

# TOWN OF SAHUARITA, ARIZONA



**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2009**



# TOWN OF SAHUARITA, ARIZONA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

June 30, 2009

Prepared by:

Finance Department



**TOWN OF SAHUARITA, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

---

**INTRODUCTORY SECTION**

Letter of Transmittal..... 3  
Certificate of Achievement for Excellence in Financial Reporting..... 9  
Elected Officials and Town Management.....10  
Organization Chart.....11

**FINANCIAL SECTION**

Independent Auditors’ Report.....15  
Management’s Discussion and Analysis.....17

*Basic Financial Statements*

Statement of Net Assets.....33  
Statement of Activities.....34  
Balance Sheet—Governmental Funds.....35  
Reconciliation of Total Governmental Fund Balance to Net Assets of  
Governmental Activities.....36  
Statement of Revenues, Expenditures, and Changes in Fund Balances—  
Governmental Funds.....37  
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities—Governmental Activities.....38  
Statement of Net Assets—Proprietary Fund.....39  
Statement of Revenues, Expenses, and Changes in Fund Net Assets—  
Proprietary Fund.....40  
Statement of Cash Flows—Proprietary Fund.....41  
Notes to the Financial Statements.....43

*Required Supplementary Information other than MD&A*

Schedule of Revenues, Expenditures, and Changes in Fund Balances—  
Budget and Actual:  
General Fund.....63  
Capital Infrastructure Improvement Fund—Special Revenue Fund.....64  
Schedule of Agent Retirement Plan’s Funding Progress—  
Public Safety Personnel Retirement System (PSPRS).....65  
Notes to Required Supplementary Information.....66

**TOWN OF SAHUARITA, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

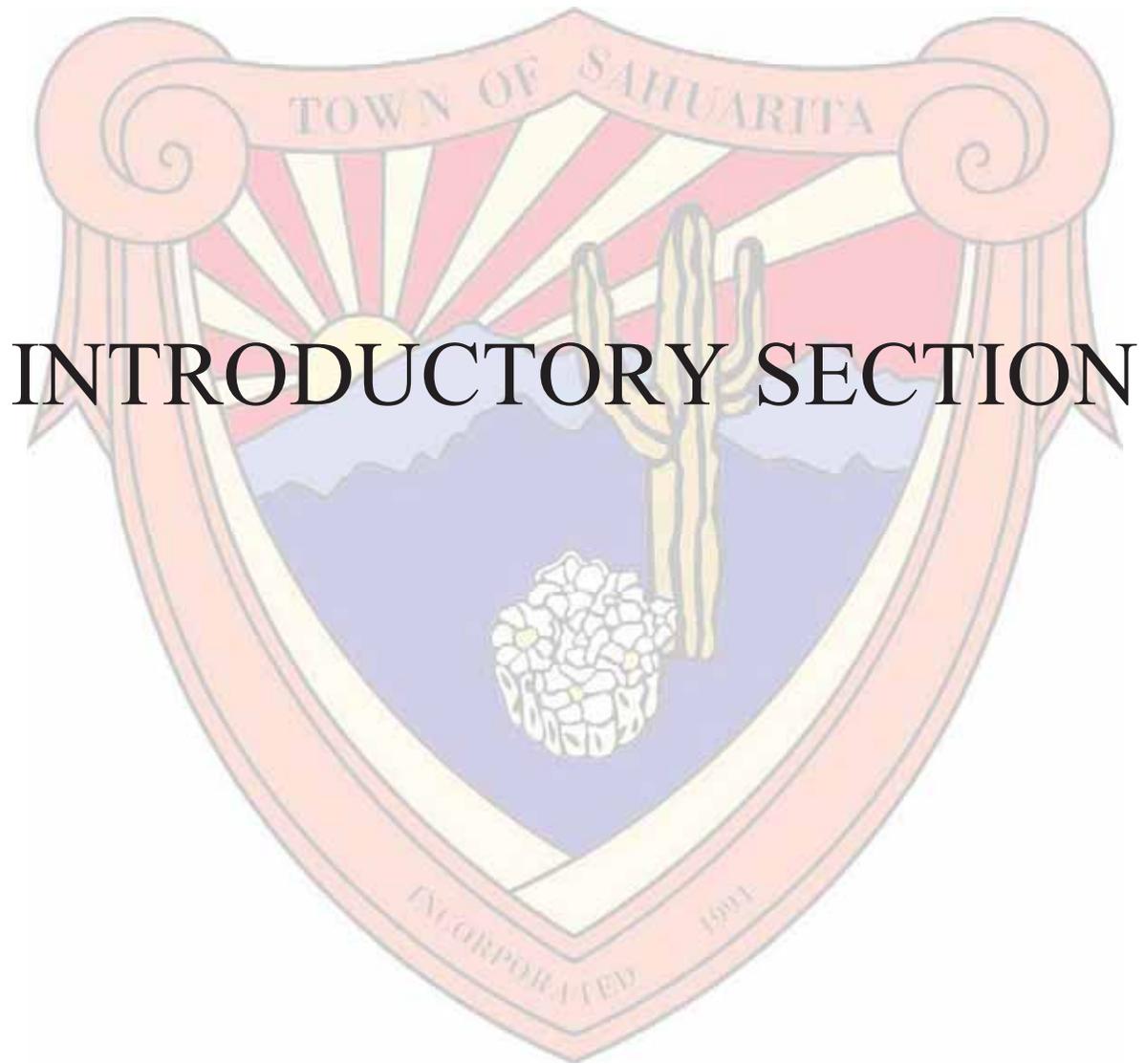
---

*Combining Statements and Other Schedules*

Combining Balance Sheet—Nonmajor Governmental Funds.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds.....	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual:	
Highway User Revenue Fund—Special Revenue Fund.....	71
Quail Creek Community Facilities District—Special Revenue Fund.....	72
RICO Fund—Special Revenue Fund.....	73

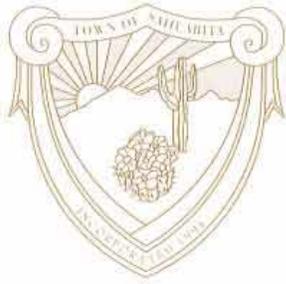
**STATISTICAL SECTION**

Financial Trends	
Net Assets by Component.....	77
Changes in Net Assets.....	78
Fund Balances-Governmental Funds.....	80
Changes in Fund Balances-Governmental Funds.....	81
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property.....	82
Direct and Overlapping Property Tax Rates.....	83
Sales Tax Collections by Industry Group.....	84
Direct and Overlapping Sales Tax Rates.....	85
Principal Sales Tax Remitters.....	86
Monthly Sewer User Rates.....	87
Debt Capacity	
Ratios of Outstanding Debt by Type.....	88
Ratios of General Bonded Debt Outstanding.....	89
Direct and Overlapping Governmental Activities Debt.....	90
Legal Debt Margin Information.....	91
Pledged-Revenue Coverage.....	92
Demographic and Economic Information	
Demographic and Economic Statistics.....	93
Principal Employers.....	94
Operating Information	
Full-Time Equivalent Town Government Employees.....	95
Operating Indicators.....	96
Capital Asset Statistics.....	97



# INTRODUCTORY SECTION

This page intentionally blank



# Town of Sahuarita

## Finance Department

---

December 21, 2009

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

State law 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. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

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.

Larson Allen LLP, Certified Public Accountants, have issued an unqualified opinion on the Town of Sahuarita's financial statements for the year ended June 30, 2009. 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 auditor's 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**

#### ***BASIC INFORMATION***

The Town of Sahuarita is one of Arizona's fastest growing municipalities and after visiting the Town, you will see why so many people have chosen to call Sahuarita home. Sahuarita is known as the "Gem of the Desert" because of the beauty of the mountains that surround the Town, the Sonoran desert landscape and the lush Santa Cruz River valley.

Sahuarita officially incorporated as a Town in 1994, but the area's rich history dates back much further as a mining and ranching community. In fact, many of the Town's streets and landmarks are named after the mines for which the area was well known. Today, people move to Sahuarita for the small-town atmosphere and scenic beauty. While the official 2000 census figure lists the Town's population as 3,242, it has increased dramatically to an estimated 24,730 residents today.

The Town's boundaries encompass a 31 square-mile area and include rural settings such as the pecan groves on the Town's east side as well as many housing opportunities.

The Sahuarita Town Council is committed to moving the Town forward through collaboration, openness and partnerships within the community, while preserving and enhancing the area's beauty and history. With the area's high rate of growth, the Town's recent policy decisions have involved the need to balance growth and the area's traditional small community atmosphere. One recent accomplishment is the implementation of parks and recreation standards to ensure there are enough parks to meet the growing population.

The Town uses the Council-Manager form of government, which means that residents elect a Town Council, who in turn, select a Town Manager to oversee the operations of the Town, including managing each of the Town's departments. The Sahuarita Mayor and Town Council are responsible for the policy decisions in the Town, while the Town Manager implements the policy and oversees the day-to-day operations. The Town of Sahuarita provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure, and recreational activities and cultural events.

There are seven members of the Town Council, who are elected by the entire Town on staggered four-year terms. The positions of Mayor and Vice Mayor are chosen by the Council members after each election. Elections are held in the spring of odd-numbered years. We typically hold Town Council meetings every second and fourth Monday of the month at 6:30 pm at the Town Hall Council Chambers.

### ***BUDGET***

The Council is required to adopt a final budget on or before the third Monday in August. This annual 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 appropriations within a department. Transfers of appropriations from funds, contingency reserves, or between departments, however, require the special approval of the Town Council.

## **ECONOMIC CONDITION**

### ***LOCAL ECONOMY, FINANCIAL PLANNING, FINANCIAL POLICIES, AND MAJOR INITIATIVES***

#### **IMPACTS OF ECONOMIC CHALLENGES**

***Slowdown in Housing Market:*** The housing slowdown that began in 2007 ground to a virtual standstill in 2008 and is only now showing anemic signs of recovery. In past years Sahuarita boasted one of the most robust growth rates in the country, an average of 30% per year. In the past year, despite the collapse in the housing market and economy, Sahuarita still realized a 9.1% growth rate!

The Town budget is based on certain assumptions, and one of these is a growth rate of 5%. Since we grew at almost twice the assumed rate during the darkest days of the recession, we can optimistically anticipate the growth rate to at least hold steady. As the economy begins to

recover, even if the growth rate declined a percent or two, we would still be well ahead of the assumed 5% rate.

Maintaining positive growth rates pay other dividends as well. A severe recession causes most businesses to restrict expenditures and expansion plans until the economy recovers. It is said that “retail follows rooftops,” and when a community exhibits a positive growth rate even in hard times, then businesses will follow. While other communities are dealing with shuttered businesses, 20 retail/service stores opened in Sahuarita over the last year.

**State Budget Shortfall:** At the time of this writing, the Arizona State Legislature is once again in special session trying to revise a state budget and resolve the approximate \$2 billion shortfall. Until the budget impasse is resolved, we have only an estimate of how much shared revenues will be. When the fate of so many dollars is uncertain, we employ a “plan for the worst, hope for the best” strategy. Using estimates provided by the Arizona Department of Revenue, we developed the budget based on 90% of the figures provided. While we do not expect 100% of the estimated revenues, neither do we expect anything less than 90%. In the event there are more revenues forthcoming than planned for, these dollars will be saved, if possible, as part of our reserves.

There is another aspect regarding state shared revenues that impedes our revenue flow; the Town’s proportion of shared revenues is based on the 2005 mid-decade census figure. In other words, we are providing maintenance and services to a Town of 24,000 with state shared dollars calculated based on a formula that only recognizes a population of 13,990. This is one of the drawbacks to the phenomenal growth we have seen over the last several years. The State updates its census figures every 5 years, and when 2010 census figures are used to compute shared revenues, this gap will close. However, as our population grows between 2010 and 2015, the disparity between real growth and recognized growth will, year by year, incrementally increase. Fortunately, the rate of growth should be something approaching a “normal” rate, as opposed to the hyper-growth of years past that led to this huge gap.

**Increased Medical & Retirement Costs:** No matter how carefully or thoughtfully the Town crafts its fiscal strategy, we are confronted with expenses that we have no control over. This year as most, the Town faces rising costs for employee medical benefits. In order to provide the same medical benefits package to employees, the Town was faced with a whopping 29% increase in costs. As a result, there was a change in providers and a slight reduction in employee benefits this year, as the Town selected a plan where the cost increase was not as significant. While there was still an increase in medical costs of 6.2%, there was no increase for dental benefits.

There was a slight decline in the employee and employer rates for the Arizona State Retirement System as well as a significant decrease, from 10.98% to 7.49%, in the employer contribution for the Public Safety Personnel Retirement Plan (PSPRS). The employer contribution rate for the Elected Officials Retirement Plan (EORP) also experienced a decrease from 28% to 26.25%.

**Staff Responses to Economic Conditions:** Although the Town has handled the recession better than most, last year was harder than anticipated. We responded to financial conditions by tightening our belts through budget reductions last fiscal year and in fiscal year 2010, eliminating

pay increases for 2010, delaying capital projects, and reducing the workforce through various means. Next year's results should reflect an operational reduction over the current financial position, with a very minimal impact on service levels.

We are also finding ways to do things smarter by streamlining and modernizing certain processes. New software programs facilitate interdepartmental and customer service processes. These programs also increase efficiency by accurately organizing, cross-referencing, and cataloging Town records, as well as increasing communication time between departments. Likewise, we are out-sourcing or in-sourcing certain functions based on efficiency and savings to the Town. We recently brought payroll in-house because with the number of Town employees we currently have, it is more cost-effective to do this ourselves.

### COMMITMENT TO PRUDENT BUDGETING & FINANCIAL PRACTICES

**Philosophy:** The Town's fiscal philosophy, as it has been for years, is one of fiscal conservatism. When planning our budgeting strategies, we consider the worse-case to best-case range of possibilities. Then, erring on the conservative side of that range, we structure the budget. This philosophy exemplifies itself in many of the policies and guidelines we follow, such as maintaining a five year plan at all times. One such guideline has been a cash reserve equaling 25% of the current year's expenditures. As a growing community, this reserve was available to accommodate some of the explosive growth trends we experienced, or to absorb any unforeseen shortfalls beyond our control. Even now, we are still on target to meet our reserve requirements for the next five year period. We also recognize that just as the economy has a life of its own which is in state of constant flux, so too must the financial plan be a living document that is adaptable to those changing conditions.

**General Fund Preservation:** A key financial principle is to protect the most flexible, least restricted, funding sources. In the Town's case, these sources are recorded in the General Fund. By following this principle, the Town will keep General Fund monies available to spend on priorities set by Council.

**Fee & Taxes:** While there will be a shortfall between revenues and expenses, the Town will *not* be raising taxes. To help shield residents at large from tax increases, the Town has and may increase "fees for services." These fees target only those individuals who are actually using a service or facility in an effort to recover part of the cost. By charging only those who avail themselves of a Town service or facility, it lessens the pressure to raise taxes on everyone, even those who do not use the services. For example, the Council recently raised sewer user fees associated with the Wastewater Treatment Facility. This action affects only those who actually use the facility, primarily the residents of Rancho Sahuarita, rather than raising taxes on the other half of the population who do not.

**Services:** The Town has been careful to not increase services too dramatically as part of its conservative budgeting practices. However, Sahuarita remains committed to providing quality services that have a positive impact on the quality of life. Budget reductions will not mean a decrease in residential services, especially core services such as public safety (police and building safety), recreation, streets, and wastewater.

The Town has absorbed many of the additional costs in ways residents and businesses will not see. There are other measures the departments have taken to help reduce demands on the Town's resources. Some are related to personnel, such as the elimination of some positions or a freeze on vacant positions. There have been reductions in work hours and even reductions in the workforce, and some departments are sharing employees. We have scaled back programs such as the newsletter, which is no longer printed and mailed but rather posted online for anyone to access. Likewise, some contracts with outside vendors have been renegotiated. The Parks and Recreation Department recently renegotiated their landscaping contract, saving the Town almost \$21,000.

### MAINTAINING SAHUARITA'S QUALITY OF FACILITIES AND SERVICE

**Capital Projects:** Capital improvements are projects that represent long-term investments in the community that likewise require a long-term maintenance commitment. Quality of life issues are directly connected to capital improvements, and are one of the major considerations in determining which projects to include within the *Capital Improvement Plan*. The 2010 capital improvements budget is 46% of the Town budget, demonstrating Sahuarita's commitment to this critical component of our long-term goals. Some of the larger capital projects funded in this year's budget are the improvements to Sahuarita Road and the Wastewater Treatment Facility expansion and administration building. These improvements will play a major role in shaping the Town's future.

Inertia dictates that we must keep things in motion, even if it's at a crawl. Recession or not, our community continues to grow and the Town must be prepared for ever-increasing demands for infrastructure and services. Until things improve, we will maintain our existing assets and follow through with existing plans before considering any new projects. But now is the time to carefully weigh our goals and prioritize our capital projects to determine which deserve continued development. While we may not have the financial latitude to build any new unplanned projects at this time, now is the best time to focus the staff's creative talents on project concept and design so when the economy begins to recover we will have new projects ready to move forward.

One "silver lining" to the dark economic clouds has been eager contractors bidding projects at appreciably lower prices than budgeted. This translates to significant savings for the Town which creates opportunities and flexibility to do things we wouldn't otherwise be able to do.

Capital streets projects currently under design or construction include La Cañada, Phase III, under construction; Sahuarita Road Phase I (I-19 to La Villita Road), due to break ground in September 2009; and Sahuarita Road, Phase II (La Villita to Country Club Road), currently being designed. Additionally, \$3 million of stimulus money has been earmarked for resurfacing the oldest portion of Rancho Sahuarita Blvd.

The Wastewater Treatment Facility expansion, the largest capital project ever undertaken by the Town, was opened in July 2009. This facility, serving half of Sahuarita's residents, is a completely modern facility with state of the art noise and odor controls.

