilities among its members.

NOTE 12—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditure Limitation

On or before the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. The law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

B. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget to the Town Council for the fiscal year commencing the following July 1. The Town Council holds public hearings and a final budget must be prepared and adopted on or before the third Monday in August.

The appropriated budget establishes the legal level of budgetary control. It is prepared by fund and department for the General Fund and by fund and function for other funds. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations from funds, contingency reserves, or between departments require the approval of the Town Council.

Encumbrance accounting is employed in all funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

C. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following General Fund departments and functions of other funds:

<u>General Fund</u>	
Department of Law	\$ 6,374
Non-departmental	64,705
<u>CIIF Fund</u>	
Debt issuance costs	\$ 113,190
<u>QCCFD Fund</u>	
General government function	\$ 95
<u>GARS Fund</u>	
Culture and recreation function	\$ 6,050

These negative budget variances were funded from other positive expenditure variances in the same fund.

NOTE 13—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	Total
Beginning net position as previously reported at June 30, 2014	\$ 145,420,696	\$ 20,895,228	\$ 166,315,924
Prior period adjustment-Implementation of GASB 68:			
Net pension liability (measurement date 2013)	(9,622,281)	(766,687)	(10,388,968)
Deferred outflows of resources related to pensions-Town contributions made subsequent to the 2013 measurement date, fiscal year 2014 contributions	802,922	41,300	844,222
Total prior period adjustment	(8,819,359)	(725,387)	(9,544,746)
Net position as restated, July 1, 2014	\$ 136,601,337	\$ 20,169,841	\$ 156,771,178

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required Supplementary Information Other Than MD&A



Town of Sahuarita, Arizona

Schedule of Town's Proportionate Share of Net Pension Liability and Contributions Arizona State Retirement System Cost-Sharing Defined Benefit Plan Last 10 Years

Reporting fiscal year ending June 30, (Measurement Date)	2015 (2014)	2014-2006 (2013-2005)
<u>Net pension liability</u>		
Proportion of the collective net pension liability	0.053523%	Information
Proportionate share of the collective net pension liability	\$ 7,919,591	Not Available
Covered-employee payroll	\$ 4,206,647	
Proportionate share of the collective net pension liability as a percentage of the covered-employee payroll	188.26%	
Pension plan's fiduciary net position as a percentage of the total pension liability	69.49%	
<u>Contributions</u>		
Required employer contributions	\$ 539,326	
Actual employer contributions	<u>539,326</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll	\$ 4,206,647	
Actual contribution as a percentage of covered-employee payroll	12.82%	

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Town's Proportionate Share of Net Pension Liability and Contributions Elected Officials Retirement Plan Cost-Sharing Defined Benefit Plan Last 10 Years

Reporting fiscal year ending June 30, (Measurement Date)	2015 (2014)	2014-2006 (2013-2005)
<u>Net pension liability</u>		
Proportion of the collective net pension liability	0.0650056%	Information
Proportionate share of the collective net pension liability	\$ 435,909	Not Available
Covered-employee payroll	\$ 46,800	
Proportionate share of the collective net pension liability as a percentage of the covered-employee payroll	931.43%	
Pension plan's fiduciary net position as a percentage of the total pension liability	31.91%	
<u>Contributions</u>		
Required employer contributions	\$ 13,851	
Actual employer contributions	<u>13,851</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll	\$ 46,800	
Actual contribution as a percentage of covered-employee payroll	29.60%	

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Net Pension Liability, Contributions, and Related Ratios Public Safety Personnel Retirement System Agent Defined Benefit Plan Last 10 Years

Reporting fiscal year ending June 30, (Measurement date)	2015 (2014)	2014-2006 (2013-2005)
<u>Total Pension Liability</u>		
Service cost	\$ 476,570	Information
Interest on the total pension liability	520,977	Not Available
Benefit changes	(20,272)	
Difference between expected and actual experience	(129,225)	
Assumptions changes	202,160	
Benefit payments, including refunds of employee contributions	<u>(37,716)</u>	
Net Change in total pension liability	1,012,494	
Total pension liability-beginning	<u>6,417,223</u>	
Total pension liability-ending (a)	<u>\$ 7,429,717</u>	
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 314,125	
Employee contributions	260,111	
Pension plan net investment income	833,960	
Benefit payments, including refunds of employee contributions	(37,716)	
Administrative expenses	(6,717)	
Other (net transfer)	<u>41,203</u>	
Net Change in Plan Fiduciary Net Position	1,404,966	
Plan Fiduciary Net Position-Beginning	<u>5,820,778</u>	
Plan Fiduciary Net Position-Ending (b)	<u>\$ 7,225,744</u>	
Net Pension Liability/(Asset)-Ending (a) - (b)	\$ 203,973	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.25%	
Covered Valuation Payroll	\$ 2,590,252	
Net Pension Liability as a Percentage of Covered Valuation Payroll	7.87%	
<u>Contributions</u>		
Required employer contributions	\$ 302,731	
Actual employer contributions	<u>401,102</u>	
Contribution deficiency (excess)	<u>\$ (98,371)</u>	
Covered-employee payroll	\$ 2,590,252	
Actual contribution as a percentage of covered-employee payroll	15.49%	

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona
 Schedule of Agent OPEB Plan's Funding Progress
 Public Safety Personnel Retirement System (PSPRS)
 Last 3 Years

Other Post Employment Benefit (Health Insurance Premium Benefit)

Actuarial Valuation Date June 30	Actuarial Valuation Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Percent Funded	Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
2012	\$ -	\$ 229,564	\$ 229,564	0.00%	\$ 2,350,231	9.77%
2013	-	241,829	241,829	0.00%	2,489,096	9.72%
2014	218,180	297,184	79,004	73.42%	2,590,256	3.05%

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

NOTE 1—ACTUARIALY 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 Level	Level 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 was decreased from 8.0% to 7.85%
Projected Salary Increases	In the 2013 actuarial valuation, projected salary increases were 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 of 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)

NOTE 2—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.

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Combining Statements and Other Schedules



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Quail Creek Community Facilities District— accounts for the District's secondary property tax revenues, and costs for operations and maintenance, acquisition, and construction of major capital facilities within the District's boundaries.

Rancho Sahuarita Community Facilities District—accounts for accounts for the District's secondary property tax revenues, and costs for operations and maintenance, acquisition, and construction of major capital facilities within the District's boundaries.

Grants and Restricted Sources (GARS) Fund—accounts for revenues and other sources with purpose restrictions that are not accounted for in other funds.

Town of Sahuarita, Arizona

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Quail Creek CFD Fund	Rancho Sahuarita CFD Fund	GARS Fund	
Assets				
Cash and investments	\$ 358	\$ 29,348	\$ 557,341	\$ 587,047
Receivables	243,693	-	83,155	326,848
Restricted assets	477,044	-	43,468	520,512
Total assets	\$ 721,095	\$ 29,348	\$ 683,964	\$ 1,434,407
Liabilities				
Payables:				
Accounts	\$ 3,319	\$ 95	\$ 17,993	\$ 21,407
Bonds	425,000	-	-	425,000
Interest	289,486	-	-	289,486
Unearned revenues	-	29,253	9,310	38,563
Total liabilities	717,805	29,348	27,303	774,456
Deferred inflows of resources				
Unavailable revenues	3,290	-	64,152	67,442
Total deferred inflows of resources	3,290	-	64,152	67,442
Fund balances				
Restricted for Court			35,353	35,353
Restricted for public safety	-	-	557,156	557,156
Total fund balances	-	-	592,509	592,509
Total liabilities, deferred inflows of resources, and fund balances	\$ 721,095	\$ 29,348	\$ 683,964	\$ 1,434,407

