

ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2024



PREPARED BY
**DEPARTMENT
OF FINANCE**



ACFR FY2024



TOWN OF SAHUARITA, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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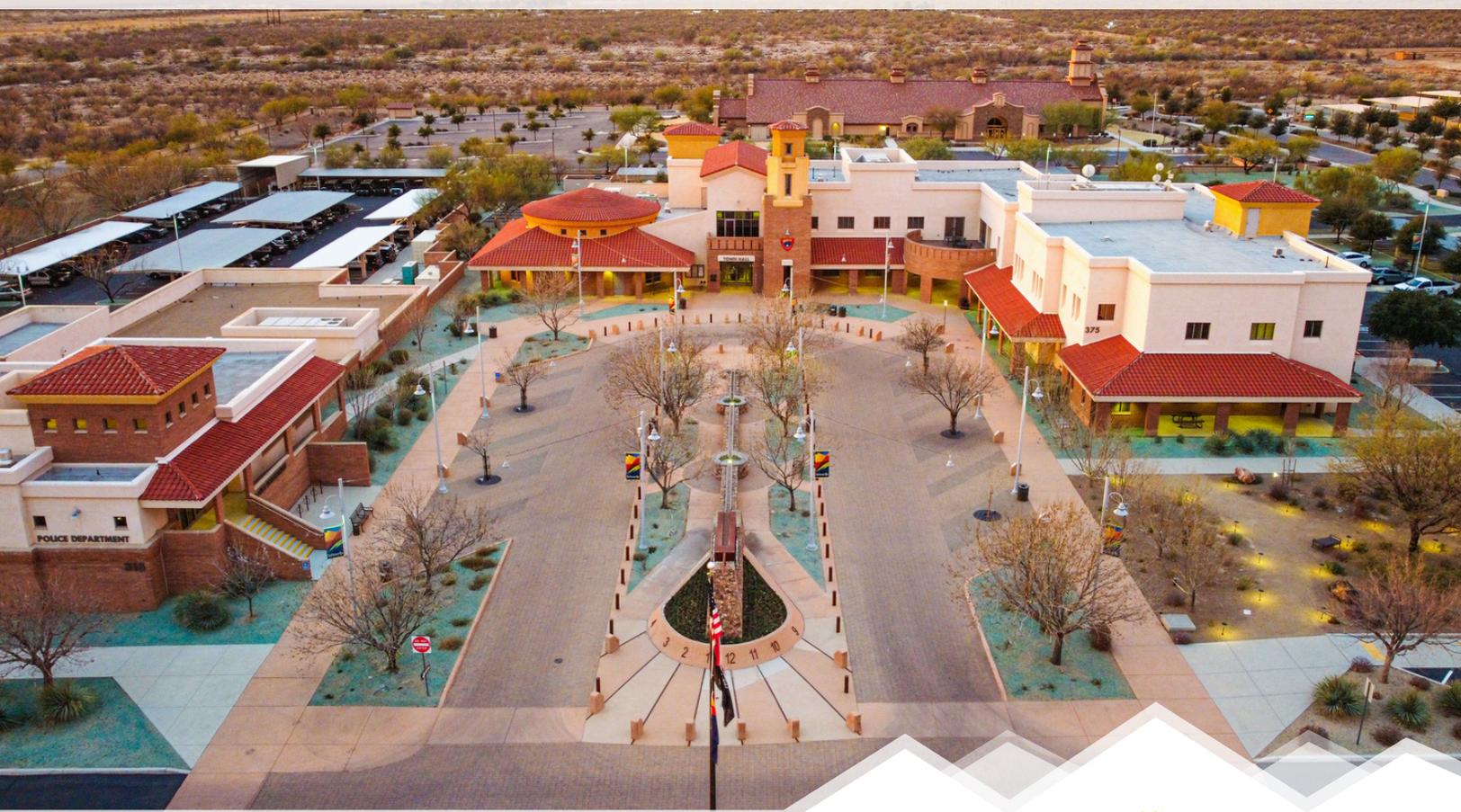
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INTRODUCTORY SECTION



ACFR FY2024





December 19, 2024

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

State law §9-481 requires that towns have an audit performed on their financial statements at least once every two fiscal years and shall include all financial transactions during that period. The audit shall be completed, and the final audit report shall be submitted within six months after the close of the fiscal year or years audited. The Town exceeds the State-mandated requirement by issuing an audited report annually. This report is published to fulfill that requirement for the fiscal year ended June 30, 2024.

Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive internal control framework 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.

CWDL, Certified Public Accountants, have issued an unmodified opinion on the Town of Sahuarita's financial statements for the year ended June 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

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

GOVERNMENT PROFILE

Our strength stems from our residents. Our Town is ultimately a reflection of its residents, and our vitality stems in great part from a family-oriented population. The Town's estimated population is 37,132. As of the latest U.S. Census reports, our median age is 36.4 years, and our median household income is \$100,719. Sahuarita has an educated population, with 41.4% of our residents having a four-year or greater college or university education.

We believe in the wisdom of governmental checks and balances. Residents elect seven council members. The Town Council appoints a mayor and vice mayor from the seven elected officials. The Council guides policy while the town manager is responsible for ongoing, day-to-day operations of 12 Town departments and 198.0 full-time equivalent employees (FTE). Our residents affirm the Town's reputation for providing core services such as public safety, well-maintained roadways, and parks and recreation facilities.

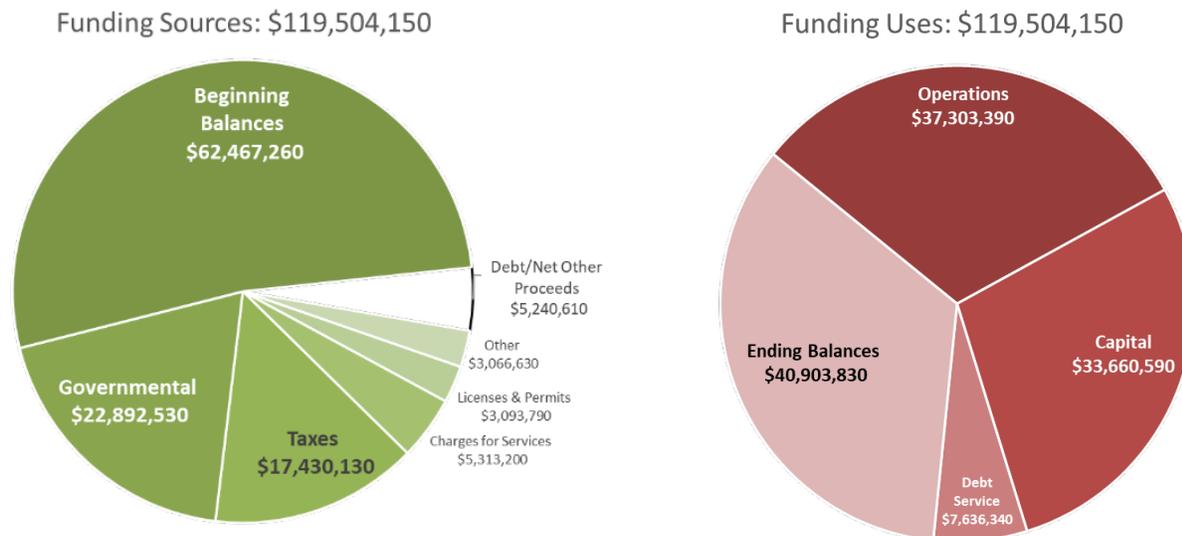
Budget: The Council is required to annually adopt a budget on or before the third Monday in August. The budget serves as the foundation for the Town of Sahuarita’s financial planning and control. The budget is prepared by fund, function, and department.