## 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, 2008. This was the seventh consecutive year that the government 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,



James R. Stahle  
Town Manager



A.C. Marriotti, CPA  
Finance Director

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CARFs) achieve the highest standards in government accounting and financial reporting



President

Executive Director

**TOWN OF SAHUARITA, ARIZONA**  
Elected Officials and Town Management  
June 30, 2009

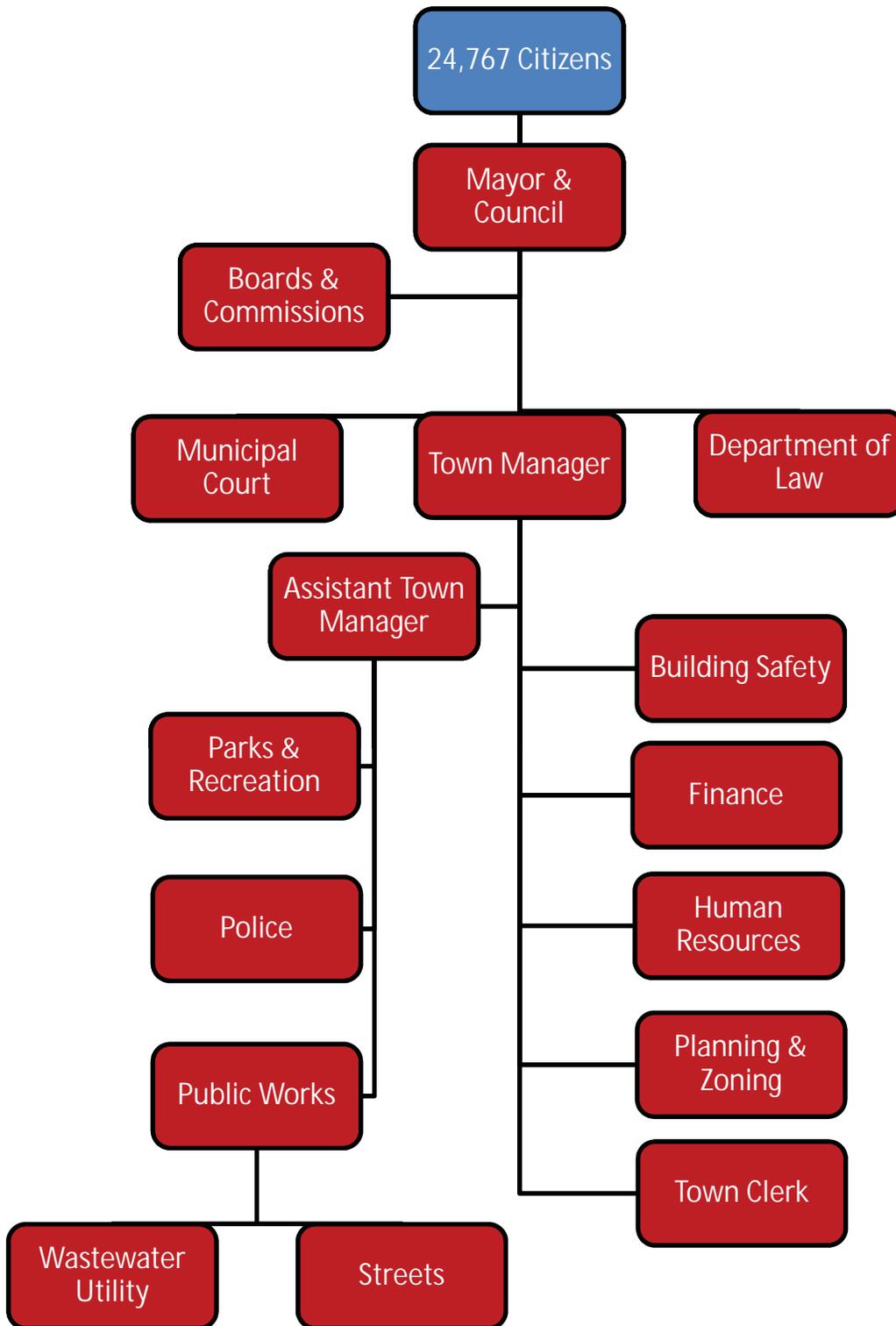
**MAYOR AND TOWN COUNCIL**

Mayor	Lynne Skelton
Vice Mayor	Phil Conklin
Council Member	Duane Blumberg
Council Member	Scott Downs
Council Member	Kara Egbert
Council Member	Rosanna Gabaldon
Council Member	Charles Oldham

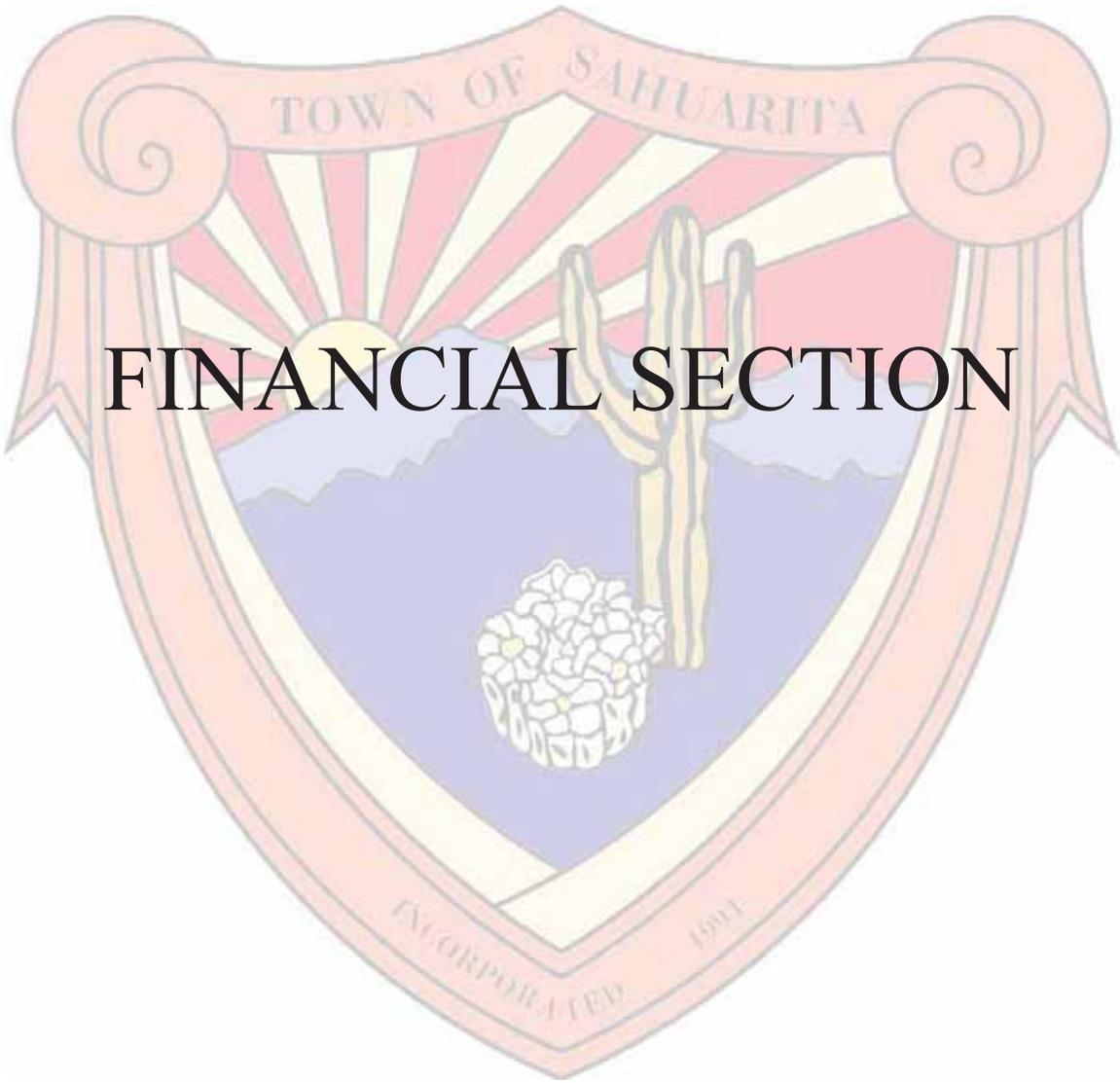
**TOWN MANAGEMENT**

Manager	James R. Stahle
Assistant Manager, Acting	John Harris
Attorney	Daniel Hochuli
Building Official	Andy Kelley
Clerk	Vicky Miel
Finance Director	A.C. Marriotti
Human Resources Director	Debbie Bice
Magistrate	Maria Avilez
Parks and Recreation Director	Debbie Summers
Planning and Zoning Director	Sarah More
Police Chief, Acting	James Gerrettie
Public Works Director	Farhad Moghimi

# ORGANIZATION CHART



This page intentionally blank



# FINANCIAL SECTION

This page intentionally blank

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the Town Council of the  
Town of Sahuarita, Arizona

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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sahuarita, Arizona, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 17-29 and the Required Supplementary Information Other than MD&A on pages 63-66 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 fund financial statements and schedules, the introductory section and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

*LarsonAllen LLP*

**LarsonAllen LLP**

Mesa, Arizona  
December 21, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to 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, 2009. 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 letter of transmittal, which can be found on pages 3-8 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$120,965 (*net assets*). Of this amount, \$27,221 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,497. This increase was due to prudent cost containments and expense management.
- The Town borrowed \$6,700 in conjunction with the Greater Arizona Development Authority to finance street improvements and the North Santa Cruz Park.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$34,619, an increase of \$1,426 in comparison with the prior year. Of this amount, only \$88 (*reserved fund balance*) is unavailable for spending at the government's discretion and \$800 has been designated for a future contribution to develop a hospital.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$14,692 or 117% of total General Fund expenditures.
- The Wastewater Enterprise Fund had a \$4,593 deficit unrestricted net asset balance as of June 30, 2009.
- The Wastewater Enterprise Fund used \$21,041 of its loan from the Water Infrastructure Financing Authority to improve and expand its waste water treatment plant.
- The Town's capital asset balances totaled \$147,835, an increase of \$25,990 or 21% compared to last year. Construction in progress accounted for \$46,017, or approximately 31%, of the total balance.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town of Sahuarita's 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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing 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 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 33-34 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

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 five individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General 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* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 35-38 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 39-41 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 43-59 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 budgetary statements for the General Fund, the Capital Infrastructure Improvement Fund, and the progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 63-66 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 69-73 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. The Town's assets exceeded liabilities by \$120,965 at the close of the most recent fiscal year. The largest portion of the Town's net assets (77 percent) reflects its investment in capital assets, net of related debt (e.g., land, buildings, infrastructure, vehicles, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### TOWN OF SAHUARITA NET ASSETS

Government	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 39,514	\$ 37,566	\$ 271	\$ 594	\$ 39,785	\$ 38,160
Capital assets	100,587	95,383	47,249	26,462	147,835	121,845
Total assets	140,101	132,949	47,520	27,056	187,620	160,004
Current liabilities	2,634	2,991	2,823	1,344	5,456	4,335
Long-term liabilities	33,800	28,031	27,399	8,171	61,199	36,202
Total liabilities	36,434	31,022	30,222	9,515	66,655	40,537
Net assets:						
Invested in capital assets, net of related debt	71,441	70,408	21,469	21,961	92,910	92,369
Restricted	412	1,966	422	-	834	1,966
Unrestricted 31,814		29,552	(4,593)	(4,420)	27,221	25,132
Total net assets	\$103,667	\$101,926	\$17,298	\$17,541	\$120,965	\$119,467

An additional portion of the Town's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$27,221) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

## TOWN OF SAHUARITA CHANGES IN NET ASSETS

Government 2009	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,800	\$ 3,789	\$ 2,706	\$ 2,445	\$ 5,506	\$ 6,234
Operating grants and contributions	1,471	1,488	-	35	1,471	1,523
Capital grants and contributions	1,978	5,241	-	1,371	1,978	6,612
General revenues:						
Property taxes	248	115	-	-	248	115
Sales taxes	8,787	10,539	-	-	8,787	10,539
Franchise taxes	294	274	-	-	294	274
Share of state income tax	2,069	1,969	-	-	2,069	1,969
Share of state sales tax	1,113	1,286	-	-	1,113	1,286
Share of state vehicle license tax	588	617	-	-	588	617
Unrestricted grants and contributions	122	136	-	-	122	136
Investment earnings (loss)	593	1,702	(1)	68	592	1,770
Miscellaneous	788	62	105	-	893	62
Total revenues	<u>20,851</u>	<u>27,218</u>	<u>2,810</u>	<u>3,919</u>	<u>23,661</u>	<u>31,137</u>
<b>EXPENSES</b>						
Program expenses:						
Governmental activities:						
General government	4,479	4,215	-	-	4,479	4,215
Public safety	6,887	6,619	-	-	6,887	6,619
Highways and streets	4,825	3,767	-	-	4,825	3,767
Culture and recreation	1,545	1,424	-	-	1,545	1,424
Interest and amortization on long-term debt	1,374	1,550	-	-	1,374	1,550
Business-type activities:						
Sewer	-	-	3,053	2,732	3,053	2,732
Total expenses	<u>19,110</u>	<u>17,575</u>	<u>3,053</u>	<u>2,732</u>	<u>22,163</u>	<u>20,307</u>
Excess (deficiency) of revenues less expenses	1,741	9,643	(243)	1,187	1,498	10,830
Extraordinary item	-	-	-	(3,671)	-	(3,671)
Change in net assets	1,741	9,643	(243)	(2,484)	1,498	7,159
Net assets at beginning of year	<u>101,926</u>	<u>92,283</u>	<u>17,541</u>	<u>20,025</u>	<u>119,467</u>	<u>112,308</u>
Net assets at end of year	<u>\$103,667</u>	<u>\$101,926</u>	<u>\$17,298</u>	<u>\$17,541</u>	<u>\$120,965</u>	<u>\$119,467</u>

### Governmental Activities

Governmental activities increased the Town's net assets by \$1,741, accounting for 116% of the total growth in net assets of the Town. The prior year had an increase that was \$9,643 (+82%) greater than the current year's increase to net assets.

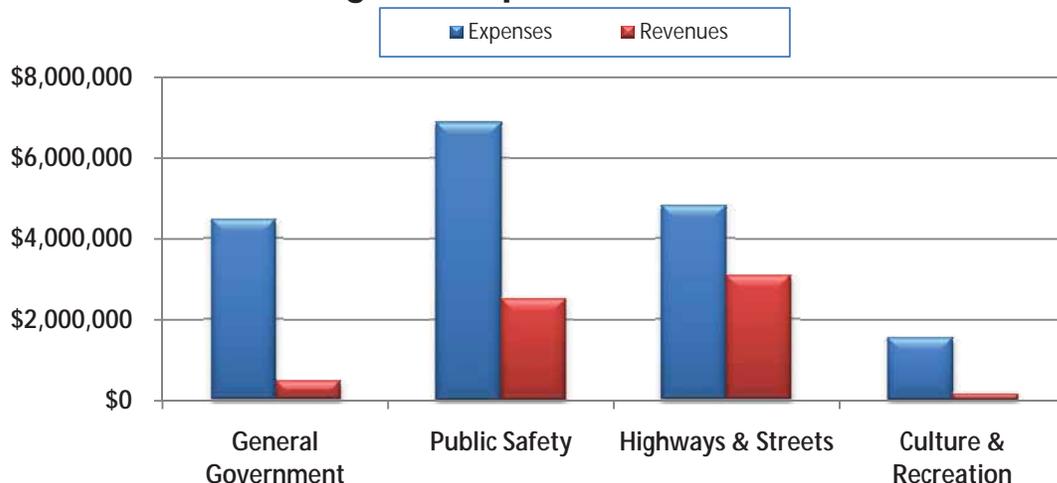
## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

Key factors of these changes are as follows:

- Net expense for governmental activities by program (the difference between program revenues and program expenses) was a net expense of \$7,056 last year but it increased to a net expense of \$12,861 in the current fiscal year. This 82% increase was due to both revenue declines as well as increased expenses.
  - Charges for services revenues comprised 45% of program revenues in 2009. Building permit and other development fees make up the largest portion of these charges. The \$989 (-26%) decrease was primarily attributable to a decline in the overall economy which resulted in significantly less residential and commercial development compared to last year.
  - Operating grants and contributions made up 24% of program revenues in 2009. These revenues were only \$17 (-1%) less than last year. In 2009, the Town continued to secure grant funding consistent with funding levels in prior years.
  - Capital grants and contributions constituted 32% of program revenues in 2009. These revenues were \$3,263 (-62%) less than last year.
    - In 2008, the Town received a one-time capital contribution in the form of developer-built streets conveyed to the Town which accounted for \$2,776 of these revenues. As this did not happen again, it resulted in a net decrease of \$2,776 compared to last year.
  - Increases in program expenses were mainly attributable to depreciation expense on capital assets, and increases to employee related expenses.
  - As shown on the chart below, all functions had greater program expenses than program revenues. Accordingly, general revenues were used to fund all functions.