Town of Sahuarita, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Quail Creek CFD Fund	Rancho Sahuarita CFD Fund	GARS Fund	
Revenues				
Taxes	\$ 354,981	\$ -	\$ -	\$ 354,981
Intergovernmental	-	-	176,712	176,712
Charges for services	-	-	13,350	13,350
Fines and forfeitures	-	-	57,903	57,903
Investment earnings	(16)	203	4,011	4,198
Miscellaneous	683,926	548	116,055	800,529
Total revenues	1,038,891	751	368,031	1,407,673
Expenditures				
Current:				
General government	95	751	114,612	115,458
Public safety	-	-	414,593	414,593
Highways and streets	17,342	-	-	17,342
Culture and recreation	35,657	-	20,050	55,707
Debt service:				
Principal	425,000	-	-	425,000
Interest	578,973	-	-	578,973
Fiscal charges	4,000	-	-	4,000
Total expenditures	1,061,067	751	549,255	1,611,073
Excess (deficiency) of revenues over (under) expenditures	(22,176)	-	(181,224)	(203,400)
Other financing sources (uses)				
Transfers in	22,176	-	-	22,176
Total other financing sources (uses)	22,176	-	-	22,176
Net change in fund balances	-	-	(181,224)	(181,224)
Fund balance at beginning of year	-	-	773,733	773,733
Fund balance at end of year	\$ -	\$ -	\$ 592,509	\$ 592,509

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Capital Infrastructure Improvement Fund—Capital Projects Fund For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,024,280	\$ 2,024,280	\$ 1,860,564	\$ (163,716)
Licenses and permits	-	-	1,200	1,200
Intergovernmental	13,216,390	13,216,390	9,471,393	(3,744,997)
Investment earnings	113,880	113,880	61,687	(52,193)
Miscellaneous	2,000,000	2,000,000	100,013	(1,899,987)
Total revenues	<u>17,354,550</u>	<u>17,354,550</u>	<u>11,494,857</u>	<u>(5,859,693)</u>
Expenditures				
Capital outlay:				
General government	805,310	805,310	555,672	249,638
Public safety	460,000	460,000	440,258	19,742
Highways and streets	17,712,410	17,712,410	10,864,690	6,847,720
Culture and recreation	1,828,250	1,828,250	1,300,780	527,470
Total capital outlay	<u>20,805,970</u>	<u>20,805,970</u>	<u>13,161,400</u>	<u>7,644,570</u>
Debt service:				
Principal	1,015,000	1,015,000	1,015,000	-
Interest	781,430	781,430	628,862	152,568
Fiscal charges	5,000	5,000	1,150	3,850
Debt issuance costs	-	-	113,190	(113,190)
Total debt service	<u>1,801,430</u>	<u>1,801,430</u>	<u>1,758,202</u>	<u>43,228</u>
Contingency reserves	5,800,470	5,800,470	-	5,800,470
Total expenditures	<u>28,407,870</u>	<u>28,407,870</u>	<u>14,919,602</u>	<u>13,488,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,053,320)</u>	<u>(11,053,320)</u>	<u>(3,424,745)</u>	<u>7,628,575</u>
Other financing sources (uses)				
Face amount of refunding debt	-	-	8,840,000	8,840,000
Payments to refunded debt escrow	-	-	(8,726,810)	(8,726,810)
Transfers in	1,000,000	1,000,000	95,837	(904,163)
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>209,027</u>	<u>(790,973)</u>
Net change in fund balance	(10,053,320)	(10,053,320)	(3,215,718)	6,837,602
Fund balance at beginning of year	10,053,320	10,053,320	8,308,633	(1,744,687)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,092,915</u>	<u>\$ 5,092,915</u>

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Quail Creek Community Facilities District—Special Revenue Fund For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 345,860	\$ 345,860	\$ 354,981	\$ 9,121
Investment earnings (losses)	(430)	(430)	(16)	414
Miscellaneous	690,370	690,370	683,926	(6,444)
Total revenues	<u>1,035,800</u>	<u>1,035,800</u>	<u>1,038,891</u>	<u>3,091</u>
Expenditures				
Current:				
General government	-	-	95	(95)
Highways and streets	18,320	18,320	17,342	978
Culture and recreation	39,060	39,060	35,657	3,403
Total current	<u>57,380</u>	<u>57,380</u>	<u>53,094</u>	<u>4,286</u>
Debt service:				
Principal	425,000	425,000	425,000	-
Interest	578,980	578,980	578,973	7
Fiscal charges	4,500	4,500	4,000	500
Total debt service	<u>1,008,480</u>	<u>1,008,480</u>	<u>1,007,973</u>	<u>507</u>
Total expenditures	<u>1,065,860</u>	<u>1,065,860</u>	<u>1,061,067</u>	<u>4,793</u>
Excess (deficiency) of revenues over (under) expenditures	(30,060)	(30,060)	(22,176)	7,884
Other financing sources (uses)				
Transfers in	30,060	30,060	22,176	(7,884)
Total other financing sources (uses)	<u>30,060</u>	<u>30,060</u>	<u>22,176</u>	<u>(7,884)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Rancho Sahuarita Community Facilities District—Special Revenue Fund For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings (losses)	-	-	203	203
Miscellaneous	-	29,690	548	(29,142)
Total revenues	<u>-</u>	<u>29,690</u>	<u>751</u>	<u>(28,939)</u>
Expenditures				
Current:				
General government	-	29,690	751	28,939
Total current	<u>-</u>	<u>29,690</u>	<u>751</u>	<u>28,939</u>
Capital outlay:				
General government	-	6,873,600	-	6,873,600
Total capital outlay	<u>-</u>	<u>6,873,600</u>	<u>-</u>	<u>6,873,600</u>
Debt service:				
Debt issuance costs	-	286,400	-	286,400
Total debt service	<u>-</u>	<u>286,400</u>	<u>-</u>	<u>286,400</u>
Total expenditures	<u>-</u>	<u>7,189,690</u>	<u>751</u>	<u>7,188,939</u>
Excess (deficiency) of revenues over (under) expenditures	-	(7,160,000)	-	7,160,000
Other financing sources				
Face amount of long-term debt	-	7,160,000	-	(7,160,000)
Total other financing sources	<u>-</u>	<u>7,160,000</u>	<u>-</u>	<u>(7,160,000)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Grants and Restricted Sources Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 726,460	\$ 726,460	\$ 176,712	\$ (549,748)
Charges for services	15,000	15,000	13,350	(1,650)
Fines and forfeitures	120,520	120,520	57,903	(62,617)
Investment earnings	7,440	7,440	4,011	(3,429)
Miscellaneous	21,000	113,100	116,055	2,955
Total revenues	<u>890,420</u>	<u>982,520</u>	<u>368,031</u>	<u>(614,489)</u>
Expenditures				
Current:				
General government	-	120,100	114,612	5,488
Public safety	1,254,180	1,254,180	414,593	839,587
Culture and recreation	14,000	14,000	20,050	(6,050)
Contingency reserves	332,330	304,330	-	304,330
Total expenditures	<u>1,600,510</u>	<u>1,692,610</u>	<u>549,255</u>	<u>1,143,355</u>
Excess (deficiency) of revenues over (under) expenditures	(710,090)	(710,090)	(181,224)	528,866
Fund balance at beginning of year	<u>710,090</u>	<u>710,090</u>	<u>773,733</u>	<u>63,643</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,509</u>	<u>\$ 592,509</u>



STATISTICAL SECTION

This section of the Town of Sahuarita's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain trend information to help the reader assess the Town's most significant local revenue source, the sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