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

CURRENT CONDITION & INITIATIVES

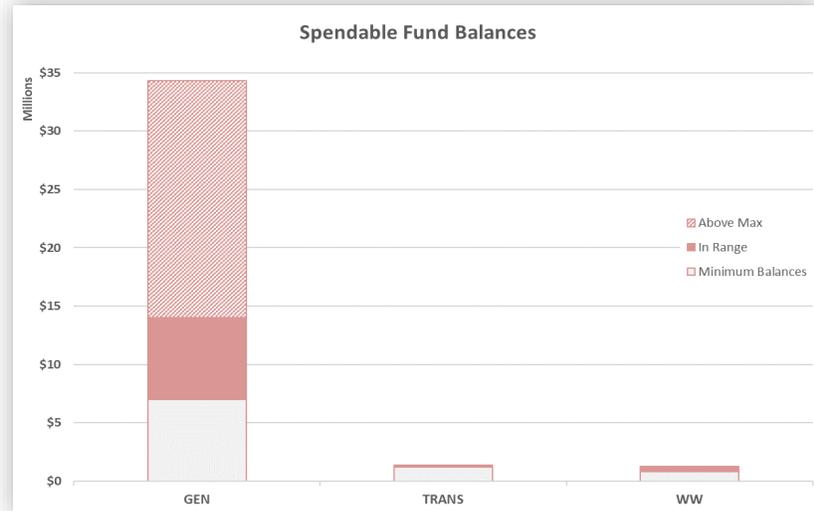
The Fiscal Year (FY) 2025 budget totals \$119,504,150, which is 6% greater than the FY 2024 budget due to increased funding availability in the new year. As is our town standard, the budget was developed using conservative principles and revenue forecasts that provide our organization with flexibility related to unforeseen economic variables that may arise.

In compliance with Arizona statutes, the FY 2025 Budget is in balance, where sources are equal to uses. It includes a \$78,600,320 spending plan that is less than forecasted sources. The \$40,903,830 difference represents dollars earmarked for reserves, budget contingencies, and savings.



Fund balance is an important indicator of the Town’s financial health. These are one-time resources reserved to offset difficult economic times and to provide allowance for emergencies and unforeseen opportunities. Town policy requires the three main operating funds – General Fund, Transportation Fund, and Wastewater Enterprise Fund – each to maintain fund balances between 25-50% of budgeted operating expenditures. The following chart identifies the ending balances for these Funds that are available for spending in FY 2025.

The General Fund balances exceed the maximum threshold by \$20.3M. By policy, a spending plan for the excess was proposed with the FY 2025 Budget. The Transportation Fund and Wastewater Fund both exceed the minimum balances required, ending within the policy range.



The FY 2025 budget is a collaborative effort between department leaders, the budget team, the Town Manager’s Office, and the Sahuarita Town Council. We work together to consider administrative needs, legislative priorities, and fiscal constraints to align and strategize a path forward. We believe that taking the time to understand one another and work together, while it may not always move quickly, is the best way to continue our long history of sustainable growth for this community we serve.

Budget Considerations

Many local opportunities and regional/global implications are present in the current economic climate that will inform our budget planning for the coming year.

This year, 193 acres of private real estate are available and shovel-ready. Current market land pricing is \$11-\$20 per square foot. Parcel 30, 150 acres acquired by the Town in FY 2024, is not yet shovel-ready, but pending rezoning to support a proposed mixed-use space, to include commercial recreation.

We expect the addition of approximately 260 apartment units and 350 single-family residences to add to our growing population this year.

The national economy is experiencing increased inflation, and the State of Arizona's deficits have topped over \$1.8 billion. There remains a national labor shortage, and the state legislature continues its annual efforts to diminish local control from cities and towns across the state. Sahuarita’s state and federal legislative lobbying efforts, in support of projects and issues important to the Town, have yielded great success to date and will continue under the direction of the Town Council and the Town Manager.

These factors and others influence our budget approach. This approach aims for alignment

with our Strategic Plan focus areas, with a conservative and consistent eye for fiscal responsibility, and emphasis on capital improvement.

Capital Improvement

Progress toward capital improvement projects anticipated for FY 2025 includes recurring programs (\$624,400), new and replacement vehicles and vehicle equipment (\$1,415,890), and one-time projects (\$15,521,390), for a total of \$17,561,680 anticipated spending toward capital improvements in FY2025.