### Governmental Activities Program Expenses and Revenues

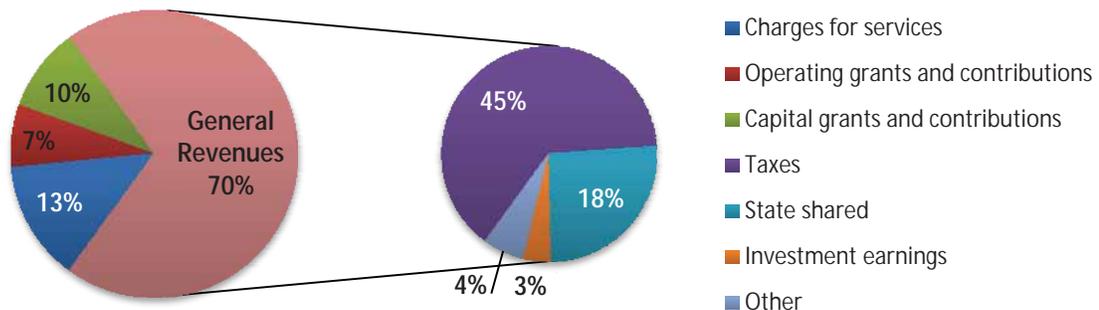


## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

- General revenues (\$14,602), which comprised 70% of all governmental activities revenue sources, were \$2,097 (-13%) less than last year.
  - Local sales tax revenues were \$1,752 (-17%) less than last year. The decrease was attributable to the decline in the overall economy which resulted in reduced construction sales tax collections due to less residential and commercial development compared to last year.
  - Investment earnings decreased by \$1,109 (-65%) due to market conditions, which provided lower rates of return, and smaller investment balances resulting from the spending of debt proceeds.
  - The significant reductions in local sales tax revenues and investment earnings were partly offset by increases in miscellaneous revenues (+\$726). The increase in miscellaneous revenues had its most significant source in the contribution of a developer fulfilling an agreement to contribute to debt service payments in the Quail Creek Community Facilities District.

### Governmental Activities Revenues by Source



## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

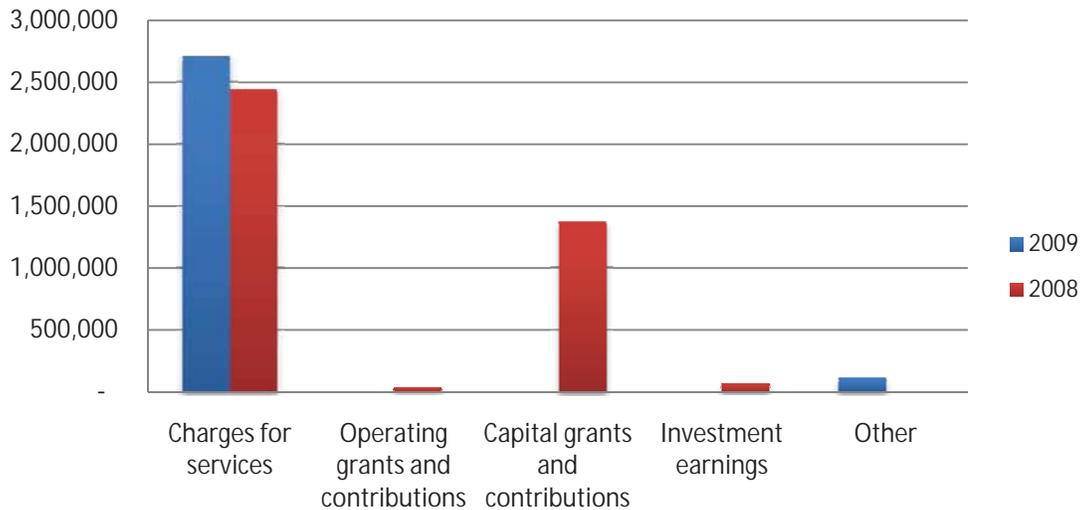
### Business-type Activities

Business-type activities decreased the Town's net assets by -\$243, accounting for -16% of the total growth in net assets of the Town. The difference between last year's loss (-\$2,484) and this year's loss (-\$243) brings the Business-type activities closer to break-even than last year by \$2,241 (+90%).

Key factors of these changes are as follows:

- Revenues fell \$1,109 (-28%) less than last year. This was primarily as a result of developer contributions of Sewer Conveyance systems received last year which were not duplicated this year resulting in a decrease of \$1,371 (-100%). The decrease was partially offset by rate increases approved in 2008 being in effect for a full year in 2009, resulting in increased charges for services of \$261 (+11%).

### Business-type Activities Revenues by Source Year to Year



- Expenses were \$321 (+12%) more than last year because of (1) costs for the transportation and treatment of sewage, in excess of permitted capacity, have led to other wastewater facilities, (2) additional sewer sampling costs related to compliance issues, and (3) increased depreciation expense.

### 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$34,619, an increase of \$1,426 (+4%) in comparison with the prior year. Almost the entire

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

amount (\$34,531) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder (\$88) of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to account for prepaid items.

The General Fund is the chief operating fund of the Town. The General Fund's fund balance increased by \$2,693 (+21%) primarily because Capital Infrastructure Improvement Fund transferred \$3,411 to the General Fund in order to repay the General Fund for its purchase of capital assets in prior years. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 124% of total General Fund expenditures.

The Capital Infrastructure Improvement Fund (CIIF) is a special revenue fund. The primary revenue source for this fund is the construction sales tax, which the Town Council has designated to be used for the acquisition, construction, improvement, and/or maintenance of major capital facilities other than those financed by the proprietary fund. Fund balance increased by \$774 (+4%) as a result of issuing new debt proceeds of \$6,700, while continuing to spend monies accumulated from unrestricted sources to repay the General Fund through transfers.

The Quail Creek Community Facilities District (QC CFD) Fund, a nonmajor special revenue fund, was established to finance the construction and maintenance of public infrastructure within its District boundaries. Fund balance decreased by \$1,456 (-99%) as a result of spending the last remaining bond proceeds from a prior year debt issuance.

The Highway User Revenue Fund (HURF), a nonmajor special revenue fund, is used to account for revenues that are restricted for transportation purposes. State shared fuel taxes and intergovernmental grants and contributions comprised the primary revenue sources recognized during the year. Expenditures and transfers out exceeded revenues resulting in a decrease of \$563 (-243%) to fund balance, which is attributable to the accounting entries necessary to record the financing of construction projects for streets and roads (project expenditures are accounted for in the CIIF by transferring funds to the CIIF).

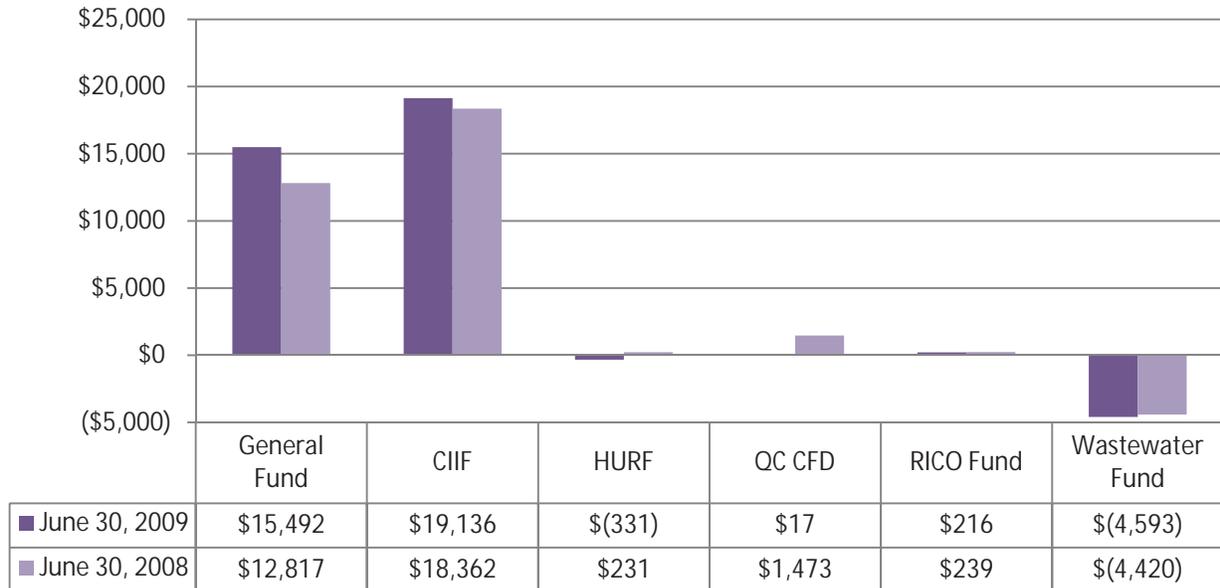
The Racketeer Influenced and Corrupt Organizations (RICO) Fund, a nonmajor special revenue fund, recognizes revenues associated with forfeited police seizures. These revenues are restricted for public safety and anti-racketeering purposes. Fund balance decreased \$22 (-9%) reflecting the continued spending of previously accumulated resources.

**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 assets of the wastewater treatment operation at the end of the year amounted to a deficit balance of \$4,593, a decrease of \$173 (-4%). The investment in capital assets net of related debt was \$21,469, a decrease of \$492 (-2%). In addition a new category, net assets restricted for debt service has been established this year with \$422, in order to comply 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

### Unreserved Fund Balances and Unrestricted Net Assets



#### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor. The increases were funded out of contingency reserves and totaled a \$59 increase allocated to the general government function to accommodate the addition of temporary labor in the Town Clerk department and technology improvements in the Municipal Court.

Actual functional expenditures were \$2,209 below final budget amounts (excluding the budget for contingency reserves). The positive variance occurred primarily because of conservative budgeting practices and personnel savings due to cost cutting measures implemented midway through fiscal year 2009. All General Fund departments had positive budget variances.

Actual total revenues were \$1,235 less than final budget amounts. The negative variance was attributable to general difficulties in the economy resulting in a downturn in local sales taxes, building permitting, state shared tax revenue and decreased returns on investments. The increasing complexity and type of activity by funds other than the General Fund results in an administrative burden placed on the central services of the town. This increase is allocated to the other Funds through the Cost Allocation Plan which is recorded as *charges for services* revenue and as a result, charges for services were \$151 higher than budgeted.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

### 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, 2009, amounts to \$147,836 (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.

#### TOWN OF SAHUARITA CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
2						
Land	\$ 6,781	\$ 6,781	\$ 2,640	\$ 2,640	\$ 9,421	\$ 9,421
Buildings & improvements	20,905	21,390	-	-	20,905	21,390
Sewer conveyance system	-	-	17,610	18,176	17,610	18,176
Infrastructure	51,139	45,626	-	-	51,139	45,626
Vehicles	707	680	264	292	971	972
Equipment and software	1,773	1,975	-	-	1,773	1,975
Construction in progress	19,282	18,931	26,735	5,354	46,017	24,285
\$	<u>100,587</u>	<u>\$95,383</u>	<u>\$47,249</u>	<u>\$26,462</u>	<u>\$147,836</u>	<u>\$121,845</u>

The total net increase in the Town's investment in capital assets for the current fiscal year was 21% (a 5% increase for governmental activities and a 79% increase for business-type activities).

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

- Construction of roadways and parks were recorded as increases to construction in progress and totaled \$8,583. These were primarily related to \$1,130 for La Canada Drive, \$2,253 for North Santa Cruz Park, and \$1,405 for Quail Creek Veterans Memorial Park. In addition to the three largest projects other transportation and road projects contributed \$2,515, and other recreation projects contributed \$1,280 to the increase in construction in progress.
- Construction of the Wastewater Treatment Plant expansion project was almost completed during the year, increasing the construction in progress balance by \$21,381.
- Completion of projects resulted in the increase to infrastructure and a corresponding decrease in construction in progress. The largest projects completed included, Anamax Park, with a value of \$3,035, Anza Trail Park and lighting with a value of \$2,308, as well as various streets and transportation projects collectively valued at \$1,513, and recreational lighting projects, with a value of \$1,377.

Additional information on the Town's capital assets can be found in note 4 on pages 49-50 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

**Long-term debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$59,160. Of this amount, \$12,340 comprises debt backed by the full faith and credit of the Quail Creek Community Facilities District. The remainder of the debt is secured solely by specified revenue sources. A summary of outstanding long-term debt follows.

### TOWN OF SAHUARITA LONG-TERM DEBT

Governmental Activities	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Quail Creek CFD general obligation bonds	\$12,340	\$12,660	\$ -	\$ -	\$12,340	\$12,660
Loans payable	21,041	15,012	25,779	4,501	46,820	19,513
	<u>\$33,381</u>	<u>\$ 27,672</u>	<u>\$ 25,779</u>	<u>\$4,501</u>	<u>\$ 59,160</u>	<u>\$ 32,173</u>

The Town participated in the Greater Arizona Development Authority's (GADA) bond issuances in June, 2009. The governmental activities will repay \$6,700 of principal issued in June, 2009. Proceeds of the loans provided financing for roadways and North Santa Cruz Park.

The Business-type activities of the Town also borrowed money through a long-term loan agreement. The Water Infrastructure Financing Authority (WIFA) had an existing loan outstanding from 2008, this was consolidated as planned into the 2008 WIFA System Revenue Loan. The \$21,041 in new loan monies were borrowed to pay for the improvement and expansion of the waste water treatment facility. The loan provides for an additional \$2,571 which will be used in 2010.

In addition to the outstanding debt described above, the Town entered into a wastewater non-system revenues loan agreement with the Water Infrastructure Financing Authority (WIFA) on April 25, 2008, for \$4,376. Loan proceeds will be received on a draw-down basis to fund costs incurred by the Town for the construction of expansions to the wastewater treatment facilities. As of June 30, 2009, no funding was drawn on these WIFA loans.

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 \$58,826.

Additional information on the Town's long-term debt can be found in note 5 on pages 50-53 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts rounded to thousands)

### ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

- The current estimated population of 24,767 is 9% larger than last year's estimated population of 22,650 and more than seven times larger than the census population in 2000 which was 3,242. The growth rate the Town uses for planning is 5%, which is more conservative than our past but reasonable in light of the continued economic concerns during fiscal year 2010.
- The secondary assessed property valuation increased 1% to \$226,225 over last year. The total full cash property value increased 1% to \$2,054,855 during the same period.
- Building permits issued for single-family residents (SFR) decreased -29% compared to fiscal year 2008. In fiscal year 2009 563 SFR permits were issued, compared to 790 the previous year. 902 other (non-SFR) permits were issued in fiscal year 2009 compared to 618 the previous year.

The Town's budget for fiscal year 2010 totals \$76,748, a -29% decrease over the fiscal year 2009 adopted budget. This decrease is due to the decrease of funding sources, mostly as prior debt proceeds have been used to complete significant construction projects. Budgeted expenditures (\$58,486) are \$14,371 or, -20%, less than in fiscal year 2009. The decrease is primarily attributable to fewer capital expenditures being budgeted for fiscal year 2010. Contingency reserves (i.e., ending fund balances) are expected to be around \$18,262.

The first year of the five-year Capital Improvement Plan is incorporated into the 2010 capital budget, which amounts to \$35,875, principally for the construction of the Sahuarita Road, Rancho Sahuarita Boulevard, La Canada Drive, and the Quail Creek Boulevard extension road improvement projects, as well as the completion of the Wastewater Treatment Plant expansion project, and various other general, and roadway improvements. The Town intends to finance \$14,904 of the 2010 capital budget with Regional Transportation Authority grants and \$8,441 with long-term debt proceeds. The remainder of the capital budget will be financed with revenues and beginning fund balances.

The Wastewater sewer user fees will be increased during fiscal year 2010. The average residential bill was targeted to increase from \$25.00 to \$31.48 per month. The fee increase is needed to cover the cost of providing sewer services to the developments served by the treatment facility.

All of these factors were considered in preparing the Town's budget for the 2010 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.ci.sahuarita.az.us](http://www.ci.sahuarita.az.us).

This page intentionally blank



# Basic Financial Statements

This page intentionally blank

# Town of Sahuarita, Arizona

## Statement of Net Assets

June 30, 2009

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,888,273	\$ 40,408	\$ 13,928,681
Investments	16,533,134	-	16,533,134
Receivables:			
Taxes	1,660,680	-	1,660,680
Accounts	358,625	208,957	567,582
Intergovernmental	1,391,876	-	1,391,876
Interest	85,996	-	85,996
Internal balances	400,000	(400,000)	-
Prepaid items	87,789	-	87,789
Deferred charges	942,543	-	942,543
Restricted assets:			
Cash and cash equivalents	4,164,985	421,610	4,586,595
Interest receivable	18	-	18
Capital assets:			
Land and construction in progress	26,062,322	29,375,403	55,437,725
Other capital assets, net of depreciation	74,524,179	17,873,178	92,397,357
Total capital assets	<u>100,586,501</u>	<u>47,248,581</u>	<u>147,835,082</u>
Total assets	<u>140,100,420</u>	<u>47,519,556</u>	<u>187,619,976</u>
<b>LIABILITIES</b>			
Accrued payroll and benefits	278,999	15,875	294,874
Payables:			
Accounts	1,321,141	2,806,684	4,127,825
Bonds due and payable	320,000	-	320,000
Intergovernmental	422	-	422
Interest	343,173	-	343,173
Contract retention	91,248	-	91,248
Deposits	55,028	-	55,028
Unearned revenues	223,544	-	223,544
Noncurrent liabilities:			
Due within one year	1,395,714	2,026,353	3,422,067
Due in more than one year	32,403,853	25,372,958	57,776,811
Total liabilities	<u>36,433,122</u>	<u>30,221,870</u>	<u>66,654,992</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	71,440,562	21,469,386	92,909,948
Restricted for:			
Public safety	217,701	-	217,701
Transportation	182,597	-	182,597
Debt service	11,810	421,610	433,420
Unrestricted	31,814,628	(4,593,310)	27,221,318
Total net assets	<u>\$ 103,667,298</u>	<u>\$ 17,297,686</u>	<u>\$ 120,964,984</u>