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

Town of Sahuarita, Arizona

Net Position by Component

Last 10 Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013	2014	2015**
Governmental activities										
Net investment in capital assets	\$42,605,152	\$57,823,346	\$69,548,343	\$70,498,019	\$92,638,327	\$96,700,769	\$96,269,746	\$106,716,456	\$117,809,456	\$124,700,350
Restricted	1,859,614	3,172,002	1,966,475	412,108	440,452	521,782	822,200	1,004,816	1,054,409	1,097,795
Unrestricted	25,519,754	30,387,388	29,551,602	31,814,628	29,134,562	27,649,185	28,107,883	27,969,865	26,556,831	16,575,691
Total governmental activities net assets	<u>\$69,984,520</u>	<u>\$91,382,736</u>	<u>\$101,066,420</u>	<u>\$102,724,755</u>	<u>\$122,213,341</u>	<u>\$124,871,736</u>	<u>\$125,199,829</u>	<u>\$135,691,137</u>	<u>\$145,420,696</u>	<u>\$142,373,836</u>
Business-type activities										
Net investment in capital assets	\$14,882,157	\$17,842,537	\$21,961,024	\$21,469,386	\$22,472,627	\$23,029,268	\$23,100,686	\$23,016,012	\$22,959,593	\$23,334,636
Restricted	-	-	-	421,610	843,219	1,264,829	1,686,448	2,108,048	2,108,048	2,858,048
Unrestricted	3,578,089	2,182,440	(4,419,912)	(4,593,310)	(2,436,656)	(4,601,737)	(4,252,577)	(4,709,397)	(4,172,413)	(5,789,541)
Total business-type activities net assets	<u>\$18,460,246</u>	<u>\$20,024,977</u>	<u>\$17,541,112</u>	<u>\$17,297,686</u>	<u>\$20,879,190</u>	<u>\$19,692,360</u>	<u>\$20,534,557</u>	<u>\$20,414,663</u>	<u>\$20,895,228</u>	<u>\$20,403,143</u>
Primary government										
Net investment in capital assets	\$57,487,309	\$75,665,883	\$91,509,367	\$91,967,405	\$115,110,954	\$119,730,037	\$119,370,432	\$129,732,468	\$140,769,049	\$148,034,986
Restricted	1,859,614	3,172,002	1,966,475	833,718	1,283,671	1,786,611	2,508,648	3,112,864	3,162,457	3,955,843
Unrestricted	29,097,843	32,569,828	25,131,690	27,221,318	26,697,906	23,047,448	23,855,306	23,260,468	22,384,418	10,786,150
Total primary government net assets	<u>\$88,444,766</u>	<u>\$111,407,713</u>	<u>\$118,607,532</u>	<u>\$120,022,441</u>	<u>\$143,092,531</u>	<u>\$144,564,096</u>	<u>\$145,734,386</u>	<u>\$156,105,800</u>	<u>\$166,315,924</u>	<u>\$162,776,979</u>

* Due to the implementation of GASB 63 & GASB 65, the reported balance of the net position of the governmental activities has been restated for FY 2006 - 2012.

** Due to implementation of GASB 68 the reported balance of net position at the beginning of the year has been restated.

Town of Sahuarita, Arizona

Changes in Net Position

Last 10 Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013	2014	2015**
Expenses										
Governmental activities:										
General government	\$ 2,466,153	\$ 2,831,755	\$ 4,214,983	\$ 4,478,612	\$ 4,339,260	\$ 4,244,787	\$ 4,127,397	\$ 4,510,041	\$ 4,678,867	\$ 5,222,615
Public safety	3,759,876	4,860,754	6,619,502	6,887,246	6,536,511	6,658,482	6,428,351	6,585,275	6,586,449	6,881,354
Highways and streets	3,068,447	4,022,588	3,766,718	4,824,811	5,214,597	6,760,320	7,400,954	7,225,326	7,224,948	7,351,674
Culture and recreation	994,690	1,417,683	1,423,812	1,545,515	1,851,245	1,830,300	1,971,790	2,023,125	2,277,660	2,076,948
Interest, amortization and issuance costs of long-term debt	1,244,743	1,411,575	1,509,529	1,456,509	1,632,328	1,547,519	1,498,452	1,445,431	1,388,415	1,332,284
Total governmental activities expenses	11,533,909	14,544,355	17,534,544	19,192,693	19,573,941	21,041,408	21,426,944	21,789,198	22,156,339	22,864,875
Business-type activities:										
Sewer	938,508	1,448,679	2,732,117	3,053,431	3,122,804	3,072,970	3,563,460	3,675,890	3,523,158	3,722,561
Total business-type activities expenses	938,508	1,448,679	2,732,117	3,053,431	3,122,804	3,072,970	3,563,460	3,675,890	3,523,158	3,722,561
Total primary government expenses	\$ 12,472,417	\$ 15,993,034	\$ 20,266,661	\$ 22,246,124	\$ 22,696,745	\$ 24,114,378	\$ 24,990,404	\$ 25,465,088	\$ 25,679,497	\$ 26,587,436
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 454,551	\$ 358,390	\$ 335,242	\$ 471,217	\$ 342,413	\$ 455,865	\$ 348,701	\$ 378,578	\$ 424,426	\$ 391,278
Public safety	4,610,610	2,402,734	3,334,354	2,189,179	1,683,220	1,066,204	1,294,328	1,315,158	947,254	1,087,329
Highways and streets	756,603	1,147,993	-	-	-	-	-	-	-	-
Culture and recreation	89,006	228,698	119,869	139,735	140,422	153,157	103,665	99,350	90,545	133,340
Operating grants and contributions	567,124	1,313,449	1,488,296	1,470,809	1,374,028	1,722,145	2,135,292	2,142,958	2,079,460	2,132,244
Capital grants and contributions	11,153,602	9,732,575	5,241,479	1,977,750	23,193,692	9,251,463	4,856,818	13,759,635	14,274,634	10,899,898
Total governmental activities program revenues	17,631,496	15,183,839	10,519,240	6,248,690	26,733,775	12,648,834	8,738,804	17,695,679	17,816,319	14,644,089
Business-type activities										
Charges for services:										
Sewer	3,685,219	1,694,198	2,444,392	2,706,310	2,903,252	2,637,032	4,409,305	3,524,391	3,349,567	3,254,711
Operating grants and contributions	-	-	35,000	-	-	-	-	-	-	-
Capital grants and contributions	1,862,041	1,159,888	1,371,202	-	3,809,800	416,636	-	-	-	-
Total business-type activities program revenues	5,547,260	2,854,086	3,850,594	2,706,310	6,713,052	3,053,668	4,409,305	3,524,391	3,349,567	3,254,711
Total primary government program revenues	\$ 23,178,756	\$ 18,037,925	\$ 14,369,834	\$ 8,955,000	\$ 33,446,827	\$ 15,702,502	\$ 13,148,109	\$ 21,220,070	\$ 21,165,886	\$ 17,898,800
Net (Expenses)/Revenues										
Governmental activities	\$ 6,097,587	\$ 639,484	\$ (7,015,304)	\$ (12,944,003)	\$ 7,159,834	\$ (8,392,574)	\$ (12,688,140)	\$ (4,093,519)	\$ (4,340,020)	\$ (8,220,786)
Business-type activities	4,608,752	1,405,407	1,118,477	(347,121)	3,590,248	(19,302)	845,845	(151,499)	(173,591)	(467,850)
Total primary government (expense)/revenue	\$ 10,706,339	\$ 2,044,891	\$ (5,896,827)	\$ (13,291,124)	\$ 10,750,082	\$ (8,411,876)	\$ (11,842,295)	\$ (4,245,018)	\$ (4,513,611)	\$ (8,688,636)

(continued)

Town of Sahuarita, Arizona

Changes in Net Position

Last 10 Fiscal Years

(accrual basis of accounting)

(Unaudited)

(concluded)