These one-time projects include:

- Quail Crossing Extension (\$115K)
- SUSD Sewer Connection completion (\$160K)
- Courts Parking Lot Expansion (\$215K)
- Traffic Signal Improvements at Walden Grove High School (\$600K) **
- Nogales/Abrego Intersection Left Turn Bay Extension (\$601K)
- Program Enhancement of La Villita Community Center (\$650K)
- SAMTEC Tenant Improvements (\$654K)
- Anamax Splash Pad (\$1.20M)
- El Toro and La Villita Road Multi-Use Paths (\$1.80M)
- Police Department Building Renovations (\$2.38M)
- Sahuarita Water Reclamation Facility Upgrades (\$7.04M)
- Town Hall Safety Upgrades (\$120K)

**** Project funding has yet to be secured.**

Details about each of these important projects and other FY2025 programs are organized below using our strategic plan framework.

Strategic Plan 2023-2028

Our mission is to be a vibrant, innovative, and diverse community with exceptional municipal and fiscal leadership, public safety, amenities, and economic prosperity that creates an outstanding quality of life for all. We do this by and through investment in:

Fueled by our mission statement, these focus areas organize our top programs and initiatives that are the Town’s FY 2025 priorities.





Economic Expansion & Placemaking

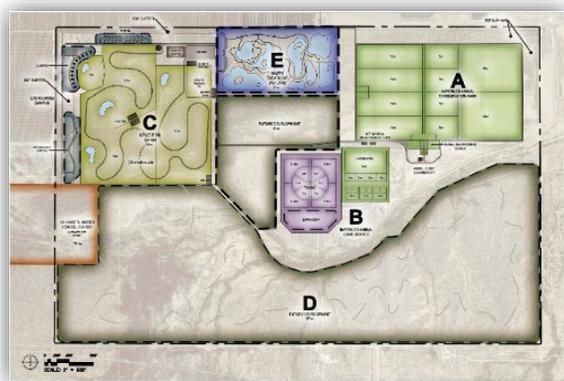
The Town of Sahuarita began the process of revising its 10-year General Plan in July 2024. Beginning with community workshops and a community survey, the effort will collect insights on the progress toward existing goals and explore interest in new development opportunities.

Annexation efforts are underway with Arizona State Lands, Homeowner Associations, individual property owners, local business owners, Freeport McMoRan, ASARCO, Caterpillar, and other major industries.

Implementation of the Sahuarita Economic Development P3 Master Plan will take off in FY2025 with projects including the visioning of Parcel 30, and the development of retail and restaurant attractions.

The acquisition of Parcel 30 South provided the requisite right-of-way for the extension of El Toro Rd. to La Villita Rd. and established a required southern secondary access for the Rancho Sahuarita Entrada Del Pueblo neighborhood.

The newly renamed Community Development team (formerly Planning & Building) has hired a new Deputy Director to support efforts to clean up town code, manage growth and zoning projects, and assist the director in employee development and customer service. The new department name reflects the nature of the work going beyond land use and into the work of building community.



As mentioned above, the Town anticipates an additional 350 new homes in FY2025 as neighborhoods in Rancho Sahuarita, Quail Creek, and Madera Highlands continue development centrally and to the east. The town prioritizes taking care of green spaces and facilities in our care through the replacement of playgrounds, and shade structures, and through bathroom renovations.

Discussions are underway with the Arizona Center for Nature Conservation and Phoenix Zoo, for the potential annexation and development of a regional safari park.

Outreach & Communication

The SahuaritaAZ.gov website redesign was completed to address accessibility and user experience and enhance services to the public. A fresh aesthetic and reboot of resources will support residents as they look to obtain permits and business licenses, pay bills, apply for jobs, or seek community services online on the Town’s website.

The town sponsorship program, including recruiting, managing, and maintaining sponsor relationships, offers businesses the opportunity to get in front of their target audiences while supporting town initiatives. The sponsor program has grown by an average of 200% annually over the past three years and will now be supported by a full-time staff role.