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, 2009

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating		Primary Government			
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 4,478,612	\$ 471,217	\$ 1,903	\$ -	\$ (4,005,492)		\$	(4,005,492)
Public safety	6,887,246	2,189,179	325,387	12,950	(4,359,730)			(4,359,730)
Highways and streets	4,824,811	-	1,126,934	1,964,800	(1,733,077)			(1,733,077)
Culture and recreation	1,545,515	139,735	16,585	-	(1,389,195)			(1,389,195)
Interest and amortization on long-term debt	1,373,975	-	-	-	(1,373,975)			(1,373,975)
Total governmental activities	19,110,159	2,800,131	1,470,809	1,977,750	(12,861,469)			(12,861,469)
Business-type activities:								
Sewer	3,053,431	2,706,310	-	-		\$ (347,121)		(347,121)
Total business-type activities	3,053,431	2,706,310	-	-		(347,121)		(347,121)
Total primary government	\$ 22,163,590	\$ 5,506,441	\$ 1,470,809	\$ 1,977,750	(12,861,469)			(13,208,590)
General revenues:								
Property taxes					247,864			247,864
Sales taxes					8,787,580			8,787,580
Franchise taxes					293,812			293,812
Share of state income tax					2,068,932			2,068,932
Share of state sales tax					1,113,089			1,113,089
Share of state vehicle license tax					588,042			588,042
Grants and contributions not restricted to specific programs					122,154			122,154
Investment earnings (loss)					593,201	(1,083)		592,118
Miscellaneous					787,664	104,778		892,442
Total general revenues					14,602,338	103,695		14,706,033
Change in net assets					1,740,869	(243,426)		1,497,443
Net assets at beginning of year					101,926,429	17,541,112		119,467,541
Net assets at end of year					\$ 103,667,298	\$ 17,297,686		\$ 120,964,984

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

# Town of Sahuarita, Arizona

## Balance Sheet

### Governmental Funds

June 30, 2009

	General Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,188,975	\$ 6,361,589	\$ 337,709	\$ 13,888,273
Investments	8,266,567	8,266,567	-	16,533,134
Receivables:				
Taxes	647,061	1,012,802	817	1,660,680
Accounts	137,560	-	221,065	358,625
Intergovernmental	299,755	417,059	675,062	1,391,876
Interest	43,460	42,536	-	85,996
Due from other funds	-	940,876	-	940,876
Prepaid items	87,789	-	-	87,789
Restricted assets	-	3,711,085	453,918	4,165,003
Total assets	<u>\$ 16,671,167</u>	<u>\$ 20,752,514</u>	<u>\$ 1,688,571</u>	<u>\$ 39,112,252</u>
<b>Liabilities</b>				
Accrued payroll and benefits	\$ 250,398	\$ 13,116	\$ 15,485	\$ 278,999
Payables:				
Accounts	450,578	819,700	50,863	1,321,141
Intergovernmental	363	-	59	422
Bonds	-	-	320,000	320,000
Interest	-	-	343,173	343,173
Contract retention	-	91,248	-	91,248
Deposits	55,028	-	-	55,028
Due to other funds	-	-	540,876	540,876
Deferred revenues	334,652	692,105	516,000	1,542,757
Total liabilities	<u>1,091,019</u>	<u>1,616,169</u>	<u>1,786,456</u>	<u>4,493,644</u>
<b>Fund balances</b>				
Reserved for:				
Prepaid items	87,789	-	-	87,789
Unreserved, reported in:				
General fund, undesignated	14,692,359	-	-	14,692,359
Special revenue funds	-	19,136,345	(97,885)	19,038,460
Designated for:				
Hospital	800,000	-	-	800,000
Total fund balances	<u>15,580,148</u>	<u>19,136,345</u>	<u>(97,885)</u>	<u>34,618,608</u>
Total liabilities and fund balances	<u>\$ 16,671,167</u>	<u>\$ 20,752,514</u>	<u>\$ 1,688,571</u>	<u>\$ 39,112,252</u>

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

## Town of Sahuarita, Arizona

### Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities June 30, 2009

Total fund balances—governmental funds \$ 34,618,608

Amounts reported for governmental activities in the statement of net assets 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	\$ 6,781,086	
Construction in progress	19,281,236	
Buildings and improvements	21,818,269	
Infrastructure	61,172,057	
Vehicles	1,935,161	
Equipment and software	2,656,334	
Accumulated depreciation	<u>(13,057,642)</u>	
Total capital assets		100,586,501

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,319,213

Governmental funds report the effect of issuance costs when debt is first issued. However, these charges are deferred and amortized over the life of the debt. Therefore, the unamortized deferred issuance costs create a difference. 942,543

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

Loans payable	(20,425,000)	
Bonds payable	(12,340,000)	
Unamortized premium on long-term debt	(662,503)	
Unamortized discount on long-term debt	46,210	
Compensated absences	<u>(418,274)</u>	
Total noncurrent liabilities		<u>(33,799,567)</u>

Net assets of governmental activities \$ 103,667,298

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, 2009

	General Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,954,635	\$ 5,112,807	\$ 247,292	\$ 9,314,734
Licenses and permits	1,989,607	-	-	1,989,607
Intergovernmental	4,090,127	1,041,072	1,391,484	6,522,683
Charges for services	1,099,044	-	16,339	1,115,383
Fines and forfeitures	266,135	-	10,042	276,177
Investment	265,167	319,668	8,366	593,201
Miscellaneous	149,362	71,419	597,276	818,057
Total revenues	<u>11,814,077</u>	<u>6,544,966</u>	<u>2,270,799</u>	<u>20,629,842</u>
<b>Expenditures</b>				
Current:				
General government	4,450,950	-	22,519	4,473,469
Public safety	6,737,703	-	44,405	6,782,108
Highways and streets	-	-	1,485,275	1,485,275
Culture and recreation	1,343,520	-	30,102	1,373,622
Capital outlay	-	8,113,128	1,228,742	9,341,870
Debt service:				
Principal	-	585,000	320,000	905,000
Interest	-	674,775	686,345	1,361,120
Fiscal charges	-	1,787	10,500	12,287
Debt issuance costs	-	122,853	-	122,853
Total expenditures	<u>12,532,173</u>	<u>9,497,543</u>	<u>3,827,888</u>	<u>25,857,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(718,096)</u>	<u>(2,952,577)</u>	<u>(1,557,089)</u>	<u>(5,227,762)</u>
<b>Other financing sources (uses)</b>				
Face amount of long-term debt	-	6,700,000	-	6,700,000
Discount on long-term debt	-	(46,210)	-	(46,210)
Transfers in	3,410,713	741,982	258,000	4,410,695
Transfers out	-	(3,668,713)	(741,982)	(4,410,695)
Total other financing sources (uses)	<u>3,410,713</u>	<u>3,727,059</u>	<u>(483,982)</u>	<u>6,653,790</u>
Net change in fund balances	2,692,617	774,482	(2,041,071)	1,426,028
Fund balance at beginning of year	12,887,531	18,361,863	1,943,186	33,192,580
Fund balance at end of year	<u>\$ 15,580,148</u>	<u>\$ 19,136,345</u>	<u>\$ (97,885)</u>	<u>\$ 34,618,608</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, 2009

Net change in fund balances—governmental funds \$ 1,426,028

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	\$ 9,263,422	
Depreciation expense	(4,064,560)	
Excess of capitalized expenditures over depreciation expense		5,198,862

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. 12,950

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,036,057

Accrual basis revenue recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year but became available and were reported in the funds (238,392)

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Face amount of long-term debt	\$ (6,700,000)	
Debt service - principal payments	905,000	
Discount on long-term debt	46,210	
Issuance costs on long-term debt	122,853	
Net amortization of issuance costs and premium	(568)	
Net effect of long-term debt and related items		(5,626,505)

Book value of disposed capital assets (8,393)

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:

Increase in compensated absences		(59,738)
----------------------------------	--	----------

Change in net assets of governmental activities \$ 1,740,869

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

**Town of Sahuarita, Arizona**  
Statement of Net Assets  
Proprietary Fund  
June 30, 2009

	<b>Wastewater Enterprise Fund</b>
<b>Assets</b>	
Current:	
Cash and cash equivalents	\$ 40,408
Accounts receivable (net of allowance for doubtful accounts of \$11,964)	208,957
Total current	249,365
Noncurrent assets:	
Cash and cash equivalents restricted for debt service	421,610
Capital assets:	
Land	2,640,000
Sewage conveyance system	19,481,712
Vehicles	337,524
Construction in progress	26,735,403
Accumulated depreciation	(1,946,058)
Capital assets, net of accumulated depreciation	47,248,581
Total noncurrent assets	47,670,191
Total assets	47,919,556
<b>Liabilities</b>	
Current:	
Accrued payroll and benefits	15,875
Accounts payable	2,806,684
Due to other funds	400,000
Settlement payable-current	951,403
Loan payable-current	1,052,578
Total current	5,226,540
Noncurrent liabilities:	
Accrued compensated absences	22,372
Settlement payable	646,341
Loan payable	24,726,617
Total noncurrent liabilities	25,395,330
Total liabilities	30,621,870
<b>Net assets</b>	
Invested in capital assets, net of related debt	21,469,386
Restricted for debt service	421,610
Unrestricted	(4,593,310)
Total net assets	\$ 17,297,686

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

**Town of Sahuarita, Arizona**  
Statement of Revenues, Expenses, and  
Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2009

	<b>Wastewater Enterprise Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 1,163,303
Total operating revenues	1,163,303
<b>Operating expenses</b>	
Personnel	592,066
Operating supplies and services	580,511
Utilities	196,969
General and administrative	587,406
Consultants and professional services	99,833
Depreciation	594,367
Total operating expenses	2,651,152
Operating loss	(1,487,849)
Nonoperating revenues (expenses)	
Sewer connection fees	1,543,007
Investment income (loss)	(1,083)
Other	104,778
Interest and amortization expense	(402,279)
Total nonoperating revenues (expenses)	1,244,423
Change in net assets	(243,426)
Net assets at beginning of year	17,541,112
Net assets at end of year	\$ 17,297,686

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, 2009

	<b>Wastewater Enterprise Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 1,137,206
Payments to suppliers	(1,159,619)
Payments to employees	(569,490)
Net cash used for operating activities	<u>(591,903)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Proceeds from interfund loans	400,000
Receipts from insurance recovery	104,778
Payments on settlement	(2,072,897)
Net cash used for noncapital financing activities	<u>(1,568,119)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Sewer connection fees	1,543,007
Proceeds from capital debt	21,278,535
Acquisition and construction of capital assets	(20,207,396)
Interest payments for capital debt	(402,279)
Net cash provided by capital and related financing activities	<u>2,211,867</u>
<b>Cash Flows From Investing Activities</b>	
Interest received	<u>3,665</u>
Net cash provided by investing activities	<u>3,665</u>
Net increase in cash and cash equivalents	55,510
Cash and cash equivalents at beginning of year	406,508
Cash and cash equivalents at end of year	<u>\$ 462,018</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating loss	\$ (1,487,849)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	594,367
Increase in accounts receivable	(26,097)
Increase in accrued payroll and benefits	22,576
Increase in accounts payable	305,100
Net cash used for operating activities	<u>\$ (591,903)</u>

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

This page intentionally blank

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

***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.

**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 units, entities 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 Unit

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 is able to impose its will on 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. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

## TOWN OF SAHUARITA, ARIZONA

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

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

The government-wide financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within two months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences, which are recorded only when payment is due.

Intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *Capital Infrastructure Improvement Fund—Special Revenue Fund* accounts for the acquisition, construction, and maintenance of major capital facilities other than those financed by the Quail Creek Community Facilities District and the proprietary fund.

The Town reports the following major proprietary fund:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

## TOWN OF SAHUARITA, ARIZONA

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### **D. Assets, Liabilities, and Net Assets or Fund Balance**

#### Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with 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, Towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

#### 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.

#### Restricted Assets

Proceeds of the Town's long-term debt obligations, as well as certain resources set aside for their repayment 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.

#### Capital Assets

Capital assets, which include property, plant, and equipment, 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.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

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

Depreciation on all 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	4 to 15 years
Vehicles	4 to 15 years

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the governmental activities statement of net assets. Debt premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Debt is reported net of applicable premium.

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

Net Assets

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets-net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets-net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Town. Unrestricted net assets are the remaining net assets not included in the previous two categories.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

**NOTE 2—CASH AND INVESTMENTS**

Deposits—At June 30, 2009, the Town had cash on hand of \$65,919. The carrying amount of the Town’s cash in bank was \$6,069,241 and the bank balance was \$6,253,351. Of this amount, \$3,750,248 was insured by the Federal Depository Insurance Corporation and the remaining \$2,503,103 was collateralized with securities, valued at \$2,700,783, held by the Town’s custodial bank in the Town’s name.

Investments—At June 30, 2009, \$7,696,922 of the Town’s investment portfolio consisted of deposits in the State Treasurer’s Investment Pool. Of this amount \$7,188,256 was invested in the Local Government Investment Pool 5 and \$508,666 was invested in the Local Government Investment Pool 7. The State Board of Deposit provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. Those shares are not identified with specific investments, are not subject to custodial credit risk, and have no stated interest rate or maturity date.

A reconciliation of financial statement amounts to amounts disclosed within this footnote follows:

	<u>Fair Value</u>	<u>%</u>	<u>Weighted Average Maturity (Years)</u>
Deposits:			
Cash on hand	\$ 65,919	0.2	0.0
Cash in bank	6,069,241	19.9	0.0
Investments:			
Government money market fund	96,599	0.3	0.0
State Treasurer’s Investment Pool	7,696,922	25.3	0.1
Corporate notes (TLGP)	964,622	3.2	1.8
U.S. Treasuries	2,019,190	6.6	0.8
U.S. agencies:			
Discount notes	3,271,564	10.7	0.3
Bonds	<u>10,277,758</u>	<u>33.8</u>	1.1
Total composite portfolio	<u>30,461,815</u>	<u>100.0</u>	0.6
Less: Investments with original maturities greater than three months	<u>(16,533,134)</u>		
Total cash and cash equivalents	<u>\$13,928,681</u>		

*Interest Rate Risk.* In accordance with its investment policy, the Town manages its exposure to declines in fair values by managing its composite portfolio to achieve a one year dollar-weighted average maturity.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

*Credit Risk.* The Town’s investment policy minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by limiting investments to a specific list of the safest types of securities. The Town’s investment in U.S. Treasury, U.S. agency, and corporate note securities were rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s. The Town’s investment in federal agency discount note securities were rated P-1 by Moody’s Investors Service and A-1+ by Standard & Poor’s. The State Treasurer’s Local Government Investment Pool 5 was rated AAAs by Standard & Poor’s. The State Treasurer’s Local Government Investment Pool 7 did not receive a credit quality rating from a national rating agency. Pool 7 investments are limited to those securities that carry the full faith and credit of the United States Government.

*Concentration of Credit Risk.* With the exception of U.S. Treasury securities and authorized pools, the Town’s investment policy does not allow more than 50% of the Town’s total investment portfolio to be invested in a single security type or with a single financial institution.

**NOTE 3—RESTRICTED ASSETS**

At June 30, 2009, restricted assets consisted of the following:

	<u>Fair Value</u>
Cash and cash equivalents:	
Deposits held in trust	\$4,586,595
Interest receivable	<u>18</u>
Total restricted assets	<u>\$4,586,613</u>

Deposits held in trust include money market funds invested in U.S. government obligations and repurchase agreements collateralized by U.S. government obligations. \$3,711,071 was held on deposit in the “GADA 2009B Loan Proceeds Account” and will be used to finance the construction of public infrastructure. \$453,914 was recorded in the “Quail Creek CFD 2006 Tax Account” and represents property tax collections set aside for debt service payments on the Quail Creek Community Facilities District Series 2006 General Obligation Bonds issuance. \$421,610 was deposited in the “WIFA 2008A Debt Service Reserve Account” in accordance with the WIFA 2008A System Revenues Loan agreement’s debt service reserve requirements.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

**NOTE 4—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, follows:

	<u>Balance</u> <u>7/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2009</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,781,086	\$ -	\$ (-)	\$ 6,781,086
Construction in progress	<u>18,930,764</u>	<u>8,583,100</u>	<u>(8,232,628)</u>	<u>19,281,236</u>
Total capital assets not being depreciated	<u>25,711,850</u>	<u>8,583,100</u>	<u>(8,232,628)</u>	<u>26,062,322</u>
Capital assets being depreciated:				
Buildings and improvements	21,818,269	-	(-)	21,818,269
Infrastructure	52,710,395	8,461,663	(-)	61,172,058
Vehicles 1,656,171		292,417	(13,428)	1,935,160
Equipment and software	<u>2,484,514</u>	<u>171,820</u>	<u>(-)</u>	<u>2,656,334</u>
Total capital assets being depreciated	<u>78,669,349</u>	<u>8,925,900</u>	<u>(13,428)</u>	<u>87,581,821</u>
Less accumulated depreciation for:				
Buildings and improvements	(428,533)	(484,593)	-	(913,126)
Infrastructure	(7,083,946)	(2,949,953)	-	(10,033,899)
Vehicles (976,484)		(256,057)	5,035	(1,227,506)
Equipment and software	<u>(509,154)</u>	<u>(373,957)</u>	<u>-</u>	<u>(883,111)</u>
Total accumulated depreciation	<u>(8,998,117)</u>	<u>(4,064,560)</u>	<u>5,035</u>	<u>(13,057,642)</u>
Total capital assets being depreciated, net	<u>69,671,232</u>	<u>4,861,340</u>	<u>(8,393)</u>	<u>74,524,179</u>
Governmental activities capital assets, net	<u>\$95,383,082</u>	<u>\$13,444,440</u>	<u>\$(8,241,021)</u>	<u>\$100,586,501</u>

	<u>Balance</u> <u>7/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2009</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ (-)	\$ 2,640,000
Construction in progress	<u>5,354,139</u>	<u>21,381,264</u>	<u>(-)</u>	<u>26,735,403</u>
Total capital assets not being depreciated	<u>7,994,139</u>	<u>21,381,264</u>	<u>(-)</u>	<u>29,375,403</u>
Capital assets being depreciated:				
Sewer conveyance system	19,481,712	-	(-)	19,481,712
Vehicles	<u>337,524</u>	<u>-</u>	<u>(-)</u>	<u>337,524</u>
Total capital assets being depreciated	<u>19,819,236</u>	<u>-</u>	<u>(-)</u>	<u>19,819,236</u>
Less accumulated depreciation for:				
Sewer conveyance system	(1,306,113)	(566,120)	-	(1,872,233)
Vehicles	<u>(45,578)</u>	<u>(28,247)</u>	<u>-</u>	<u>(73,825)</u>
Total accumulated depreciation	<u>(1,351,691)</u>	<u>(594,367)</u>	<u>-</u>	<u>(1,946,058)</u>
Total capital assets being depreciated, net	<u>18,467,545</u>	<u>(594,367)</u>	<u>-</u>	<u>17,873,178</u>
Business-type activities capital assets, net	<u>\$26,461,684</u>	<u>\$20,786,897</u>	<u>\$-</u>	<u>\$47,248,581</u>