	Fiscal Year									
	<u>2006*</u>	<u>2007*</u>	<u>2008*</u>	<u>2009*</u>	<u>2010*</u>	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ -	\$ -	\$ 114,727	\$ 247,864	\$ 272,396	291,464	289,751	289,408	299,920	354,728
Sales taxes	10,235,568	14,269,688	10,538,648	8,787,580	7,074,851	6,456,154	6,279,865	7,487,481	6,916,291	6,601,243
Franchise taxes	159,133	221,911	273,894	293,812	302,295	308,900	313,653	310,304	303,598	316,332
Share of state income taxes	339,435	1,588,364	1,968,813	2,068,932	1,806,256	1,361,686	2,131,878	2,580,152	2,815,436	3,057,758
Share of state sales taxes	427,558	1,329,702	1,285,736	1,113,089	1,026,662	1,144,921	1,973,746	2,067,495	2,198,614	2,308,388
Share of state vehicle license tax	198,166	612,957	617,476	588,042	550,098	544,747	911,007	925,392	962,878	1,006,277
Grants and contributions not restricted to specific programs	14,069	39,504	136,047	122,154	108,854	-	-	-	-	-
Investment earnings	1,217,013	2,666,866	1,702,153	593,201	330,383	232,639	337,457	59,754	368,272	191,184
Miscellaneous	19,076	29,740	61,494	787,664	856,957	852,403	778,876	864,841	897,650	856,915
Transfers	-	-	-	-	-	(141,945)	-	-	(693,080)	(699,540)
Total governmental activities	12,610,018	20,758,732	16,698,988	14,602,338	12,328,752	11,050,969	13,016,233	14,584,827	14,069,579	13,993,285
Business-type activities										
Investment earnings (losses)	117,861	159,324	68,299	(1,083)	(8,744)	(21,574)	(45,978)	(16,707)	(41,352)	-
Miscellaneous	-	-	-	104,778	-	442	42,330	48,312	2,428	1,612
Extraordinary or special items	-	-	(3,670,641)	-	-	(1,288,341)	-	-	-	-
Transfers	-	-	-	-	-	141,945	-	-	693,080	699,540
Total business-type activities	117,861	159,324	(3,602,342)	103,695	(8,744)	(1,167,528)	(3,648)	31,605	654,156	701,152
Total primary government	\$ 12,727,879	\$ 20,918,056	\$ 13,096,646	\$ 14,706,033	\$ 12,320,008	\$ 9,883,441	\$ 13,012,585	\$ 14,616,432	\$ 14,723,735	\$ 14,694,437
Change in Net Position										
Governmental activities	\$ 18,707,605	\$ 21,398,216	\$ 9,683,684	\$ 1,658,335	\$ 19,488,586	\$ 2,658,395	\$ 328,093	\$ 10,491,308	\$ 9,729,559	\$ 5,772,499
Business-type activities	4,726,613	1,564,731	(2,483,865)	(243,426)	3,581,504	(1,186,830)	842,197	(119,894)	480,565	233,302
Total primary government	\$ 23,434,218	\$ 22,962,947	\$ 7,199,819	\$ 1,414,909	\$ 23,070,090	\$ 1,471,565	\$ 1,170,290	\$ 10,371,414	\$ 10,210,124	\$ 6,005,801

* Due to the implementation of GASB 63 & GASB 65, the expense reported in the governmental activities for the amortization of debt issuance costs has been restated for FY 2006 - 2012.

Town of Sahuarita, Arizona

Fund Balances-Governmental Funds

Last 10 Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Non-spendable					\$ 69,839	\$ 149,885	\$ 2,225,140	\$ 2,043,561	\$ 1,702,265	\$ 2,767,627
Restricted					50,000	101,450	166,658	137,294	-	-
Committed					-	3,865,030	-	3,772,040	3,810,700	3,947,700
Unassigned					15,102,726	9,325,017	12,154,613	10,123,613	11,377,733	10,761,488
Reserved	\$ 4,841	\$ 18,516	\$ 71,021	\$ 87,789						
Unreserved	10,580,349	11,565,100	12,816,510	15,492,359						
Total general fund	<u>\$ 10,585,190</u>	<u>\$ 11,583,616</u>	<u>\$ 12,887,531</u>	<u>\$ 15,580,148</u>	<u>\$ 15,222,565</u>	<u>\$ 13,441,382</u>	<u>\$ 14,546,411</u>	<u>\$ 16,076,508</u>	<u>\$ 16,890,698</u>	<u>\$ 17,476,815</u>
All Other Governmental Funds										
Non-spendable					\$ 1,698	\$ 1,822	\$ 2,017,562	\$ 2,545,717	\$ 2,545,717	\$ -
Restricted					390,452	420,332	654,018	822,403	952,732	1,029,692
Committed					-	4,065,020	-	-	-	-
Assigned					13,823,584	5,176,598	9,387,325	10,068,691	5,762,916	5,092,915
Unassigned					(3,392)	(46,656)	(402,000)	-	-	-
Reserved	\$ -	\$ 19,921	\$ -	\$ -						
Unreserved, reported in:										
Special revenue funds	43,611,968	30,510,232	20,305,049	19,038,460						
Total all other governmental funds	<u>\$ 43,611,968</u>	<u>\$ 30,530,153</u>	<u>\$ 20,305,049</u>	<u>\$ 19,038,460</u>	<u>\$ 14,212,342</u>	<u>\$ 9,617,116</u>	<u>\$ 11,656,905</u>	<u>\$ 13,436,811</u>	<u>\$ 9,261,365</u>	<u>\$ 6,122,607</u>
Total governmental funds	<u>\$ 54,197,158</u>	<u>\$ 42,113,769</u>	<u>\$ 33,192,580</u>	<u>\$ 34,618,608</u>	<u>\$ 29,434,907</u>	<u>\$ 23,058,498</u>	<u>\$ 26,203,316</u>	<u>\$ 29,513,319</u>	<u>\$ 26,152,063</u>	<u>\$ 23,599,422</u>

Note: GASB Statement No. 54, implemented in fiscal year 2010, changed the way fund balances are classified.

Town of Sahuarita, Arizona
Changes in Fund Balances-Governmental Funds
Last 10 Fiscal Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 10,394,701	\$ 14,491,599	\$ 10,598,868	\$ 9,314,734	\$ 7,673,943	\$ 7,055,647	\$ 6,884,758	\$ 8,082,127	\$ 7,522,856	\$ 7,272,556
Licenses and permits	4,554,751	2,526,177	2,901,993	1,989,607	1,622,262	801,119	1,034,299	1,202,273	779,759	1,112,125
Intergovernmental	3,074,710	9,620,753	8,064,243	6,522,683	11,003,718	7,137,531	13,405,385	24,324,397	15,007,062	18,033,692
Charges for services	1,067,117	1,493,634	686,951	1,115,383	1,148,856	1,080,804	997,209	941,508	885,253	818,730
Fines and forfeitures	288,902	261,099	490,311	276,177	274,666	456,552	541,803	398,853	437,903	305,497
Investment earnings	1,217,013	2,666,866	1,702,153	593,201	330,383	232,639	337,457	59,754	368,272	191,184
Miscellaneous	38,726	55,640	144,634	818,057	856,957	852,159	877,867	883,130	903,525	948,880
Total revenues	20,635,920	31,115,768	24,589,153	20,629,842	22,910,785	17,616,451	24,078,778	35,892,042	25,904,630	28,682,664
Expenditures										
General government	2,361,647	2,923,903	3,894,607	4,473,469	4,059,896	4,172,960	4,157,867	4,225,983	4,251,121	4,789,425
Public safety	3,738,076	4,842,011	6,574,466	6,782,108	6,235,440	6,569,662	6,368,664	6,344,200	6,298,986	6,790,927
Highways and streets	1,617,933	2,163,076	1,326,740	1,485,275	1,437,544	1,520,360	1,357,869	1,636,412	1,752,307	1,680,784
Culture and recreation	950,657	1,400,893	1,577,739	1,373,622	1,299,302	1,200,861	1,304,619	1,327,626	1,308,499	1,460,244
Capital outlay	5,403,428	29,877,948	18,027,511	9,341,870	12,452,537	7,577,113	4,934,050	16,244,947	12,156,038	13,161,400
Debt service:										
Principal	945,000	540,000	560,000	905,000	940,000	1,225,000	1,275,000	1,320,000	1,380,000	1,440,000
Interest	313,139	1,450,876	1,383,521	1,361,120	1,661,354	1,578,890	1,529,366	1,477,721	1,420,705	1,207,835
Fiscal charges	-	450	165,758	12,287	8,413	6,069	6,525	5,150	5,150	5,150
Debt issuance costs	944,853	-	-	122,853	-	-	-	-	-	113,190
Total expenditures	16,274,733	43,199,157	33,510,342	25,857,604	28,094,486	23,850,915	20,933,960	32,582,039	28,572,806	30,648,955
Excess (deficiency) of revenues over (under) expenditures	4,361,187	(12,083,389)	(8,921,189)	(5,227,762)	(5,183,701)	(6,234,464)	3,144,818	3,310,003	(2,668,176)	(1,966,291)
Other Financing Sources (Uses)										
Face amount of long-term debt	29,015,000	-	-	6,700,000	-	-	-	-	-	8,840,000
Payments to refunded debt escrow	-	-	-	-	-	-	-	-	-	(8,726,810)
Premium (discount) on long-term debt	795,003	-	-	(46,210)	-	-	-	-	-	-
Transfers in	-	4,243,775	764,271	4,410,695	5,278,279	1,236,694	1,983,609	5,345,638	3,316,838	118,013
Transfers out	-	(4,243,775)	(764,271)	(4,410,695)	(5,278,279)	(1,378,639)	(1,983,609)	(5,345,638)	(4,009,918)	(817,553)
Net other financing sources (uses)	29,810,003	-	-	6,653,790	-	(141,945)	-	-	(693,080)	(586,350)
Net change in fund balances	\$ 34,171,190	\$ (12,083,389)	\$ (8,921,189)	\$ 1,426,028	\$ (5,183,701)	\$ (6,376,409)	\$ 3,144,818	\$ 3,310,003	\$ (3,361,256)	\$ (2,552,641)
Debt service as a percentage of noncapital expenditures	20.5%	15.6%	13.2%	14.4%	16.0%	16.5%	16.8%	16.2%	16.1%	15.2%