Public Affairs will optimize existing communication tools and implement new ones to increase regional and national visibility, monitor media traction, and engage with the public on channels where they gather.

Town social media channels and newsletters offer the community ways to engage with town functions thematically, with channels for safety (PD), wellness (P&R), and community (TOS).



This cross-channel content strategy allows residents and visitors to keep tabs on news, events, public service, and projects and celebrates the achievements and contributions of individual residents – from our young athletes to our entrepreneurs, and business owners to town employees.

Support for our entrepreneur and business communities continues through the Grow IN Sahuarita program, offering counsel, resources, and connections for our residents to start a new project, scale their business, or navigate business transitions. Currently, 75 Sahuarita business owners are utilizing this program.

The Municipal Court will transition to entirely paperless court operations, improving fee collection processes, record-keeping, and more.

Improvements to Town Council meeting management are expected to include remote video recording, improved closed captioning, and revised materials for presentations, agendas, and staff reports that meet ADA compliance needs for the population.

Infrastructure & Facilities

In FY 2026, the town is scheduled to introduce a centralized residential solid waste program. The Town Council directed staff to solicit bids from private haulers with the expectation that the town will be successful in negotiating a service for all residents that represents both cost-savings and enhanced services to every home. If successful, the town will guide residents in ending current contracts ahead of the Spring 2025 transition and prepare the community for a single-source residential solid waste collection service going forward. An initial \$2.0 million seed investment from the General Fund will cover containers, staffing, and outreach, with an anticipated ten-year payback through user fees and recycling savings.

La Villita Community Center renovations are underway and when complete will offer an additional 10,000 square feet of space for the activation of new recreation programs, expansion of community rentals, and additional space for growing staff.

The Sahuarita Police Department expansion will nearly double its existing footprint, adding a two-story north wing to support growth for the next 10-15 years. The project also includes replacing aging mechanical systems and adding parking with a solar array.

An intergovernmental agreement with Santa Rita Fire District, or SRFD (formerly Green Valley Fire District) has solidified the function of fire inspection review will be outsourced to SRFD.



The ongoing work of pavement preservation continues. Maintaining an overall condition index (OCI) on the pavement of the roads above 76 is critical to protect past investments into the town’s street network and avoid the costs of replacing road surfaces. This year, many pedestrian key ramps at intersections will be upgraded for ADA compliance, and 30 cracked sidewalk panels will be replaced. An additional \$2.5 million – a 39% increase – has been programmed over the next five years to support related pavement preservation work to reduce future reconstruction costs for the community.

This year, we are expected to complete upgrades to the Sahuarita Water Reclamation Facility to expand the capacity from 1.5 million gallons per day to 2.2 million gallons per day (MGD), enabling us to treat and process more wastewater, enhancing our ability to serve a larger population and meet the increased demand of the town for this critical service.



Community Well-Being

Parks and Recreation delivers at least 12 community programs and activities annually to promote the community's health, safety, and welfare. It also meets the community's needs with appropriate programs and activities for families, including summer and school break programs like Camp Sahuarita.



As mentioned above, the addition of La Villita Community Center will increase the capacity for existing community recreation programs. Club SPIKE, a new afterschool recreation program for kids will offer an affordable, wellness-centered, and flexible option for parents seeking afterschool care for their kids. The space also creates opportunities for business and revenue such as Grow in Sahuarita vending for small businesses, and event venue space for weddings and private parties.

Sahuarita produces four signature events each year – Stars & Stripes, Spooktacular, Winterfest, and Fiesta Sahuarita.

Each event sees an attendance of over 15,000. An additional 12-18 special annual events see an attendance of nearly 2,000 attendees each. Town of Sahuarita signature and special events combined see yearly participation between 80,000-100,000 attendees.

The Police Department (PD) will enhance traffic safety through the continued development of a dedicated traffic bureau. This will include advanced training along with other key PD training for areas of homicide investigation, officer-involved shooting, interview & interrogation, and more. PD will implement two non-lethal protocols and technology: Taser 10 and Compliance GLOVE to assist in safe suspect apprehension and compliance.