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$	572,345
Public safety		364,829
Highways and streets		3,003,587
Culture and recreation		<u>123,800</u>
Total governmental activities depreciation		<u>\$4,064,560</u>

**Business-type activities:**

Sewer	\$	<u>594,367</u>
-------	----	----------------

**NOTE 5—LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2009</u>	<u>Due Within 1 year</u>
<b>Governmental activities:</b>					
Quail Creek CFD general obligation bonds	\$12,660,000	\$ -	\$(320,000)	\$12,340,000	\$ 335,000
Loans payable	14,310,000	6,700,000	(585,000)	20,425,000	605,000
Unamortized premium	702,253		(39,750)	662,503	39,750
Unamortized discounts	-	(46,210)	-	(46,210)	(2,310)
Compensated absences	<u>358,536</u>	<u>428,958</u>	<u>(369,220)</u>	<u>418,274</u>	<u>418,274</u>
Total governmental activities long-term liabilities	<u>\$28,030,789</u>	<u>\$7,082,748</u>	<u>\$(1,313,970)</u>	<u>\$33,799,567</u>	<u>\$1,395,714</u>
	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2009</u>	<u>Due Within 1 year</u>
<b>Business-type activities:</b>					
Settlement payable	\$ 3,670,641	\$ -	\$(2,072,897)	\$ 1,597,744	\$ 951,403
Loans payable	4,500,660	26,028,535	(4,750,000)	25,779,195	1,052,578
Compensated absences	-	<u>22,372</u>	-	<u>22,372</u>	<u>22,372</u>
Total business-type activities long-term liabilities	<u>\$ 8,171,301</u>	<u>\$26,050,907</u>	<u>\$(6,822,897)</u>	<u>\$27,399,311</u>	<u>\$2,026,353</u>

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

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

**QUAIL CREEK COMMUNITY FACILITIES DISTRICT  
GENERAL OBLIGATION BONDS  
Governmental Activities**

The District's general obligation bonds payable at June 30, 2009 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.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
Series 2006	\$12,660,000	4.85 – 5.55%	2010-2030	\$12,340,000

The following schedule provides the debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 335,000	\$ 662,701
2011	350,000	646,090
2012	370,000	628,630
2013	385,000	619,744
2014	405,000	589,401
2015-2019	2,370,000	2,593,850
2020-2024	3,105,000	1,842,739
2025-2029	4,065,000	853,729
2030	955,000	16,501
Total	<u>\$12,340,000</u>	<u>\$8,453,385</u>

**LOANS PAYABLE  
Governmental Activities**

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 collections, which GADA used as security for its Bond issuances. The Town will repay \$13,725,000 of principal issued in March 2006 and \$6,700,000 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 15% of revenues pledged. Interest is payable semi-annually and is calculated based upon the principal amount of the loans outstanding during such period. The loans are payable from the

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

revenues of the Town's governmental funds through 2029. During that time, the total principal and interest to be paid on the loan will be \$30,710,332. During fiscal year ended June 30, 2009, total principal and interest paid was \$1,259,775 and the total revenue subject to pledge was \$15,877,922.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
2006A GADA Loan	\$16,355,000	4.00 – 5.00%	2010 - 2025	\$13,725,000
2009B GADA Loan	6,700,000	3.00 – 5.00%	2011 - 2029	6,700,000
				Loan payable outstanding
				\$20,425,000
				Unamortized amounts
				616,293
				<u>Total loans outstanding</u>
				<u>\$21,041,293</u>

The following schedule provides the debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 605,000	990,607
2011	875,000	924,313
2012	905,000	891,763
2013	935,000	858,063
2014	975,000	820,875
2014-2018	5,555,000	3,425,100
2019-2023	7,040,000	1,952,613
2024-2029	3,535,000	422,000
Total	<u>\$20,425,000</u>	<u>\$10,285,334</u>

**LOANS PAYABLE**  
**Business-type Activities**

The Town had entered into three loan agreements with the Water Infrastructure Finance Authority of Arizona (WIFA) to provide funds for 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 loan outstanding during such period. Principal and interest payments to maturity are subject to change based upon the total amounts drawn down on the loans. During the year ended June 30, 2009, the entire balance of the 2007 WIFA Loan, \$4,750,000, was consolidated into the 2008 WIFA System Revenues Loan as planned, resulting in no economic gain or loss.

For the 2008 WIFA System Revenues Loan, the Town has pledged wastewater system revenues, 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 revenues were \$350,217 and \$753,220 respectively.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

For the 2008 WIFA Non-System Revenues Loan, the Town has pledged wastewater system revenues, net of specified operating expenses, and the excess of non-system revenues (i.e. excise taxes) pledged towards other debt. Annual principal and interest payments on the loan are expected to require less than 2% of pledged revenues. In the current year, total principal and interest paid, and total pledged revenues were \$0 and \$13,691,331 respectively.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
2008 WIFA System Revenues Loan	Variable To \$28,350,000	3.723%	2010-2028	\$25,779,195
2008 WIFA Non-System Revenues Loan	Variable To \$4,375,525	3.723%	2010-2029	\$0

The following schedule estimates total debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 829,157	\$ 831,436
2011	987,999	928,890
2012	1,024,782	892,107
2013	1,062,935	853,954
2014	1,102,508	814,381
2015 - 2019	6,159,663	3,424,780
2020 - 2024	7,394,899	2,189,544
2025 - 2029	7,217,252	706,597
	<u>\$ 25,779,195</u>	<u>\$ 10,641,689</u>

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

**NOTE 6—DEFERRED REVENUES**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable Unearned</u>	
<u>General Fund</u>		
Advanced payments for development services	\$ -	\$223,544
Operating contributions from other governments	109,973	-
Miscellaneous revenues	1,135	-
 <u>CIIF Fund</u>		
Delinquent sales taxes	342,105	-
Capital grants from other governments	350,000	-
 <u>Nonmajor Governmental Funds</u>		
Delinquent property taxes	817	-
Operating contributions from other governments	1,282	-
Capital grants from other governments	<u>513,901</u>	-
Total deferred revenue for governmental funds	<u>\$1,319,213</u>	<u>\$223,544</u>

**NOTE 7—CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The Town has active construction projects at June 30, 2009. At fiscal year end the Town's commitments with contractors, architect, and engineering firms were as follows:

**Governmental Activities**

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
I-19 Interchange at Sahuarita Road	\$ 796,980	\$ 18,974
Sahuarita Road	1,069,896	2,978,060
La Canada Phase III	657,079	3,475,987
Quail Crossing Boulevard	821,476	440,099
Total	<u>\$3,345,431</u>	<u>\$6,913,120</u>

**Business-type Activities**

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Wastewater Plant Phase IV Expansion	<u>\$13,854,557</u>	<u>\$3,459,478</u>

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

Operating Leases

The Town leases buildings and office equipment under the provisions of long-term lease agreements classified as operating leases. Rental expenditures under the terms of the operating leases totaled \$191,661 for the year ended June 30, 2009. The operating leases have remaining noncancelable lease terms for up to five years. The future minimum rental payments required under the operating leases as of June 30, 2009, were as follows.

	Year ending June 30:	
2010		\$ 41,294
2011		32,364
2012		<u>15,105</u>
	Total minimum payments required	<u>\$ 88,763</u>

**NOTE 8—INTERFUND ACTIVITY**

The due from and due to other fund transactions represent loans needed to cover temporary cash and cash equivalents deficits or unpaid operating transfers. As of June 30, 2009, the Town had the following due to and due from other funds outstanding balances:

<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Amount</u>
CIIF Fund	Wastewater Fund	\$ 400,000
CIIF Fund	Nonmajor Governmental Funds	<u>540,876</u>
		<u>\$ 940,876</u>

Transfers are used to move capital financing sources recorded in one fund to another fund that incurred the capital outlay and related expenditures. During the year, the Town had the following transfers between funds:

<u>Transfer Out</u>	Transfer	<u>In</u>	<u>Amount</u>
CIIF Fund	General	Fund	
		Nonmajor Governmental Funds	258,000
Nonmajor Governmental Funds		CIIF Fund	<u>741,982</u>
			<u>\$4,410,695</u>

**NOTE 9—RETIREMENT AND PENSION PLANS**

Arizona State Retirement System (ASRS)

Plan Description—The Town contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the ASRS. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The system is governed by

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

the ASRS Board according to the provisions of Arizona Revised Statutes (A.R.S.) Title 38, Chapter 5, Article 2.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 3910, Phoenix, AZ 85067-3910 or by calling (602) 240-2001 or (800) 621-3778.

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rate. For the year ended June 30, 2009, active plan members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability), and the Town was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent retirement, 0.96 percent health and 0.50 percent long-term disability) of the members' annual covered payroll. The Town's contributions to the ASRS for the years ended June 30, 2009, 2008, and 2007, which were equal to the required contributions for each year, were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Retirement portion</u>	<u>Health insurance subsidy</u>	<u>Long-term disability</u>
2007	\$ 312,372	\$ 43,442	\$ 20,687
2008	400,046	52,180	24,848
2009	440,762	52,958	27,583

Public Safety Personnel Retirement System (PSPRS)

Plan Description—The Town contributes to the PSPRS, an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide post employment benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute and generally provide retirement, and health insurance premium subsidy benefits. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 East Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

Funding Policy—Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The Town is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 10.98 percent of annual covered payroll (in addition, the health insurance subsidy was subsequently determined to be 0.78%) for police.

PSPRS funding policy is to provide for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due, expressed as percentages of annual covered payroll. The required contributions are determined based on an entry age actuarial funding method. Unfunded actuarial accrued liabilities are amortized as a level percentage over a period of 30 years.

Annual Pension Cost and Other Post Employment Benefit (OPEB) Obligations—During the year ended June 30, 2009 the Town's annual pension cost of \$251,635 for police was equal to the Town's required and actual contributions. OPEB costs (health insurance subsidy payments) were determined to be \$16,715 but \$0 was contributed.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

Annual pension cost information for the current and 2 preceding years follows. Annual OPEB cost information for the current and immediately preceding year (only information available) is as follows. Information about preceding years will be added as it becomes available.

Three-Year Trend Information  
Police

Fiscal Annual Year Ended	Pension	Percent	Net Pension
<u>June 30 Cost</u>	<u>(APC) Contributed</u>	<u></u>	<u>Obligation</u>
2007	\$ 79,934	100%	\$ -
2008	110,621	100%	-
2009	251,635	100%	-

Fiscal Annual Year Ended	OPEB	Percent	Net Pension
<u>June 30 Cost</u>	<u>Contributed</u>	<u></u>	<u>Obligation</u>
2007	N/A	N/A	N/A
2008	\$ 12,215	0%	\$ 12,215
2009	16,715	0%	16,715

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

The required contribution was determined as part of the June 30, 2009 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on investment of present and future assets of 8.50 percent per year compounded annually, and (b) projected salary increases of 5.50 (including 5.00% for inflation) per year compounded annually, and (c) additional projected salary increases of 0.0 percent to 3.0 percent per year attributable to seniority/merit.

Normal cost and the actuarial present values between service rendered before and after the valuation date were determined using the projected unit credit actuarial cost method having the following characteristics: (1) the annual normal costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement; and (2) each annual normal cost is the portion of the actuarial present value allocated to the current year. The normal cost is expected to increase as accrued service increases.

The actuarial value of the Town's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period. Actuarially valued assets exceeded the actuarial accrued liability, therefore, the excess will be amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

Funded Status and Funding Progress—As of June 30, 2009, the most recent actuarial valuation date, the pension plan and the OPEB was funded as follows:

	Actuarial Accrued <u>Liability (AAL)</u>	Actuarial Valuation of <u>Assets</u>	Percent <u>Funded</u>	(Overfunded) / Unfunded <u>AAL</u>	Annual Covered <u>Payroll</u>	(Over)/Unfunded AAL as % of <u>Covered Payroll</u>
Pension plan	\$ 3,320,309	\$ 3,522,313	106.1%	\$ (202,004)	\$ 2,364,545	(8.5) %
OPEB	121,484	-	0.0%	121,484	2,364,545	5.1 %

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Elected Officials Retirement Plan (EORP)

Plan Description—The Town’s Mayor and Council members participate in the EORP, a multiple-employer, cost sharing pension plan. The Fund Manager of the Public Safety Personnel Retirement System (PSPRS) is the administrator for the EORP which was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges, and certain elected municipal officials. EORP provides retirement benefits as well as death and disability benefits. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 3010 E. Camelback Rd., Suite 200, Phoenix, Arizona, 85016, by calling (602) 255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

Funding Policy—The EORP’s funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7.0 percent of their annual covered salary. The employer rate for fiscal year 2009 was 28.00 percent. The Town’s contributions to EORP for the fiscal years ended June 30, 2009, 2008, and 2007 were \$13,232, \$9,344, and \$6,844, respectively, which equal the required contributions for each year. The Town’s employees contributed \$3,590, \$3,590, and \$2,903, for the same time periods.

**NOTE 10—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 \$5 million per occurrence on a follow form, claims made basis.

**TOWN OF SAHUARITA, ARIZONA**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

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.

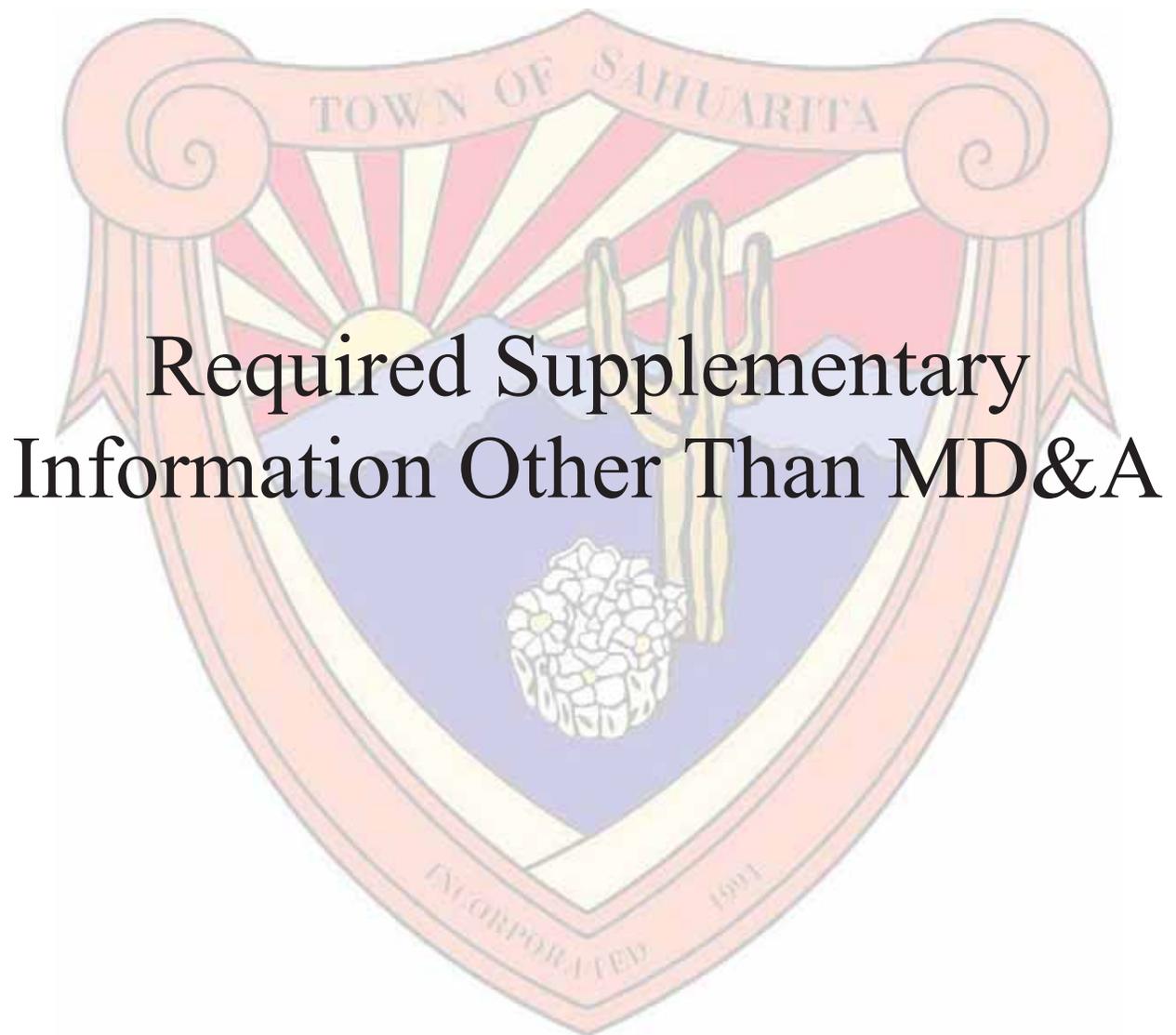
***NOTE 11—COMPLIANCE AND ACCOUNTABILITY (DEFICIT FUND BALANCE)***

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.

The Highway User Revenue Fund, a nonmajor governmental fund, had a deficit fund balance of \$331,304 at June 30, 2009. This deficit is expected to be eliminated through continuing normal operations.