Town of Sahuarita, Arizona

Assessed Value and Estimated Actual Value of Taxable Property Last 10 Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2006	\$ 53,565,123	\$ 36,220,043	\$ 3,597,453	\$ 86,187,713	-	\$ 736,220,036	11.71%
2007	81,972,340	41,760,620	3,962,981	119,769,979	-	1,050,888,456	11.40%
2008	118,173,166	62,517,972	7,634,366	173,056,772	\$3.3000	1,532,658,040	11.29%
2009	148,700,798	84,678,032	10,168,906	223,209,924	3.3000	2,031,634,065	10.99%
2010	166,456,657	70,391,863	10,593,259	226,255,261	3.3000	2,054,854,859	11.01%
2011	146,628,703	73,994,871	8,561,345	212,062,229	3.3000	1,950,872,685	10.87%
2012	141,186,905	76,413,857	11,316,951	206,283,811	3.3000	1,916,657,695	10.76%
2013	131,800,379	79,509,552	11,186,883	200,123,048	3.3000	1,856,862,178	10.78%
2014	146,509,080	63,231,794	19,036,647	190,704,227	3.3000	1,827,449,930	10.44%
2015	147,350,240	61,851,496	18,932,866	190,268,870	3.3000	1,824,773,549	10.43%

Source: The Arizona Department of Revenue or Pima County *Abstract of the Assessment Roll* for the applicable year.

Town of Sahuarita, Arizona

Direct and Overlapping Property Tax Rates

Last 10 Fiscal Years

(rate per \$100 of assessed value)

(Unaudited)

TAXING JURISDICTION	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Direct Rates										
Town of Sahuarita-primary	-	-	-	-	-	-	-	-	-	-
Town of Sahuarita-debt service	-	-	-	-	-	-	-	-	-	-
Quail Creek CFD-operations & maintenance	-	-	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
Quail Creek CFD-debt service	-	-	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Rancho Sahuarita CFD-operations & maintenance	-	-	-	-	-	-	-	-	-	-
Rancho Sahuarita-debt service	-	-	-	-	-	-	-	-	-	-
Total Direct Rate	-	-	\$3.3000							
Overlapping Rates										
State of Arizona Education Assistance	\$0.4358	-	-	-	\$0.3306	\$0.3306	\$0.4259	\$0.4717	\$0.5123	\$0.5089
Pima County	5.2228	\$4.5570	\$4.2870	\$3.9963	4.0233	4.0633	4.1978	4.1978	4.4465	4.9779
Pima County Flood Control District	0.3746	0.3746	0.3446	0.2935	0.2935	0.2635	0.2635	0.2635	0.2635	0.3035
Pima County Community College District	1.3114	1.2515	1.1845	1.1355	1.0770	1.0848	1.1093	1.1741	1.2933	1.3344
Pima County Free Library District	0.2575	0.3675	0.3975	0.3393	0.2643	0.3100	0.3460	0.3460	0.3753	0.4353
Central Arizona Water Conservation District	0.1200	0.1200	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1400	0.1400
Green Valley Fire District	1.7500	1.7500	1.8000	1.9000	1.9000	1.9000	1.9000	2.0400	2.2100	2.2800
Fire District Assistance	0.0420	0.0415	0.0383	0.0411	0.0406	0.0032	0.0418	0.0447	0.0456	0.0472
Sahuarita Unified School District #30	8.1495	7.7345	6.1807	5.9176	5.4230	6.5753	5.4067	5.5183	6.6341	7.2885
Continental School District #39	2.1532	2.0682	1.8970	1.7343	1.6122	1.6945	2.0258	1.5729	1.7027	2.6146
Joint Technological Education District	-	-	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500

Source: The Pima County Assessor's Office and the Pima County Treasurer's Office.

Town of Sahuarita, Arizona

Property Tax Levies and Collections

Fiscal Years 2008 - 2015

(Unaudited)

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended	Tax Levy	Collections in Levy Year	%	Collections in Subsequent Years	Total Collections	%
2008	\$ 114,727	\$ 114,481	99.8%	\$ 246	\$ 114,727	100.0%
2009	247,864	247,047	99.7%	817	247,864	100.0%
2010	272,396	269,593	99.0%	2,803	272,396	100.0%
2011	291,464	288,401	98.9%	3,063	291,464	100.0%
2012	276,730	275,207	99.4%	994	276,201	99.8%
2013	289,408	282,819	97.7%	6,066	288,885	99.8%
2014	299,920	295,971	98.7%	3,492	299,463	99.8%
2015	354,729	352,949	99.5%	-	352,949	99.5%

Note: The Quail Creek Community Facilities District levied its first property tax in 2008.

Source: Town Finance Department.

Town of Sahuarita, Arizona

Sales Tax Collections by Industry Group

Last 10 Fiscal Years

(Unaudited)

Industry	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Communications and utilities	\$ 374,911	\$ 503,490	\$ 623,014	\$ 672,962	\$ 746,139	\$ 737,133	\$ 765,632	\$ 770,052	\$ 800,476	\$ 808,461
Construction	5,176,146	6,974,504	5,915,352	4,343,733	2,768,921	1,748,413	1,627,666	2,733,333	1,910,680	1,144,381
Manufacturing	82,671	191,822	238,468	198,564	255,246	379,474	248,127	207,854	216,527	260,282
Wholesale trade	12,718	9,304	18,686	16,339	23,427	24,112	26,111	23,728	19,069	20,814
Retail trade	3,541,871	5,218,071	2,931,619	2,812,337	2,577,503	2,803,117	2,855,447	2,933,239	3,085,336	3,444,176
Finance and insurance	3,038	935	2,778	3,083	5,143	3,954	3,730	5,997	30,971	25,589
Real estate, rental and leasing	695,618	1,040,549	439,015	309,294	224,851	259,381	247,630	267,564	282,915	326,081
Restaurant and bar	151,380	195,258	231,411	266,846	274,886	315,297	299,601	295,327	327,043	365,677
Services	67,091	100,345	108,068	88,551	73,273	70,586	57,841	61,450	73,430	86,165
Other	130,124	35,412	30,237	75,871	125,462	114,687	148,078	188,937	169,844	119,617
Total	\$ 10,235,568	\$ 14,269,690	\$ 10,538,648	\$ 8,787,580	\$ 7,074,851	\$ 6,456,154	\$ 6,279,863	\$ 7,487,481	\$ 6,916,291	\$ 6,601,243
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: The Arizona Department of Revenue's *City Sales Journals*.