A new part-time role will support the Department of Law in its efforts to continue protecting crime victims. A space in the new Police Department building will be designed for use specifically in victim/witness interviews to offer a supportive environment for residents to engage with the investigations team where necessary.

With an increase in calls to support school-related incidents, a School Resource Officer has

been dedicated to each school campus. This on-site resource will ensure swift response in times of crisis and provide opportunities for our children to engage with PD in ways that inspire trust and offer education.



Highly Performing Organization

The Town’s pilot 4 |10 schedule implemented in FY 2024 has been adopted by the Town Council as a permanent flexible work solution for employees beginning July 1, 2025. The pilot year yielded positive formal and informal reviews from managers and employees alike.

Several department leadership positions were re-classified to create more separation in pay between supervisors and employees. To meet the needs of the growing population, 8.6 new positions have been added in HR, Finance, IT, Public Works, Police Department, Parks & Recreation, Law, and Economic Development.

An attrition study gave us a benchmark of where we stand compared to other government (non-education) organizations with employee turnover. Results showed Sahuarita at or below the level of our peer organizations. In FY 2025, we’ll be looking for ways to improve our attrition numbers among employees who join the organization in entry-level roles.

Among these ideas is the introduction of “Stay Interviews” to assess employee satisfaction and well-being and collect feedback to inform retention efforts. A defined flexible work policy was adopted to better accommodate personal demands while maintaining a focus on delivering quality services to the public we serve. Additionally, HR will implement an Employee Advisory Committee and enhance onboarding communication. The goal is to continuously build on what we do well, and experiment with new ways to champion early-career professionals to retain their needed skills and energy.

A new grant writing role will assist the town in diversifying funding sources for Parks & Recreation capital projects through aggressive pursuit of grant opportunities, federal, state, and private (LWCF, AZ State Parks, Burke, etc.).

As a highly performing organization, staff will continue to look for ways to bring greater transparency to its budget process, achieve a stronger alignment between the community’s values and budgeted resources allocated to services, and enhance collaboration when building





the annual budget. To accomplish these budget goals, a budgeting model called Priority-Based Budgeting will be explored this upcoming year.

We encourage you to review the budget document and explore the various projects and plans for FY 2025. Thank you for your continued support as we work together to ensure a prosperous and thriving future for our community.

Warm regards,

A.C. Marriotti
Finance Director

Shane Dille
Town Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Sahuarita
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