This page intentionally blank



**Required Supplementary  
Information Other Than MD&A**

This page intentionally blank

# Town of Sahuarita, Arizona

## Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual

### General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,384,000	\$ 4,384,000	\$ 3,954,635	\$ (429,365)
Licenses and permits	2,277,000	2,277,000	1,989,607	(287,393)
Intergovernmental	4,579,650	4,579,650	4,090,127	(489,523)
Charges for services	947,700	947,700	1,099,044	151,344
Fines and forfeitures	300,000	300,000	266,135	(33,865)
Investment earnings	450,000	450,000	265,167	(184,833)
Miscellaneous	111,000	111,000	149,362	38,362
Total revenues	<u>13,049,350</u>	<u>13,049,350</u>	<u>11,814,077</u>	<u>(1,235,273)</u>
<b>Expenditures</b>				
General government:				
Mayor and Council	196,500	196,500	148,747	47,753
Town Manager	861,150	861,150	693,371	167,779
Law	534,700	534,700	497,439	37,261
Town Clerk	320,050	362,050	357,216	4,834
Finance	1,121,200	1,121,200	931,346	189,854
Human Resources	236,100	236,100	193,833	42,267
Municipal Court	540,450	557,450	519,405	38,045
Planning and Zoning	440,700	440,700	400,176	40,524
Public Works-Facilities	494,400	494,400	490,542	3,858
Non-Departmental	622,000	622,000	218,875	403,125
Total general government	<u>5,367,250</u>	<u>5,426,250</u>	<u>4,450,950</u>	<u>975,300</u>
Public safety:				
Building Safety	1,232,600	1,232,600	1,031,413	201,187
Public Works-Engineering	573,300	573,300	492,842	80,458
Police	5,747,650	5,747,650	5,213,448	534,202
Total public safety	<u>7,553,550</u>	<u>7,553,550</u>	<u>6,737,703</u>	<u>815,847</u>
Culture and recreation:				
Parks and Recreation	1,763,150	1,763,150	1,343,520	419,630
Total culture and recreation	<u>1,763,150</u>	<u>1,763,150</u>	<u>1,343,520</u>	<u>419,630</u>
Contingency reserves	13,769,650	13,710,650	-	13,710,650
Total expenditures	<u>28,453,600</u>	<u>28,453,600</u>	<u>12,532,173</u>	<u>15,921,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,404,250)</u>	<u>(15,404,250)</u>	<u>(718,096)</u>	<u>14,686,154</u>
<b>Other financing sources/ (uses)</b>				
Transfers in	3,504,650	3,504,650	3,410,713	(93,937)
Transfers out	(186,450)	(186,450)	-	186,450
Total other financing sources/ (uses)	<u>3,318,200</u>	<u>3,318,200</u>	<u>3,410,713</u>	<u>92,513</u>
Excess (deficiency) of revenues over (under) expenditures and other sources	<u>(12,086,050)</u>	<u>(12,086,050)</u>	<u>2,692,617</u>	<u>14,778,667</u>
Fund balance at beginning of year	12,086,050	12,086,050	12,887,531	801,481
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,580,148</u>	<u>\$ 15,580,148</u>

See notes to required supplementary information.

## Town of Sahuarita, Arizona

### Schedule of Revenues, Expenditures, and Changes

in Fund Balance—Budget and Actual

Capital Infrastructure Improvement Fund—Special Revenue Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,850,000	\$ 3,850,000	\$ 5,112,807	\$ 1,262,807
Intergovernmental	4,496,000	4,496,000	1,041,072	(3,454,928)
Investment earnings	650,000	650,000	319,668	(330,332)
Miscellaneous	2,118,710	2,118,710	71,419	(2,047,291)
Total revenues	<u>11,114,710</u>	<u>11,114,710</u>	<u>6,544,966</u>	<u>(4,569,744)</u>
<b>Expenditures</b>				
Capital outlay:				
General government	625,000	625,000	411,146	213,854
Public safety	-	-	2,505	(2,505)
Highways and streets	15,354,450	15,354,450	4,171,241	11,183,209
Culture and recreation	5,928,000	5,928,000	3,528,236	2,399,764
Total capital outlay	<u>21,907,450</u>	<u>21,907,450</u>	<u>8,113,128</u>	<u>13,794,322</u>
Debt service:				
Principal	585,000	585,000	585,000	-
Interest	673,000	673,000	674,775	(1,775)
Fiscal charges	1,000	1,000	1,787	(787)
Debt issuance costs	250,000	250,000	122,853	127,147
Contingency reserves	19,649,510	19,649,510	-	19,649,510
Total expenditures	<u>43,065,960</u>	<u>43,065,960</u>	<u>9,497,543</u>	<u>33,568,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,951,250)</u>	<u>(31,951,250)</u>	<u>(2,952,577)</u>	<u>28,998,673</u>
<b>Other financing sources/ (uses)</b>				
Face amount of long-term debt	12,285,000	12,285,000	6,700,000	(5,585,000)
Discount on long-term debt	-	-	(46,210)	(46,210)
Transfers in	6,179,000	6,179,000	741,982	(5,437,018)
Transfers out	(4,601,850)	(4,601,850)	(3,668,713)	933,137
Total other financing sources (uses)	<u>13,862,150</u>	<u>13,862,150</u>	<u>3,727,059</u>	<u>(10,135,091)</u>
Net change in fund balance	(18,089,100)	(18,089,100)	774,482	18,863,582
Fund balance at beginning of year	18,089,100	18,089,100	18,361,863	272,763
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,136,345</u>	<u>\$ 19,136,345</u>

See notes to required supplementary information.

## Town of Sahuarita, Arizona

### Schedule of Agent Retirement Plan's Funding Progress Public Safety Personnel Retirement System (PSPRS)

Retirement						
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
2007	\$ 1,843,166	\$ 1,857,078	\$ 13,912	99.3%	\$ 1,467,612	0.9%
2008	2,567,341	2,226,533	(340,808)	115.3%	2,142,910	(15.9%)
2009	3,522,313	3,320,309	(202,004)	106.1%	2,364,545	(8.5%)

Other Post Employment Benefit (Health Insurance Subsidy)						
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
2007	\$ -	\$ 57,647	\$ 57,647	0.0%	\$ 1,467,612	3.9%
2008	-	51,984	51,984	0.0%	2,142,910	2.4%
2009	-	121,484	121,484	0.0%	2,364,545	5.1%

See notes to required supplementary information.

**TOWN OF SAHUARITA, ARIZONA**  
Notes to Required Supplementary Information  
Fiscal Year Ended June 30, 2009

***NOTE 1—BUDGETARY BASIS OF ACCOUNTING***

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 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 special approval of the Town Council.

Encumbrance accounting is employed in governmental 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.

The seal of the Town of Sahuarita is a shield-shaped emblem. At the top, a banner reads "TOWN OF SAHUARITA". The shield features a sun with rays on the left, a saguaro cactus in the center, and a basket of agave in the foreground. The background is a landscape with mountains and a blue sky. At the bottom, the text "INCORPORATED 1901" is visible.

# Combining Statements and Other Schedules

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

*Highway User Revenue Fund*—accounts for the Town’s share of motor fuel tax revenues.

*Quail Creek Community Facilities District*—accounts for the District’s acquisition, construction, and maintenance of major capital facilities within the District boundaries.

*Racketeering Influenced and Corrupt Organizations (RICO) Fund*—accounts for state and federal police seizures and forfeitures received by the Town.

**Town of Sahuarita, Arizona**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Highway User Revenue Fund</b>	<b>Quail Creek CFD Fund</b>	<b>RICO Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 108,802	\$ 12,488	\$ 216,419	\$ 337,709
Receivables:				
Taxes	-	817	-	817
Accounts	-	221,065	-	221,065
Intergovernmental	673,780	-	1,282	675,062
Restricted assets	-	453,918	-	453,918
Total assets	<u>\$ 782,582</u>	<u>\$ 688,288</u>	<u>\$ 217,701</u>	<u>\$ 1,688,571</u>
<b>Liabilities</b>				
Accrued payroll and benefits	15,485	\$ -	\$ -	\$ 15,485
Payables:				
Accounts	43,565	7,298	-	50,863
Intergovernmental	59	-	-	59
Bonds	-	320,000	-	320,000
Interest	-	343,173	-	343,173
Due to other funds	540,876	-	-	540,876
Deferred revenues	513,901	817	1,282	516,000
Total liabilities	<u>1,113,886</u>	<u>671,288</u>	<u>1,282</u>	<u>1,786,456</u>
<b>Fund balances</b>				
Unreserved	<u>(331,304)</u>	<u>17,000</u>	<u>216,419</u>	<u>(97,885)</u>
Total fund balances	<u>(331,304)</u>	<u>17,000</u>	<u>216,419</u>	<u>(97,885)</u>
Total liabilities and fund balances	<u>\$ 782,582</u>	<u>\$ 688,288</u>	<u>\$ 217,701</u>	<u>\$ 1,688,571</u>

**Town of Sahuarita, Arizona**

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2009

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Highway User Revenue Fund</b>	<b>Quail Creek CFD Fund</b>	<b>RICO Fund</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ 247,292	\$ -	\$ 247,292
Intergovernmental	1,379,909	-	11,575	1,391,484
Charges for services	-	16,339	-	16,339
Fines and forfeitures	-	-	10,042	10,042
Investment earnings (loss)	(136)	8,087	415	8,366
Miscellaneous	26,709	570,567	-	597,276
Total revenues	<u>1,406,482</u>	<u>842,285</u>	<u>22,032</u>	<u>2,270,799</u>
<b>Expenditures</b>				
Current:				
General government	-	22,519	-	22,519
Public safety	-	-	44,405	44,405
Highways and streets	1,485,275	-	-	1,485,275
Culture and recreation	-	30,102	-	30,102
Capital outlay	-	1,228,742	-	1,228,742
Debt service:				
Principal	-	320,000	-	320,000
Interest	-	686,345	-	686,345
Fiscal charges	-	10,500	-	10,500
Total expenditures	<u>1,485,275</u>	<u>2,298,208</u>	<u>44,405</u>	<u>3,827,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(78,793)</u>	<u>(1,455,923)</u>	<u>(22,373)</u>	<u>(1,557,089)</u>
<b>Other financing sources (uses)</b>				
Transfers in	258,000	-	-	258,000
Transfers out	(741,982)	-	-	(741,982)
Total other financing sources (uses)	<u>(483,982)</u>	<u>-</u>	<u>-</u>	<u>(483,982)</u>
Net change in fund balances	(562,775)	(1,455,923)	(22,373)	(2,041,071)
Fund balance at beginning of year	231,471	1,472,923	238,792	1,943,186
Fund balance at end of year	<u>\$ (331,304)</u>	<u>\$ 17,000</u>	<u>\$ 216,419</u>	<u>\$ (97,885)</u>

## Town of Sahuarita, Arizona

### Schedule 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, 2009

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 7,739,500	\$ 7,739,500	\$ 1,379,909	\$ (6,359,591)
Investment earnings (loss)	1,000	1,000	(136)	(1,136)
Miscellaneous	-	-	26,709	26,709
Total revenues	<u>7,740,500</u>	<u>7,740,500</u>	<u>1,406,482</u>	<u>(6,334,018)</u>
<b>Expenditures</b>				
Current:				
Highways and streets	1,779,700	1,779,700	1,485,275	294,425
Total expenditures	<u>1,779,700</u>	<u>1,779,700</u>	<u>1,485,275</u>	<u>294,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,960,800</u>	<u>5,960,800</u>	<u>(78,793)</u>	<u>(6,039,593)</u>
<b>Other financing sources (uses)</b>				
Transfers in	423,100	423,100	258,000	(165,100)
Transfers out	(6,179,000)	(6,179,000)	(741,982)	5,437,018
Total other financing sources (uses)	<u>(5,755,900)</u>	<u>(5,755,900)</u>	<u>(483,982)</u>	<u>5,271,918</u>
Net change in fund balance	204,900	204,900	(562,775)	(767,675)
Fund balance at beginning of year	(204,900)	(204,900)	231,471	436,371
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (331,304)</u>	<u>\$ (331,304)</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, 2009

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 236,500	\$ 236,500	\$ 247,292	\$ 10,792
Charges for services	5,000	5,000	16,339	11,339
Investment earnings	56,750	56,750	8,087	(48,663)
Miscellaneous	511,150	511,150	570,567	59,417
Total revenues	<u>809,400</u>	<u>809,400</u>	<u>842,285</u>	<u>32,885</u>
<b>Expenditures</b>				
General government	17,000	17,000	22,519	(5,519)
Culture and recreation	38,350	38,350	30,102	8,248
Capital outlay:				
Culture and recreation	1,386,000	1,386,000	1,228,742	157,258
Debt service:				
Principal	320,000	320,000	320,000	-
Interest	686,350	686,350	686,345	5
Fiscal charges	2,500	2,500	10,500	(8,000)
Total expenditures	<u>2,450,200</u>	<u>2,450,200</u>	<u>2,298,208</u>	<u>151,992</u>
Excess (deficiency) of revenues over (under) expenditures	(1,640,800)	(1,640,800)	(1,455,923)	184,877
<b>Other financing sources</b>				
Transfers in	21,350	21,350	-	(21,350)
Total other financing sources	<u>21,350</u>	<u>21,350</u>	<u>-</u>	<u>(21,350)</u>
Net change in fund balance	(1,619,450)	(1,619,450)	(1,455,923)	163,527
Fund balance at beginning of year	1,619,450	1,619,450	1,472,923	(146,527)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>

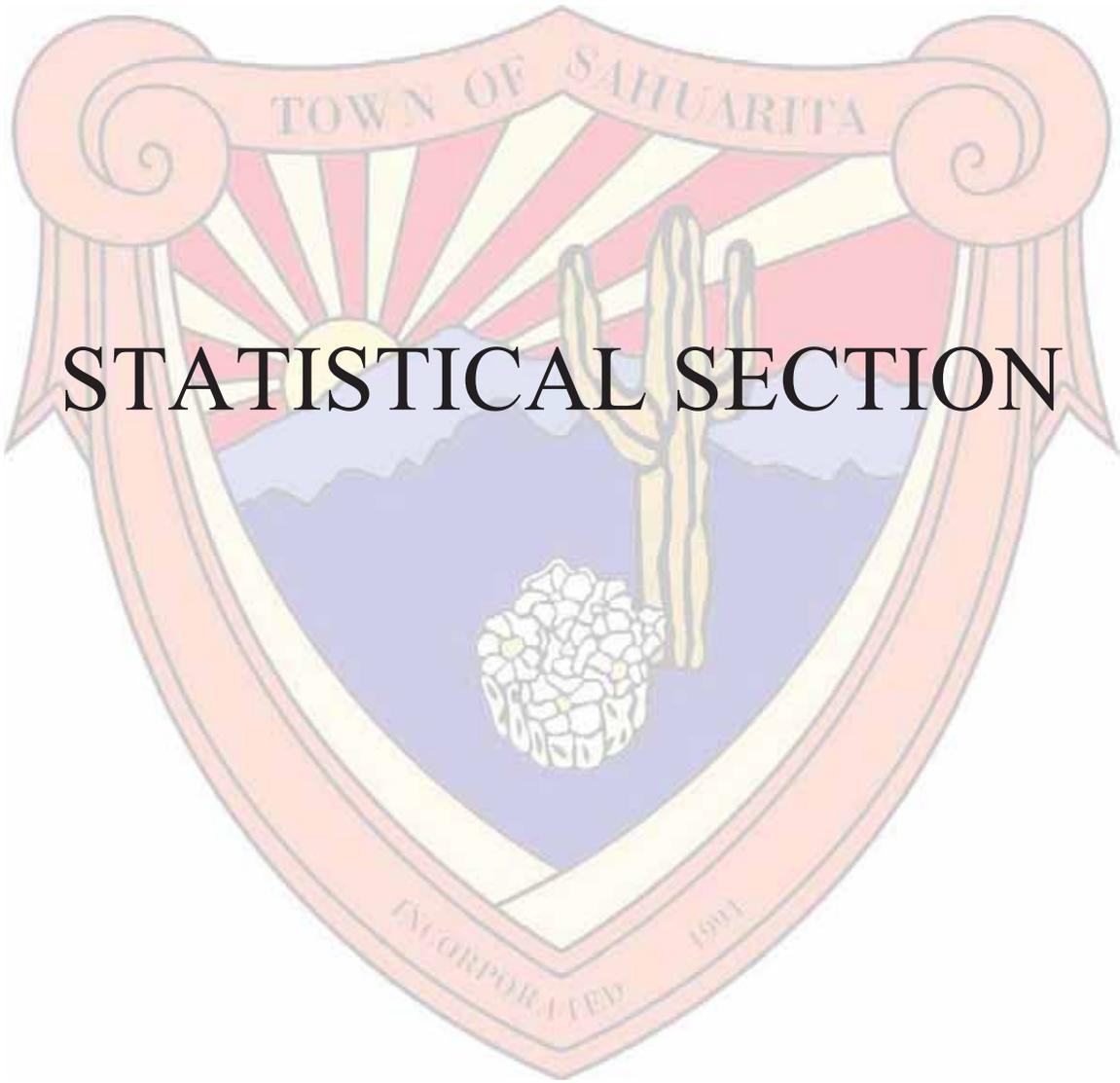
## Town of Sahuarita, Arizona

### Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual

#### Racketeer Influenced and Corrupt Organizations (RICO) Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2009

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 11,575	\$ (23,425)
Fines and forfeitures	510,000	510,000	10,042	(499,958)
Investment earnings	12,500	12,500	415	(12,085)
Total revenues	<u>557,500</u>	<u>557,500</u>	<u>22,032</u>	<u>(535,468)</u>
<b>Expenditures</b>				
Current:				
Public safety	169,600	184,600	44,405	140,195
Contingency reserves	644,200	629,200	-	629,200
Total expenditures	<u>813,800</u>	<u>813,800</u>	<u>44,405</u>	<u>769,395</u>
Excess (deficiency) of revenues over (under) expenditures	(256,300)	(256,300)	(22,373)	233,927
Fund balance at beginning of year	256,300	256,300	238,792	(17,508)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,419</u>	<u>\$ 216,419</u>

This page intentionally blank



# STATISTICAL SECTION

## STATISTICAL SECTION

This section of the Town of Saugus'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 Assets by Component**  
**Fiscal Years 2004 - 2009**  
*(accrual basis of accounting)*  
(Unaudited)