Town of Sahuarita, Arizona

Direct and Overlapping Sales Tax Rates

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Town Direct Rates				Regional Transportation Authority
	General	Construction Contracting	Transient Lodging	State	
2006	2.00%	4.00%	4.00%	5.60%	N/A
2007	2.00%	4.00%	4.00%	5.60%	0.50%
2008	2.00%	4.00%	4.00%	5.60%	0.50%
2009	2.00%	4.00%	4.00%	5.60%	0.50%
2010	2.00%	4.00%	4.00%	6.60%	0.50%
2011	2.00%	4.00%	4.00%	6.60%	0.50%
2012	2.00%	4.00%	4.00%	6.60%	0.50%
2013	2.00%	4.00%	4.00%	5.60%	0.50%
2014	2.00%	4.00%	4.00%	5.60%	0.50%
2015	2.00%	4.00%	4.00%	5.60%	0.50%

Source: Town Code and Town Finance Department.

Town of Sahuarita, Arizona

Principal Sales Tax Remitters

Fiscal Years 2015 and 2006

(Unaudited)

Tax Remitter ¹	Fiscal Year 2015			Fiscal Year 2006		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 1,026,260	1	15.55%	\$ 746,160	4	7.29%
Business B	615,658	2	9.33%	1,945,307	1	19.01%
Business C	327,928	3	4.97%	307,927	8	3.01%
Business D	321,575	4	4.87%	-		
Business E	318,724	5	4.83%	130,515	10	1.28%
Business F	282,067	6	4.27%	330,123	6	3.23%
Business G	240,792	7	3.65%	309,353	7	3.02%
Business H	176,749	8	2.68%	394,594	5	3.86%
Business I	175,773	9	2.66%			
Business J	159,800	10	2.42%			
Business K				1,768,619	2	17.28%
Business L				246,279	9	2.41%
Business M				760,346	3	7.43%
	<u>\$ 3,645,326</u>		<u>55.23%</u>	<u>\$ 6,939,223</u>		<u>67.82%</u>

¹ The Arizona Department of Revenue, the Town's tax collector, restricts the disclosure, printing, or publishing of any State return, or return information there from.

Source: The Arizona Department of Revenue's *City Sales Journals*.

Town of Sahuarita, Arizona

Monthly Sewer User Rates

Last 10 Fiscal Years

(Unaudited)

Wastewater Flow Contribution Rate (per ccf) User Classification

Fiscal Year	Average Household Bill	Admin Service Charge	Economy of Scale Factor	User Classification																
				General	3C	3K	3N	4E	4G	4H	5A	5C	5F	5G	5I	5J	5K	5L	5M	5S
2006	\$10.94	\$2.96	1.000	\$1.140	\$2.394	\$1.243	\$1.243	\$1.368	\$2.314	\$2.645	\$1.357	\$2.298	\$1.151	\$1.560	\$1.208	\$4.993	\$2.656	\$1.425	\$2.713	\$1.402
2007	\$12.02	\$3.76	1.000	\$1.180	\$2.478	\$1.286	\$1.286	\$1.416	\$2.395	\$2.738	\$1.404	\$2.379	\$1.192	\$1.614	\$1.251	\$5.168	\$2.749	\$1.475	\$2.808	\$1.451
2008	\$16.83	\$5.72	1.129	\$1.406	\$2.953	\$1.533	\$1.533	\$1.687	\$2.854	\$3.262	\$1.673	\$2.834	\$1.420	\$1.923	\$1.490	\$6.158	\$3.276	\$1.758	\$3.346	\$1.729
2009	\$20.72	\$5.72	1.524	\$1.406	\$2.953	\$1.533	\$1.533	\$1.687	\$2.854	\$3.262	\$1.673	\$2.362	\$1.420	\$1.603	\$1.490	\$5.104	\$3.276	\$1.758	\$3.346	\$1.729
2010	\$31.48	\$9.82	1.000	\$3.094	\$6.497	\$3.372	\$3.372	\$3.713	\$6.281	\$7.178	\$7.178	\$7.178	\$7.178	\$7.178	\$7.178	\$11.231	\$7.178	\$7.178	\$7.178	\$7.178
2011	\$34.28	\$10.46	1.000	\$3.403	\$7.146	\$3.709	\$3.709	\$4.084	\$6.908	\$7.895	\$4.050	\$2.362	\$3.437	\$1.603	\$3.607	\$12.353	\$7.929	\$4.254	\$8.099	\$4.186
2012	\$37.50	\$11.14	1.000	\$3.744	\$7.862	\$4.081	\$4.081	\$4.493	\$7.600	\$8.686	\$4.455	\$6.801	\$3.781	\$1.603	\$3.969	\$13.591	\$8.724	\$4.680	\$8.911	\$4.605
2013	\$40.69	\$12.35	1.000	\$4.048	\$8.501	\$4.412	\$4.412	\$4.858	\$8.217	\$9.391	\$4.817	\$6.801	\$4.088	\$1.603	\$4.291	\$14.694	\$9.432	\$5.060	\$9.634	\$4.979
2014	\$44.34	\$13.30	1.000	\$4.434	\$9.311	\$4.833	\$4.833	\$5.321	\$9.001	\$10.287	\$5.276	\$6.801	\$4.478	\$1.603	\$4.700	\$16.095	\$10.331	\$5.543	\$10.553	\$5.454
2015	\$46.10	\$13.83	1.000	\$4.610	\$9.681	\$5.025	\$5.025	\$5.532	\$9.358	\$10.695	\$5.486	\$6.801	\$4.656	\$1.603	\$4.887	\$16.734	\$10.741	\$5.763	\$10.972	\$5.670

Application: Each user of the system has monthly billings calculated as **Administrative Service Charge + (Economy of Scale Factor x User Classification x Water Flow)**

Source: Town of Sahuarita Ordinances.

Town of Sahuarita, Arizona

Ratios of Outstanding Debt by Type

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	QC CFD GO Bonds	2006A GADA Loan	2009 GADA Loan	2015 Refunding Obligation	2008A WIFA Loans	2008B WIFA Loans			
2006	\$ 12,660,000	\$ 16,191,753	\$ -		\$ -	\$ -	\$ 28,851,753	7.14%	\$2,062
2007	12,660,000	15,612,003	-		-	-	28,272,003	5.04%	1,553
2008	12,660,000	15,012,253	-		4,500,660	-	32,172,913	4.86%	1,578
2009	12,340,000	14,387,503	6,653,790		25,779,195	-	59,160,488	7.59%	2,612
2010	12,005,000	14,405,255	6,656,101		27,297,422	1,980,062	62,343,840	7.18%	2,468
2011	11,655,000	13,073,002	6,413,411		26,225,657	2,200,888	59,567,958	6.55%	2,316
2012	11,285,000	12,378,252	6,165,722		25,073,245	2,477,454	57,379,673	6.02%	2,186
2013	10,900,000	11,658,502	5,913,032		23,898,673	2,356,789	54,726,996	5.52%	2,044
2014	10,495,000	10,908,752	5,650,343		22,680,372	2,251,130	51,985,597	5.01%	1,892
2015	10,070,000	1,602,808	5,377,653	8,840,000	21,416,714	2,056,097	49,363,272	4.51%	1,763

Town of Sahuarita, Arizona

Ratios of General Bonded Debt Outstanding

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Quail Creek CFD¹ General Obligation Bonds	Percentage of Actual Taxable Value of District Property	Estimated Per Capita Amount in District
2006	\$12,660,000	1980%	-
2007	12,660,000	819%	\$468,889
2008	12,660,000	364%	319,697
2009	12,340,000	164%	64,071
2010	12,005,000	145%	45,064
2011	11,655,000	132%	34,441
2012	11,285,000	128%	27,258
2013	10,900,000	124%	21,550
2014	10,495,000	115%	18,335
2015	10,070,000	94%	15,627

¹ The Quail Creek Community Facilities District, a legally separate entity, is a special taxing district whose debt was approved by the voters of the District.