MAYOR AND COUNCIL



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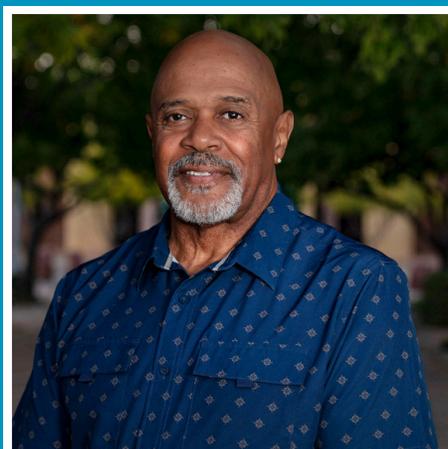
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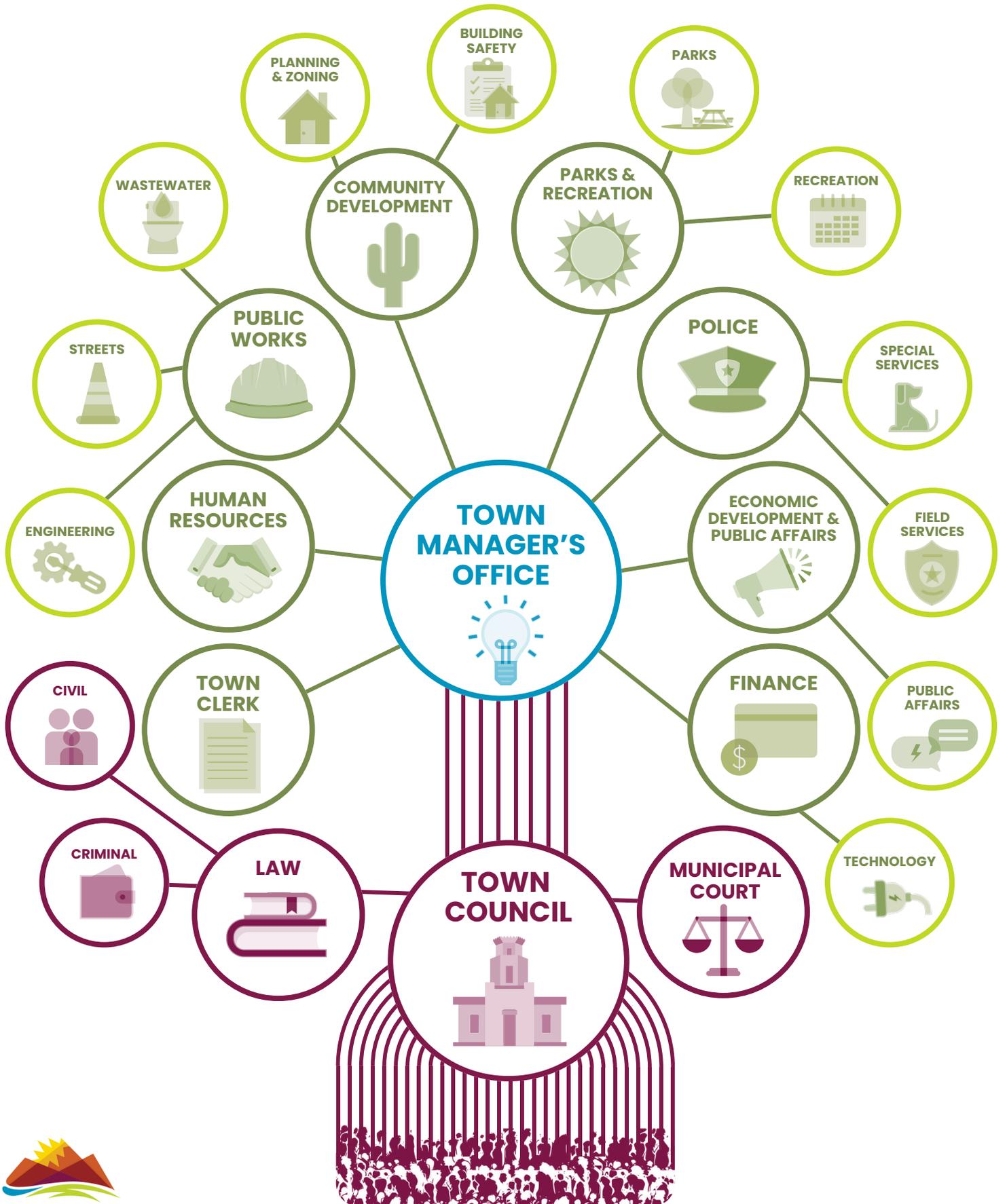
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ORGANIZATIONAL CHART