	<b>Fiscal Year</b>					
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Governmental activities						
Invested in capital assets, net of related debt	\$26,090,232	\$31,211,684	\$43,545,799	\$58,723,674	\$70,408,352	\$71,440,562
Restricted	1,537,438	1,146,499	1,859,614	3,172,002	1,966,475	412,108
Unrestricted	11,629,957	18,918,732	25,519,754	30,387,388	29,551,602	31,814,628
Total governmental activities net assets	<u>\$39,257,627</u>	<u>\$51,276,915</u>	<u>\$70,925,167</u>	<u>\$92,283,064</u>	<u>\$101,926,429</u>	<u>\$103,667,298</u>
Business-type activities						
Invested in capital assets, net of related debt	\$9,688,370	\$11,335,546	\$14,882,157	\$17,842,537	\$21,961,024	\$21,469,386
Restricted	-	-	-	-	-	421,610
Unrestricted	2,253,806	2,398,087	3,578,089	2,182,440	(4,419,912)	(4,593,310)
Total business-type activities net assets	<u>\$11,942,176</u>	<u>\$13,733,633</u>	<u>\$18,460,246</u>	<u>\$20,024,977</u>	<u>\$17,541,112</u>	<u>\$17,297,686</u>
Primary government						
Invested in capital assets, net of related debt	\$35,778,602	\$42,547,230	\$58,427,956	\$76,566,211	\$92,369,376	\$92,909,948
Restricted	1,537,438	1,146,499	1,859,614	3,172,002	1,966,475	833,718
Unrestricted	13,883,763	21,316,819	29,097,843	32,569,828	25,131,690	27,221,318
Total primary government net assets	<u>\$51,199,803</u>	<u>\$65,010,548</u>	<u>\$89,385,413</u>	<u>\$112,308,041</u>	<u>\$119,467,541</u>	<u>\$120,964,984</u>

**Note:** Fiscal year 2004 was the Town's first year to prepare government-wide financial statements.

## Town of Sahuarita, Arizona

### Changes in Net Assets Fiscal Years 2004 - 2009 *(accrual basis of accounting)* (Unaudited)

	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>						
Governmental activities:						
General government	\$ 1,449,702	\$ 1,650,224	\$ 2,466,153	\$ 2,831,755	\$ 4,214,983	\$ 4,478,612
Public safety	1,927,284	2,823,353	3,759,876	4,860,754	6,619,502	6,887,246
Highways and streets	1,947,957	2,070,007	3,068,447	4,022,588	3,766,718	4,824,811
Culture and recreation	519,836	754,139	994,690	1,417,683	1,423,812	1,545,515
Interest and amortization on long-term debt	-	-	304,096	1,451,894	1,549,848	1,373,975
Total governmental activities expenses	<u>5,844,779</u>	<u>7,297,723</u>	<u>10,593,262</u>	<u>14,584,674</u>	<u>17,574,863</u>	<u>19,110,159</u>
Business-type activities:						
Sewer	346,677	545,964	938,508	1,448,679	2,732,117	3,053,431
Total business-type activities expenses	<u>346,677</u>	<u>545,964</u>	<u>938,508</u>	<u>1,448,679</u>	<u>2,732,117</u>	<u>3,053,431</u>
Total primary government expenses	<u>\$ 6,191,456</u>	<u>\$ 7,843,687</u>	<u>\$ 11,531,770</u>	<u>\$ 16,033,353</u>	<u>\$ 20,306,980</u>	<u>\$ 22,163,590</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$ 444,364	\$ 786,240	\$ 454,551	\$ 358,390	\$ 335,242	\$ 471,217
Public safety	2,856,122	4,105,896	4,610,610	2,402,734	3,334,354	2,189,179
Highways and streets	295,297	345,038	756,603	1,147,993	-	-
Culture and recreation	40,355	77,766	89,006	228,698	119,869	139,735
Operating grants and contributions	397,578	458,248	567,124	1,313,449	1,488,296	1,470,809
Capital grants and contributions	20,339,772	4,224,828	11,153,602	9,732,575	5,241,479	1,977,750
Total governmental activities program revenues	<u>24,373,488</u>	<u>9,998,016</u>	<u>17,631,496</u>	<u>15,183,839</u>	<u>10,519,240</u>	<u>6,248,690</u>
Business-type activities						
Charges for services:						
Sewer	1,868,735	2,271,391	3,685,219	1,694,198	2,444,392	2,706,310
Operating grants and contributions	39,828	22,905	-	-	35,000	-
Capital grants and contributions	-	-	1,862,041	1,159,888	1,371,202	-
Total business-type activities program revenues	<u>1,908,563</u>	<u>2,294,296</u>	<u>5,547,260</u>	<u>2,854,086</u>	<u>3,850,594</u>	<u>2,706,310</u>
Total primary government program revenues	<u>\$ 26,282,051</u>	<u>\$ 12,292,312</u>	<u>\$ 23,178,756</u>	<u>\$ 18,037,925</u>	<u>\$ 14,369,834</u>	<u>\$ 8,955,000</u>
<b>Net (Expenses)/Revenues</b>						
Governmental activities	\$ 18,528,709	\$ 2,700,293	\$ 7,038,234	\$ 599,165	\$ (7,055,623)	\$ (12,861,469)
Business-type activities	1,561,886	1,748,332	4,608,752	1,405,407	1,118,477	(347,121)
Total primary government net expense	<u>\$ 20,090,595</u>	<u>\$ 4,448,625</u>	<u>\$ 11,646,986</u>	<u>\$ 2,004,572</u>	<u>\$ (5,937,146)</u>	<u>\$ (13,208,590)</u>

(continued)

## Town of Sahuarita, Arizona

### Changes in Net Assets Fiscal Years 2004 - 2009 *(accrual basis of accounting)* (Unaudited)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
(concluded)						
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 114,727	\$ 247,864
Sales taxes	5,212,630	8,065,930	10,235,568	14,269,688	10,538,648	8,787,580
Franchise taxes	69,292	136,697	159,133	221,911	273,894	293,812
Share of state income taxes	292,329	298,029	339,435	1,588,364	1,968,813	2,068,932
Share of state sales taxes	272,750	300,340	427,558	1,329,702	1,285,736	1,113,089
Share of state vehicle license tax	140,331	141,542	198,166	612,957	617,476	588,042
Grants and contributions not restricted to specific programs	15,223	13,313	14,069	39,504	136,047	122,154
Investment earnings	145,408	346,331	1,217,013	2,666,866	1,702,153	593,201
Miscellaneous	39,949	16,813	19,076	29,740	61,494	787,664
Total governmental activities	6,187,912	9,318,995	12,610,018	20,758,732	16,698,988	14,602,338
Business-type activities						
Investment earnings	22,278	43,125	117,861	159,324	68,299	(1,083)
Miscellaneous	-	-	-	-	-	104,778
Extraordinary items	-	-	-	-	(3,670,641)	-
Total business-type activities	22,278	43,125	117,861	159,324	(3,602,342)	103,695
Total primary government	\$ 6,210,190	\$ 9,362,120	\$ 12,727,879	\$ 20,918,056	\$ 13,096,646	\$ 14,706,033
<b>Change in Net Assets</b>						
Governmental activities	\$ 24,716,621	\$ 12,019,288	\$ 19,648,252	\$ 21,357,897	\$ 9,643,365	\$ 1,740,869
Business-type activities	1,584,164	1,791,457	4,726,613	1,564,731	(2,483,865)	(243,426)
Total primary government	\$ 26,300,785	\$ 13,810,745	\$ 24,374,865	\$ 22,922,628	\$ 7,159,500	\$ 1,497,443

**Note:** Fiscal year 2004 was the Town's first year to prepare government-wide financial statements.

**Town of Sahuarita, Arizona**  
**Fund Balances-Governmental Funds**  
**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*  
(Unaudited)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 6,576	\$ 22,057	\$ 4,841	\$ 18,516	\$ 71,021	\$ 87,789
Unreserved	1,255,454	1,796,984	3,517,509	6,189,165	6,151,786	8,758,778	10,580,349	11,565,100	12,816,510	15,492,359
Total general fund	\$ 1,255,454	\$ 1,796,984	\$ 3,517,509	\$ 6,189,165	\$ 6,158,362	\$ 8,780,835	\$ 10,585,190	\$ 11,583,616	\$ 12,887,531	\$ 15,580,148
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,921	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	658,554	1,157,155	1,827,965	2,824,465	7,131,147	11,245,133	43,611,968	30,510,232	20,305,049	19,038,460
Total all other governmental funds	\$ 658,554	\$ 1,157,155	\$ 1,827,965	\$ 2,824,465	\$ 7,131,147	\$ 11,245,133	\$ 43,611,968	\$ 30,530,153	\$ 20,305,049	\$ 19,038,460

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

*(modified accrual basis of accounting)*  
(Unaudited)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 812,383	\$ 1,328,349	\$ 2,616,620	\$ 3,978,419	\$ 5,281,922	\$ 8,202,627	\$ 10,394,701	\$ 14,491,599	\$ 10,598,868	\$ 9,314,734
Licenses and permits	171,794	879,498	1,611,266	2,564,370	3,507,860	4,453,292	4,554,751	2,526,177	2,901,993	1,989,607
Intergovernmental	949,714	1,198,419	1,441,731	1,415,118	2,241,465	5,200,354	3,074,710	9,620,753	8,064,243	6,522,683
Charges for services	141,948	-	191,804	35,923	40,355	678,718	1,067,117	1,493,634	686,951	1,115,383
Fines and forfeitures	14,537	34,302	61,160	45,861	87,923	176,215	288,902	261,099	490,311	276,177
Investment earnings	81,081	126,471	99,558	(123,754)	145,408	346,331	1,217,013	2,666,866	1,702,153	593,201
Miscellaneous	43,011	10,696	36,755	79,198	110,999	44,467	38,726	55,640	144,634	818,057
<b>Total revenues</b>	<b>2,214,468</b>	<b>3,577,735</b>	<b>6,058,894</b>	<b>7,995,135</b>	<b>11,415,932</b>	<b>19,102,004</b>	<b>20,635,920</b>	<b>31,115,768</b>	<b>24,589,153</b>	<b>20,629,842</b>
<b>Expenditures</b>										
General government	1,016,471	1,549,403	1,968,586	1,900,889	1,437,559	1,630,045	2,361,647	2,923,903	3,894,607	4,473,469
Public safety	604,917	564,439	948,892	1,324,317	2,009,693	2,957,178	3,738,076	4,842,011	6,574,466	6,782,108
Highways and streets	151,486	410,987	582,419	880,343	1,414,006	1,202,911	1,617,933	2,163,076	1,326,740	1,485,275
Culture and recreation	10,058	12,775	14,406	468,828	1,079,491	714,801	950,657	1,400,893	1,577,739	1,373,622
Capital outlay	-	-	153,256	215,059	1,199,314	5,865,200	5,403,428	29,877,948	18,027,511	9,341,870
Debt service:										
Principal	-	-	-	-	-	-	945,000	540,000	560,000	905,000
Interest	-	-	-	-	-	-	313,139	1,450,876	1,383,521	1,361,120
Fiscal charges	-	-	-	-	-	-	-	450	165,758	12,287
Debt issuance costs	-	-	-	-	-	-	944,853	-	-	122,853
<b>Total expenditures</b>	<b>1,782,932</b>	<b>2,537,604</b>	<b>3,667,559</b>	<b>4,789,436</b>	<b>7,140,053</b>	<b>12,370,135</b>	<b>16,274,733</b>	<b>43,199,157</b>	<b>33,510,342</b>	<b>25,857,604</b>
Excess (deficiency) of revenues over (under) expenditures	431,536	1,040,131	2,391,335	3,205,699	4,275,879	6,731,869	4,361,187	(12,083,389)	(8,921,189)	(5,227,762)
<b>Other Financing Sources (Uses)</b>										
Face amount of long-term debt	-	-	-	-	-	-	29,015,000	-	-	6,700,000
Premium on long-term debt	-	-	-	-	-	-	795,003	-	-	-
Discount on long-term debt	-	-	-	-	-	-	-	-	-	(46,210)
Proceeds from the sale of assets	-	-	-	-	-	4,590	-	-	-	-
Transfers in	-	-	-	-	4,462	-	-	4,243,775	764,271	4,410,695
Transfers out	-	-	-	-	(4,462)	-	-	(4,243,775)	(764,271)	(4,410,695)
<b>Net other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,590</b>	<b>29,810,003</b>	<b>-</b>	<b>-</b>	<b>6,653,790</b>
<b>Net change in fund balances</b>	<b>\$ 431,536</b>	<b>\$ 1,040,131</b>	<b>\$ 2,391,335</b>	<b>\$ 3,205,699</b>	<b>\$ 4,275,879</b>	<b>\$ 6,736,459</b>	<b>\$ 34,171,190</b>	<b>\$ (12,083,389)</b>	<b>\$ (8,921,189)</b>	<b>\$ 1,426,028</b>
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	20.5%	15.6%	13.2%	14.4%

**Town of Sahuarita, Arizona**

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Tax Years

*(in thousands of dollars)*

(Unaudited)

Tax Year	Residential Property	Commercial 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
2000	9,506,677	7,921,511	845,267	16,582,921	-	133,120,639	12.46%
2001	11,105,493	9,934,644	779,690	20,260,447	-	159,483,664	12.70%
2002	15,035,837	18,320,388	1,136,532	32,219,693	-	248,381,802	12.97%
2003	21,422,355	26,464,485	2,846,069	45,040,771	-	358,143,805	12.58%
2004	36,815,197	29,277,536	2,868,379	63,224,354	-	529,909,740	11.93%
2005	53,565,123	36,220,043	3,597,453	86,187,713	-	736,220,036	11.71%
2006	81,972,340	41,760,620	3,962,981	119,769,979	-	1,050,888,456	11.40%
2007	118,173,166	62,517,972	7,634,366	173,056,772	\$ 3.3000	1,532,658,040	11.29%
2008	148,700,798	84,678,032	10,168,906	223,209,924	\$ 3.3000	2,031,634,065	10.99%
2009	166,456,657	70,391,863	10,593,259	226,255,261	\$ 3.3000	2,054,854,859	11.01%

**Source:** The Arizona Department of Revenue's Abstract of the Assessment Roll for the applicable year.

**Town of Sahuarita, Arizona**  
Direct and Overlapping Property Tax Rates  
Last Ten Tax Years  
*(rate per \$100 of assessed value)*  
(Unaudited)

<b>TAXING JURISDICTION</b>	<b>Tax Year 2000</b>	<b>Tax Year 2001</b>	<b>Tax Year 2002</b>	<b>Tax Year 2003</b>	<b>Tax Year 2004</b>
<b>Direct Rates</b>					
Town of Sahuarita-primary	-	-	-	-	-
Town of Sahuarita-debt service	-	-	-	-	-
Quail Creek CFD-operations & maintenance	-	-	-	-	-
Quail Creek CFD-debt service	-	-	-	-	-
<b>Total Direct Rate</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Overlapping Rates</b>					
State of Arizona Education Assistance	\$0.5123	\$0.4974	\$0.4889	\$0.4717	\$0.4560
Pima County	5.5193	5.4644	5.3759	5.3587	5.3430
Pima County Flood Control District	0.3046	0.3546	0.3546	0.3546	0.3546
Pima County Community College District	1.5574	1.5470	1.5333	1.4884	1.3428
Pima County Free Library District	0.2024	0.2124	0.2124	0.2124	0.2124
Central Arizona Water Conservation District	0.1300	0.1300	0.1300	0.1200	0.1200
Green Valley Fire District	1.7300	1.7300	1.7300	1.7500	1.7500
Fire District Assistance	0.0495	0.0488	0.0458	0.0441	0.0427
Sahuarita Unified School District #30	8.7007	8.7860	9.1329	9.0113	8.3095
Continental School District #39	2.4983	2.4346	2.4398	2.3198	2.2216
Joint Technological Education District	-	-	-	-	-

<b>TAXING JURISDICTION</b>	<b>Tax Year 2005</b>	<b>Tax Year 2006</b>	<b>Tax Year 2007</b>	<b>Tax Year 2008</b>	<b>Tax Year 2009</b>
<b>Direct Rates</b>					
Town of Sahuarita-primary	-	-	-	-	-
Town of Sahuarita-debt service	-	-	-	-	-
Quail Creek CFD-operations & maintenance	-	-	\$0.3000	\$0.3000	\$0.3000
Quail Creek CFD-debt service	-	-	3.0000	3.0000	3.0000
<b>Total Direct Rate</b>	<b>-</b>	<b>-</b>	<b>\$3.3000</b>	<b>\$3.3000</b>	<b>\$3.3000</b>

<b>Overlapping Rates</b>					
State of Arizona Education Assistance	\$0.4358	-	-	-	\$0.3306
Pima County	5.2228	\$4.5570	\$4.2870	\$3.9963	4.0233
Pima County Flood Control District	0.3746	0.3746	0.3446	0.2935	0.2935
Pima County Community College District	1.3114	1.2515	1.1845	1.1355	1.0770
Pima County Free Library District	0.2575	0.3675	0.3975	0.3393	0.2643
Central Arizona Water Conservation District	0.1200	0.1200	0.1000	0.1000	0.1000
Green Valley Fire District	1.7500	1.7500	1.8000	1.9000	1.9000
Fire District Assistance	0.0420	0.0415	0.0383	0.0411	0.0406
Sahuarita Unified School District #30	8.1495	7.7345	6.1807	5.9176	5.4230
Continental School District #39	2.1532	2.0682	1.8970	1.7343	1.6122
Joint Technological Education District	-	-	0.0500	0.0500	0.0500

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

**Town of Sahuarita, Arizona**  
**Sales Tax Collections by Industry Group**  
**Fiscal Years 2005 - 2009**  
(Unaudited)