Town of Sahuarita, Arizona
 Direct and Overlapping Governmental Activities Debt
 June 30, 2015
 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Pima County	\$ 391,298,000	2.51%	\$ 9,821,580
Pima County Community College	1,355,000	2.51%	34,011
Sahuarita Unified School District	38,215,000	41.3%	15,782,795
Continental School District	15,145,000	15.1%	2,286,895
Green Valley Fire District	7,070,000	29.4%	2,078,580
Subtotal, overlapping debt	<u>\$ 453,083,000</u>		<u>30,003,861</u>
Town direct debt-governmental activities			<u>27,054,095</u>
Total direct and overlapping debt			<u>\$ 57,057,956</u>

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the Town's boundaries and dividing it by the unit's total taxable assessed value.

Source: The applicable jurisdiction's finance/administration department or the Arizona Department of Revenue.

Town of Sahuarita, Arizona

Legal Debt Margin Information

Last 10 Fiscal Years

(Unaudited)

Legal Debt Margin Calculation for 2015

Assessed Value	\$ 190,268,870
Debt Limit:	
6% of assessed value ¹	11,416,132
20% of assessed value ²	38,053,774
Total debt limit	49,469,906
Debt applicable to limit:	
General obligation bonds ³	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 49,469,906

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit:	\$ 15,221,991	\$ 31,140,195	\$ 44,994,761	\$ 58,034,580	\$ 58,826,368	\$ 55,136,180	\$ 53,633,791	\$ 52,031,993	\$ 49,583,099	\$ 49,469,906
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 15,221,991	\$ 31,140,195	\$ 44,994,761	\$ 58,034,580	\$ 58,826,368	\$ 55,136,180	\$ 53,633,791	\$ 52,031,993	\$ 49,583,099	\$ 49,469,906
Total net debt applicable to the limit as a percentage of debt limit.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

¹ Under Arizona law, municipalities can issue general obligation bonds for general municipal purposes up to an amount not exceeding 6% of assessed valuation.

² Under Arizona law, municipalities can issue additional general obligation bonds for supplying specific services, such as water, sewer, lighting, parks and recreational facilities, and transportation, up to an amount not exceeding 20% of assessed valuation.

³ The Quail Creek Community Facilities District, a legally separate entity, is a special taxing district whose debt was approved by the voters of the District. The District's general obligation debt does not count towards the Town's legal debt limit.

Town of Sahuarita, Arizona

Pledged Revenue Coverage

Governmental Activities

Last 10 Fiscal Years

(Unaudited)

2006A & 2009B GADA Loans

Fiscal Year	Pledged Revenues				Debt Service			Coverage Ratio	Required Ratio
	State Shared Revenues		Excise Tax Revenues	Total Revenues	Principal	Interest	Total Debt Service ¹		
	State Sales Taxes	Urban Revenue Sharing							
2006	\$ 427,558	\$ 339,435	\$ 16,222,657	\$ 16,989,650	\$ 945,000	\$ 313,139	\$ 1,258,139	13.50	2.00
2007	1,329,702	1,588,364	18,752,745	21,670,811	540,000	718,775	1,258,775	17.22	2.00
2008	1,285,736	1,968,813	14,322,376	17,576,925	560,000	697,175	1,257,175	13.98	2.00
2009	1,113,089	2,068,932	12,422,228	15,604,249	585,000	674,775	1,259,775	12.39	2.00
2010	1,026,662	1,806,256	10,430,564	13,263,482	605,000	990,607	1,595,607	8.31	2.00
2011	1,144,921	1,361,686	8,918,029	11,424,636	875,000	924,313	1,799,313	6.35	2.00
2012	1,973,746	2,131,878	8,845,717	12,951,341	905,000	891,763	1,796,763	7.21	2.00
2013	2,067,495	2,580,152	10,192,501	14,840,148	935,000	858,063	1,793,063	8.28	2.00
2014	2,198,614	2,815,436	8,777,491	13,791,541	975,000	820,875	1,795,875	7.68	2.00
2015	2,308,388	3,057,758	9,082,674	14,448,820	1,015,000	578,297	1,593,297	9.07	2.00

2015 Excise Tax Refunding Obligation

Fiscal Year	Pledged Resources (net of other pledges)		Debt Service			Coverage Ratio	Required Ratio
	Excise Tax Excess Revenues	Total Revenues	Principal	Interest	Total Debt Service		
2015	\$ 11,262,226	\$ 11,262,226	\$ -	\$ 50,565	\$ 50,565	222.73	2.00

¹ Figure represents the actual past payments pursuant to amortization schedule. The highest combined interest and principal requirements for any succeeding fiscal year of these debt obligations is \$1,969,107, which occurs in fiscal year 2017.

Town of Sahuarita, Arizona

Pledged Revenue Coverage

Business-Type Activities

Last 10 Fiscal Years

(Unaudited)

2008A WIFA Loan

Fiscal Year	Pledged Resources				Debt Service			Coverage Ratio	Required Ratio
	Wastewater System Revenues	Wastewater O&M Expenses	Other Sources ¹	Total Sources Available for Coverage	Principal	Interest	Total Debt Service		
2009	\$ 2,810,005	\$ (2,056,785)	\$ -	\$ 753,220	\$ -	\$ 350,217	\$ 350,217	2.15	1.20
2010	2,894,508	(1,316,434)	-	1,578,074	1,052,577	1,055,471	2,108,048	0.75	1.20
2011	2,615,900	(1,164,986)	-	1,450,914	1,091,765	1,016,283	2,108,048	0.69	1.20
2012	4,405,657	(1,326,539)	-	3,079,118	1,132,412	975,636	2,108,048	1.46	1.20
2013	3,555,996	(1,194,730)	-	2,361,266	1,174,571	933,477	2,108,048	1.12	1.20
2014	3,310,643	(1,223,472)	-	2,087,171	1,218,301	889,747	2,108,048	0.99	1.20
2015	3,256,323	(1,457,070)	750,000	2,549,253	1,263,658	844,390	2,108,048	1.21	1.20

2008B WIFA Loan

Fiscal Year	Pledged Resources (net of other above)			Debt Service			Coverage Ratio	Required Ratio
	WW System Revenues Excess	Excise Tax Revenues Excess	Total Revenues	Principal	Interest	Total Debt Service		
2010	\$ -	\$ 10,072,268	\$ 10,072,268	\$ 162,454	\$ 33,835	\$ 196,289	51.31	2.00
2011	-	7,826,010	7,826,010	168,503	78,049	246,552	31.74	2.00
2012	549,460	9,357,815	9,907,275	174,776	83,889	258,665	38.30	2.00
2013	-	11,254,022	11,254,022	181,283	93,364	274,647	40.98	2.00
2014	-	10,568,098	10,568,098	188,032	89,277	277,309	38.11	2.00
2015	-	11,161,096	11,161,096	195,033	83,810	278,843	40.03	2.00

¹ Revised. Includes rate stabilization fund which was established by loan agreement amendment, effective on March 13, 2015.