<b>Industry</b>	<b>Fiscal Year</b>				
	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>
Mining	\$ 84	\$ 501	\$ 210	\$ 1,347	\$ 479
Communications and utilities	288,264	374,911	503,490	623,014	672,962
Transportation and warehousing	(662)	221	215	242	102
Construction	4,205,399	5,176,146	6,974,506	5,915,352	4,343,733
Manufacturing	18,982	82,671	191,822	238,468	198,564
Wholesale trade	2,190	12,718	9,304	18,686	16,339
Retail trade	2,409,487	3,541,871	5,218,071	2,931,619	2,812,337
Finance and insurance	1,397	3,038	935	2,778	3,083
Real estate, rental and leasing	254,514	695,618	1,040,549	439,015	309,294
Restaurant and bar	129,795	151,380	195,258	231,411	266,846
Accomodation	13,888	8,657	10,623	11,092	11,684
Public administration	27	136	858	510	836
Services	319,670	67,091	100,345	108,068	88,551
Arts and entertainment	11,729	18,910	19,526	12,082	36,701
Other	411,168	101,699	3,978	4,964	26,069
<b>Total</b>	<u>\$ 8,065,932</u>	<u>\$ 10,235,568</u>	<u>\$ 14,269,690</u>	<u>\$ 10,538,648</u>	<u>\$ 8,787,580</u>
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%

**Note:** This information was not available prior to the 2005 fiscal year.

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

**Town of Sahuarita, Arizona**  
 Direct and Overlapping Sales Tax Rates  
 Last Ten Fiscal Years  
 (Unaudited)

<b>Town Direct Rates</b>					<b>Regional Transportation Authority</b>
<b>Fiscal Year</b>	<b>General</b>	<b>Construction Contracting</b>	<b>Transient Lodging</b>	<b>State</b>	
1997	1.00%	1.00%	3.00%	5.00%	
1998	1.00%	1.00%	3.00%	5.00%	N/A
1999	1.00%	1.00%	3.00%	5.00%	N/A
2000	1.00%	1.00%	3.00%	5.00%	N/A
2001	2.00%	3.00%	4.00%	5.00%	N/A
2002	2.00%	3.00%	4.00%	5.60%	N/A
2003	2.00%	3.00%	4.00%	5.60%	N/A
2004	2.00%	3.00%	4.00%	5.60%	N/A
2005	2.00%	3.00%	4.00%	5.60%	N/A
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%

**Source:** Town Code and Town Finance Department.

**Town of Sahuarita, Arizona**

Principal Sales Tax Remitters

2009 and 2001

(Unaudited)

Tax Remitter <sup>1</sup>	Fiscal Year 2009			Fiscal Year 2001		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 11,122,022		12.77%	\$ 468,461	1	35.27%
Business B	672,504	2	7.65%			
Business C	629,535	3	7.16%			
Business D	585,680	4	6.66%	19,242	10	1.45%
Business E	556,863	5	6.34%	195,007	2	14.68%
Business F	539,012	6	6.13%			
Business G	341,217	7	3.88%			
Business H	337,214	8	3.84%			
Business J	274,588	10	3.12%	25,407	8	1.91%
Business K				182,665	3	13.75%
Business L				59,361	4	4.47%
Business M				53,910	5	4.06%
Business N				37,415	6	2.82%
Business O				31,813	7	2.39%
Business P				23,151	9	1.74%
	<u>\$ 57,058,635</u>			<u>\$ 1,096,432</u>		<u>82.54%</u>

**Note:** Information prior to 2001 was not available.

<sup>1</sup> 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

Fiscal Years 2004 - 2009

(Unaudited)

Fiscal Year	Administrative Service Charge	Economy of Scale Factor	Wastewater Flow Contribution Rate (per Ccf)							
			User Classification							
			General	3C	3K	3N	4E	4G	4H	
2004	\$2.40	1.000	\$0.960	\$2.016	\$1.046	\$1.046	\$1.152	\$1.949	\$2.227	
2005	\$2.61	1.000	\$1.050	\$2.205	\$1.145	\$1.145	\$1.260	\$2.132	\$2.436	
2006	\$2.96	1.000	\$1.140	\$2.394	\$1.243	\$1.243	\$1.368	\$2.314	\$2.645	
2007	\$3.76	1.000	\$1.180	\$2.478	\$1.286	\$1.286	\$1.416	\$2.395	\$2.738	
2008	\$5.72	1.524	\$1.406	\$2.953	\$1.533	\$1.533	\$1.687	\$2.854	\$3.262	
2009	\$9.82	1.000	\$3.094	\$6.497	\$3.372	\$3.372	\$3.713	\$6.281	\$7.178	

Fiscal Year	Administrative Service Charge	Economy of Scale Factor	Wastewater Flow Contribution Rate (per Ccf)									
			User Classification									
			5A	5C	5F	5G	5I	5J	5K	5L	5M	5S
2004	\$2.40	1.000	\$1.142	\$1.935	\$0.970	\$1.313	\$1.018	\$4.205	\$2.237	\$1.200	\$2.285	\$1.181
2005	\$2.61	1.000	\$1.250	\$2.117	\$1.061	\$1.436	\$1.113	\$4.599	\$2.447	\$1.313	\$2.499	\$1.292
2006	\$2.96	1.000	\$1.357	\$2.298	\$1.151	\$1.560	\$1.208	\$4.993	\$2.656	\$1.425	\$2.713	\$1.402
2007	\$3.76	1.000	\$1.404	\$2.379	\$1.192	\$1.614	\$1.251	\$5.168	\$2.749	\$1.475	\$2.808	\$1.451
2008	\$5.72	1.524	\$1.673	\$2.834	\$1.420	\$1.923	\$1.490	\$6.158	\$3.276	\$1.758	\$3.346	\$1.729
2009	\$9.82	1.000	\$3.682	\$2.362	\$3.125	\$1.603	\$3.280	\$5.104	\$7.209	\$3.868	\$7.364	\$3.806

**Note:** The Town did not operate a wastewater utility prior to fiscal year 2004.

**Source:** Town of Sahuarita Ordinances.

**Town of Sahuarita, Arizona**  
Ratios of Outstanding Debt by Type  
Fiscal Years 2006 - 2009  
(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	2007/2008A WIFA Loans			
2006	\$ 12,660,000	\$ 15,410,000	\$ -	\$ -	\$ 28,070,000	5.34%	\$1,542
2007	12,660,000	14,870,000	-	-	27,530,000	4.38%	\$1,350
2008	12,660,000	14,310,000	-	4,500,660	31,470,660	4.28%	\$1,389
2009	12,340,000	13,725,000	6,700,000	25,779,195	58,544,195	7.28%	\$2,364

Note: There was no outstanding debt prior to 2006.

**Town of Sahuarita, Arizona**  
Ratios of General Bonded Debt Outstanding  
Fiscal Years 2006 - 2009  
(Unaudited)

<b>Fiscal Year</b>	<b>Quail Creek CFD' General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of District Property</b>	<b>Estimated Per Capita Amount in District</b>
2006	\$ 12,660,000	819%	\$ 468,889
2007	12,660,000	364%	319,697
2008	12,660,000	169%	65,732
2009	12,340,000	149%	46,321

<sup>1</sup> 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.

Note: The District was formed in fiscal year 2006.

**Town of Sahuarita, Arizona**  
 Direct and Overlapping Governmental Activities Debt  
 June 30, 2009  
 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Pima County	\$ 386,845,000	2.299%	\$ 8,893,566
Pima County Community College	27,300,000	2.299%	627,627
Pima County Flood Control	725,000	2.540%	18,415
Sahuarita Unified School District	24,350,000	34.800%	8,473,800
Continental School District	1,470,000	17.500%	257,250
Green Valley Fire District	9,500,000	29.100%	2,764,500
Subtotal, overlapping debt	<u>\$ 450,190,000</u>		<u>21,035,158</u>
<b>Town direct debt-governmental activities</b>			<u>32,765,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 53,800,158</u>

<sup>1</sup> 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 Ten Fiscal Years  
 (Unaudited)

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Value	\$ 226,255,261
Debt Limit:	
6% of assessed value <sup>1</sup>	13,575,316
20% of assessed value <sup>2</sup>	45,251,052
Total debt limit	58,826,368
Debt applicable to limit:	
General obligation bonds <sup>3</sup>	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 58,826,368

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt	\$ 4,311,559	\$ 5,267,716	\$ 8,377,121	\$ 11,710,600	\$ 15,221,991	\$ 22,408,805	\$ 31,140,195	\$ 44,994,761	\$ 58,034,580	\$ 58,826,368
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 4,311,559	\$ 5,267,716	\$ 8,377,121	\$ 11,710,600	\$ 15,221,991	\$ 22,408,805	\$ 31,140,195	\$ 44,994,761	\$ 58,034,580	\$ 58,826,368
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:**

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

<sup>2</sup> 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.

<sup>3</sup> 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  
Fiscal Years 2006 - 2009  
(Unaudited)

**2006A & 2009B GADA Loans**

Fiscal Year	Pledged Revenues					Debt Service			Coverage Ratio	Ratio Requirement
	State Shared Revenues		Excise Tax Revenues	Total Revenues	Principal	Interest	Total Debt Service <sup>1</sup>			
	State Sales Taxes	Urban Revenue Sharing								
2006	\$ 427,558	\$ 339,435	\$ 16,305,471	\$ 17,072,464	\$ 945,000	\$ 313,139	\$ 1,258,139	13.57	2.00	
2007	1,329,702	1,588,364	18,772,509	21,690,575	540,000	718,775	1,258,775	17.23	2.00	
2008	1,285,736	1,968,813	14,678,123	17,932,672	560,000	697,175	1,257,175	14.26	2.00	
2009	1,113,089	2,068,932	12,695,901	15,877,922	585,000	674,775	1,259,775	12.60	2.00	

**2008A WIFA Loan**

Fiscal Year	Pledged Revenues		Debt Service		Coverage Ratio	Ratio Requirement
	Wastewater System Revenues	Wastewater O&M Expenses	Principal	Interest		
2009	\$ 2,810,005	\$(2,056,785)	\$ -	\$ 350,217	2.15	1.20
	Total Revenues Available for Coverage		\$ 753,220	\$ 350,217	\$ 350,217	

<sup>1</sup> Figure represents the actual past payments pursuant to amortization schedule. The highest combined interest and principal requirements for any succeeding fiscal year of the 2006A and 2009B GADA Loan Agreements is \$1,801,025, which occurs in fiscal year 2020.

**Note:** The Town did not have debt requiring pledged-revenue coverage prior to fiscal year 2006.

**Town of Sahuarita, Arizona**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
2000	3,242	\$ 71,567	\$ 22,075	4.6%
2001	4,615	113,981	24,698	4.3%
2002	5,455	135,213	24,787	5.6%
2003	7,425	188,558	25,395	5.3%
2004	10,153	261,917	25,797	4.6%
2005	13,990	386,110	27,599	4.6%
2006	18,199	525,842	28,894	4.3%
2007	20,393	628,370	30,813	3.5%
2008	22,650	735,446	32,470	4.8%
2009	24,767	803,689	32,450	7.0%

**Sources:** For year 2000:  
U.S. Census 2000

For the years 2001-2008:  
Population data obtained from the Town's Planning & Zoning Department, except for year 2005 which was obtained from the Arizona Department of Economic Security.

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

Unemployment rate obtained from the U.S. Department of Labor, Bureau of Labor Statistics website for the Tucson Metropolitan Statistical Area.

## Town of Sahuarita, Arizona

Principal Employers  
FY 2009 and FY 2006  
(Unaudited)

<b>Employer<sup>1</sup></b>	<b>2009</b>		<b>2006</b>	
	<b>Employees</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Percentage of Total Town Employment</b>
Sahuarita Unified School District	700	26.59%	465	25.25%
Walmart	481	18.27%	360	19.55%
Farmers Investment Company	251	9.53%	225	12.22%
Fry's	201	7.63%	-	-
Town of Sahuarita	161	6.11%	126	6.84%
Safeway	71	2.70%	120	6.52%
Climax Engineered Materials	66	2.51%	71	3.85%
Bashas	56	2.13%	85	4.61%
Jim Click Ford	45	1.71%	53	2.88%
Ashley's Furniture	28	1.06%	-	-
Walgreens	22	0.84%	-	-
<b>Total</b>	<b>2,082</b>	<b>79.08%</b>	<b>1,505</b>	<b>81.72%</b>

<sup>1</sup> Excludes homebuilders not based in the Town

**Note:** Information prior to fiscal year 2006 was not available.

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

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

	Full-time-Equivalent Employees as of June 30									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Function/Department</u></b>										
General Government										
Town Manager	1.50	1.00	2.00	2.00	3.00	3.00	5.00	8.00	10.00	7.00
Town Clerk	2.50	2.00	2.00	2.00	3.00	3.00	4.00	3.00	3.00	3.00
Finance	2.00	2.00	2.00	2.00	2.00	3.00	5.00	6.00	7.50	8.00
Human Resources	-	-	-	-	-	-	-	-	-	2.00
Planning & Zoning	2.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	5.00	5.00
Public Works-Facilities	-	-	-	-	-	-	-	-	1.00	1.00
Municipal Court	-	2.00	3.00	3.00	4.00	5.00	6.00	8.00	9.00	9.00
Legal Dept.	-	-	-	-	-	-	1.00	2.00	2.00	3.00
General Government Total	8.00	10.00	12.00	12.00	15.00	18.00	25.00	31.00	37.50	38.00
Public Safety										
Building Safety	1.00	2.00	4.00	6.25	8.50	12.25	18.75	20.00	15.00	12.00
Public Works-Engineering	-	-	-	-	-	-	-	-	5.00	3.88
Police Dept	9.00	10.00	11.50	16.00	20.50	27.00	34.00	42.00	46.00	51.00
Public Safety Total	10.00	12.00	15.50	22.25	29.00	39.25	52.75	62.00	66.00	66.88
Culture & Recreation										
Parks & Recreation	-	-	2.25	5.75	6.86	12.50	15.96	19.58	18.58	16.77
Highways & Streets										
Public Works	0.50	1.50	5.00	6.00	8.50	11.00	10.00	10.00	-	-
Streets	-	-	-	-	-	1.00	2.40	8.00	13.00	13.64
Highways & Streets Total	0.50	1.50	5.00	6.00	8.50	12.00	12.40	18.00	13.00	13.64
Sewer										
Wastewater Utility	-	-	-	-	-	1.00	3.60	6.00	9.00	9.48
<b>Total</b>	<b>18.50</b>	<b>23.50</b>	<b>34.75</b>	<b>46.00</b>	<b>59.36</b>	<b>82.75</b>	<b>109.71</b>	<b>136.58</b>	<b>144.08</b>	<b>144.77</b>

Source: Town Finance Department.

## Town of Sahuarita, Arizona

### Operating Indicators Fiscal Years 2003 - 2009 (Unaudited)

<u>Function/Program</u>	<u>Fiscal Years</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Building Safety							
Building permits-single family residential	731	1,127	1,531	1,614	719	790	563
Building permits-other	447	478	435	805	739	618	902
Police							
Citations	693	1,647	1,954	2,232	2,170	1,671	2,700
Other contacts/call-outs	2,213	2,805	4,106	5,860	6,147	7,137	7,886
Municipal Court							
Hearings/Court sessions <sup>1</sup>	330	2,671	3,709	3,842	8,303	10,760	11,353
Filings	852	2,084	2,958	3,971	3,214	3,457	3,433
Public Works							
Street resurfacing ( <i>miles</i> )	n/a	n/a	4.0	7.5	12.3	6.1	4.0
Potholes repaired	n/a	163	224	108	98	136	162
Parks and Recreation							
Athletic field users	6,000	8,640	9,175	12,322	10,227	13,910	57,650
Athletic field permits issued	5	15	21	30	21	24	119
Recreation program participants	4,250	4,452	5,243	5,909	20,281	18,446	17,204
Ramada rentals	30	45	60	79	124	112	133
Special event attendance	n/a	1,400	2,540	4,590	8,105	11,024	16,917
Pool attendance	800	1,000	1,260	2,635	5,147	1,856	n/a
Recreation center rentals	n/a	8	18	38	77	32	34
Sahuarita Lake rentals	3	3	5	10	30	27	60
Wastewater							
Average daily sewage treatment ( <i>thousands of gallons</i> )	121.0	214.0	353.6	408.1	446.2	556.5	586.3

<sup>1</sup> 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.

**Note:** Information prior to fiscal year 2003 was not available.

**Source:** The applicable Town of Sahuarita departments.

## Town of Sahuarita, Arizona

Capital Asset Statistics  
Fiscal Years 2001 - 2009  
(Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	10	12	17	22	30	37	43	40	40
Public Works									
Streets and highways ( <i>miles</i> )	n/a	n/a	n/a	n/a	73.3	85.7	95.5	118.7	118.7
Streetlights	1	2	3	4	5	5	5	7	8
Traffic signals	n/a	n/a	n/a	n/a	3	5	5	6	10
Parks and Recreation									
Park acreage	28.0	28.0	28.0	50.0	50.0	50.0	67.0	92.0	107.0
Basketball courts	1.0	1.0	1.0	1.5	1.5	1.5	1.5	2.0	4.0
Playgrounds	1	1	1	1	1	1	2	2	4
Skate spots/parks	-	-	-	-	-	-	-	1	1
Baseball/softball fields (lighted)	2	2	2	3	3	3	3	3	5
Baseball/softball fields (unlighted)	1	1	1	-	-	-	-	-	-
Community centers	1	1	1	1	1	1	1	1	1
Parks maintenance buildings	-	-	-	1	1	1	1	1	1
Ramadas	5	5	5	5	5	6	11	11	17
Restroom facilities	2	2	2	2	2	2	4	4	5
Sand volleyball court	1	1	1	-	-	-	-	1	1
Off-leash dog area	-	-	-	-	-	-	1	1	2
Vehicles	1	2	2	5	6	7	7	7	7
Wastewater									
Treatment capacity ( <i>thousands of gallons</i> )		250	250	250	490	490	490	690	690

**Note:** Information prior to fiscal year 2001 was not available.

**Source:** The applicable Town of Sahuarita departments.

This page intentionally blank