Town of Sahuarita, Arizona

Demographic and Economic Statistics

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
2006	13,990	\$ 404,227	\$ 28,894	4.3%
2007	18,199	560,766	30,813	3.5%
2008	20,393	662,161	32,470	4.8%
2009	22,650	779,477	34,414	7.0%
2010	25,259	868,632	34,389	8.7%
2011	25,722	909,813	35,371	9.1%
2012	26,244	953,576	36,335	7.7%
2013	26,772	991,394	37,031	6.3%
2014	27,476	1,037,631	37,765	6.9%
2015	28,006	1,095,203	39,106	5.9%

Sources: Population data obtained from the Town's Planning & Building Department, except for year 2005 which was obtained from the Arizona Department of Economic Security, and 2010 which was obtained from the US Census Bureau.

Per capita personal income data was derived from *Arizona's Economy*, Eller College of Management, the University of Arizona, Economic Forecast for the Tucson Metropolitan Statistical Area.

Unemployment data obtained from *Arizona's Economy*, Eller College of Management, the University of Arizona, for the Tucson Metropolitan Statistical Area.

Town of Sahuarita, Arizona

Principal Employers

2015 and 2006

(Unaudited)

Employer ¹	2015		2006	
	Employees	Percentage of Total Town Employment	Employees	Percentage of Total Town Employment
Sahuarita Unified School District	768	24.16%	465	25.25%
Walmart	382	12.02%	360	19.55%
Farmers Investment Company	258	8.12%	225	12.22%
Fry's	207	6.51%	-	-
Town of Sahuarita	137	4.31%	126	6.84%
Safeway	115	3.62%	120	6.52%
Jim Click Ford	62	1.95%	53	2.88%
Ashley's Furniture	36	1.13%	-	-
Pub22	35	1.10%	-	-
Ross Dress for Less	35	1.10%	-	-
Climax Engineered Materials	30	0.94%	71	3.85%
Bashas	-	-	85	4.61%
Total	2,065	64.96%	1,505	81.72%

¹ Excludes homebuilders not based in the Town.

Source: Town Manager's Department-Economic Development Division survey of local businesses.

Town of Sahuarita, Arizona
 Full-time Equivalent Town Government Employees
 Last 10 Fiscal Years
 (Unaudited)

<u>Function/Department</u>	Full-time Equivalent Employees as of June 30									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Town Manager	5.0	8.0	10.0	7.0	8.0	7.0	6.3	6.3	5.0	6.0
Town Clerk	4.0	3.0	3.0	3.0	3.0	3.5	3.4	3.4	5.0	5.0
Finance	5.0	6.0	7.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Human Resources	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning & Zoning	4.0	4.0	5.0	5.0	4.6	4.6	5.0	5.2	5.4	5.0
Public Works-Facilities	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal Court	6.0	8.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Law	1.0	2.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
General Government Total	25.0	31.0	37.5	38.0	38.6	38.1	37.7	37.9	38.4	39.0
Public Safety										
Building Safety	18.8	20.0	15.0	12.0	10.8	7.0	6.0	6.0	6.0	7.0
Public Works-Engineering	-	-	5.0	3.9	3.9	3.8	3.2	3.5	3.5	3.5
Police Dept	34.0	42.0	46.0	51.0	55.2	52.4	50.5	51.0	50.0	51.0
Public Safety Total	52.8	62.0	66.0	66.9	69.9	63.2	59.7	60.5	59.5	61.5
Culture & Recreation										
Parks & Recreation	16.0	19.6	18.6	16.8	15.1	15.1	15.1	15.1	14.7	14.7
Highways & Streets										
Public Works	10.0	10.0	-	-	-	-	-	-	-	-
Streets	2.4	8.0	13.0	13.6	14.5	15.1	13.5	14.0	14.0	12.7
Highways & Streets Total	12.4	18.0	13.0	13.6	14.5	15.1	13.5	14.0	14.0	12.7
Sewer										
Wastewater Utility	3.6	6.0	9.0	9.5	8.2	8.2	8.0	7.3	7.3	6.9
Total	109.8	136.6	144.1	144.8	146.3	139.7	134.0	134.8	133.9	134.8

Source: Town Finance Department.

Town of Sahuarita, Arizona

Operating Indicators Last 10 Fiscal Years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Building Safety										
Building permits-single family residential	1,614	719	790	563	454	185	247	267	169	206
Building permits-other	805	739	618	902	440	559	528	592	686	701
Police										
Citations	2,232	1,662	2,287	1,897	1,836	1,674	1,432	2,099	2,717	1,792
Other contacts/call-outs	5,860	7,809	7,137	7,823	7,633	7,746	7,933	8,380	8,258	8,111
Human Resources										
Number of job openings	77	75	54	23	16	6	14	21	20	22
Number of applicants	945	982	905	780	344	219	564	741	611	1,027
Turnover rate	20%	15%	19%	12%	9%	7%	7%	9%	12%	11%
Municipal Court										
Hearings/Court sessions ¹	9,566	8,345	9,528	10,574	11,012	11,096	9,596	11,090	12,007	10,304
Public Works										
Street resurfacing (<i>miles</i>)	7.5	12.3	6.1	4.0	6.9	19.7	19.7	17.8	18.0	18.0
Potholes repaired	108	98	136	162	211	196	196	225	172	122
Parks and Recreation										
Number of recreation programs offered							37.0	42.0	55.0	47.0
Ave. # of daily program participants							35.9	40.9	51.0	78.3
Ave. # of daily total park participation/visitation							527.6	634.1	793.5	642.8
Ave. # of daily facility rentals							1.1	1.2	1.0	0.4
Athletic field users	12,322	10,227	13,910	57,650	75,314	130,192				
Athletic field permits issued	30	21	24	119	128	170				
Recreation program participants	5,909	20,281	18,446	17,204	12,403	13,429				
Ramada rentals	79	124	112	133	170	164				
Special event attendance	4,590	8,105	11,024	16,917	18,375	17,531				
Recreation center rentals	38	77	32	34	23	61				
Wastewater										
Effluent credits (<i>acre feet</i>)				540.63	762.06	1,284.62	1,630.67	2,238.69	2,759.60	3,526.58
<i>General Fund portion</i>				(0)	(0)	(0)	(0)	(0)	(1,192.89)	(2,207.73)
Average daily sewage treatment (<i>thousands of gallons</i>)	408.1	446.2	556.5	586.3	674.2	804.1	807.3	760.0	765.0	755.0

¹ Includes bench/jury trials, review, status conferences, arraignments, pretrial conferences, evidentiary motions, hearings, sentencing, and probation. These are scheduled hearings that may or may not have been held, but these cases were individually processed.

Source: The applicable Town of Sahuarita departments.

Town of Sahuarita, Arizona

Capital Asset Statistics

Last 10 Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	37	43	40	40	32	28	39	39	41	42
Public Works										
Streets and highways (<i>miles</i>)	86	96	119	119	211	144	144	144	144	146
Streetlights	5	5	7	8	47	52	53	53	53	59
Traffic signals	5	5	6	10	9	14	15	15	15	16
Parks and Recreation										
Park acreage	50	67	92	107	107	107	107	107	107	107
Basketball courts	2	2	2	4	4	4	4	4	4	4
Playgrounds	1	2	2	4	4	5	5	5	5	5
Skate spots/parks			1	1	2	2	2	2	2	2
Baseball/softball fields (lighted)	3	3	3	5	6	6	6	6	6	6
Soccer/football fields (lighted)	-	-	-	-	-	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Parks maintenance buildings	1	1	1	1	1	1	1	1	1	1
Ramadas	6	11	11	17	22	22	22	22	22	22
Restroom facilities	2	4	4	5	6	8	8	8	8	8
Sand volleyball court			1	1	1	1	1	1	1	1
Off-leash dog area		1	1	2	2	2	2	2	2	2
Vehicles	7	7	7	7	7	7	8	8	8	8
Wastewater										
Treatment capacity (<i>thousands of gallons</i>)	490	490	690	690	1,500	1,500	1,500	1,500	1,500	1,500

Source: The applicable Town of Sahuarita departments.