SAHUARITA AT-A-GLANCE

POPULATION **37,132**

Male 49.7%

Female 50.3%

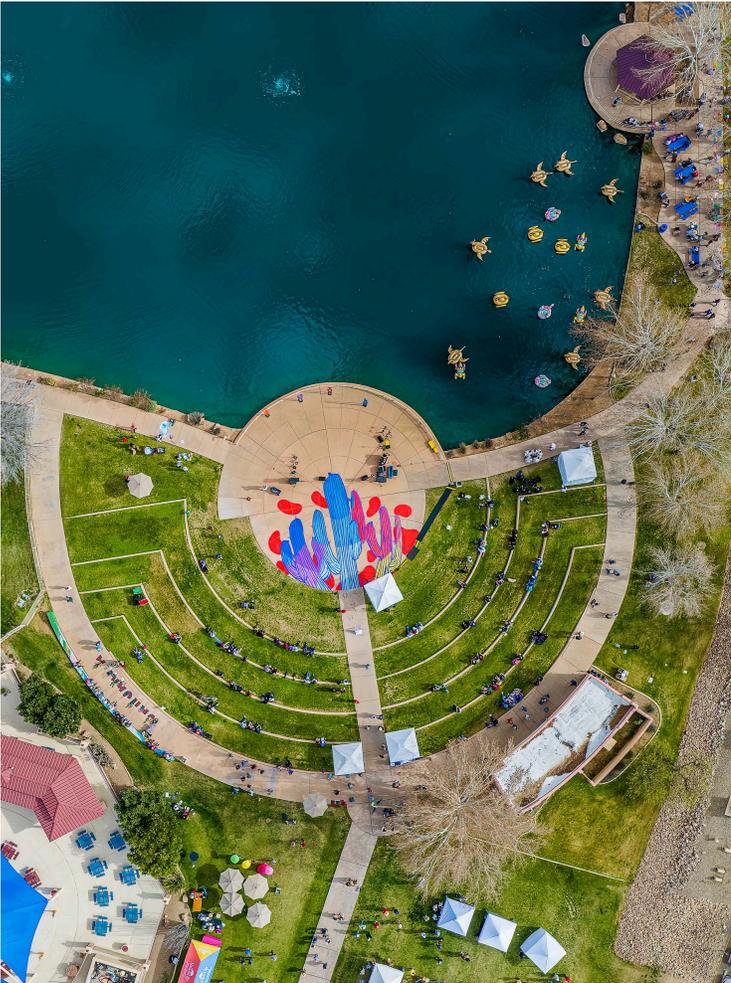
EDUCATIONAL ATTAINMENT

High school or higher 94.2%

Bachelors Degree or higher 41.4%

MEDIAN AGE **36.4**

MEDIAN HOUSEHOLD INCOME **\$100,719**



Though the Town of Sahuarita is relatively new, people have lived in the area in small communities for thousands of years. Archaeologists believe the region—located in Southern Arizona—is the longest continuously inhabited place in North America. As the Town sits directly on both banks of the Santa Cruz River, there’s no doubt that long before us came many, many others. Archaeology in the area and the oral history of the Tohono O’odham show us that the land is blessed with a rich cultural legacy. The Santa Cruz River Valley and the land abutting the Santa Rite Mountains was a place where Native Americans inhabited villages and worked intensive agriculture by way of complex irrigation systems.

As one of Arizona’s fastest-growing communities, the Town of Sahuarita is the newest jurisdiction in Pima County, incorporated in 1994 with a population of over 37,000. The Town of Sahuarita’s population increased by nearly 700 percent during the period from the 2000 Census to the Census of 2010. At just over 30 square miles in area, Sahuarita is located 15 minutes south of Tucson and 40 minutes north of the Mexican border.



For current demographics information visit Zoom Propector. For approximations of statistics at the time of this publication see the numbers above.

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Town Council
Town of Sahuarita, Arizona
Sahuarita, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB schedules, and budgetary comparison information, as noted within the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The *other schedules*, as presented in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CWDL, Certified Public Accountants
December 19, 2024
Mesa, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2024. Please read it in conjunction with the transmittal letter on pages 2-11 and the Town's basic financial statements, which begin on page 31.

FINANCIAL HIGHLIGHTS

- On June 30, 2024, net position totaled \$181,923, an increase of \$10,386 over last year. Of this amount, \$37,787 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Capital asset balances totaled \$178,402, a decrease of \$157 compared to last year. Construction in progress accounted for \$4,946, 3% of the total capital assets.
- Long-term liabilities decreased \$2,943 from last year to a total of \$66,892 on June 30, 2024. Liabilities related to employee expenses (pension, other postemployment benefits, and compensated absences) accounted for \$13,919, approximately 21% of the total balance.
- As of the close of the current fiscal year, the governmental funds combined ending fund balances had increased \$6,464 to a new balance of \$60,898. Of this amount, \$3,647 is in a nonspendable form, \$17,894 is restricted for specific purposes due to agreements or laws, \$5,500 is committed for reserves, \$3,454 is assigned to specific purposes by the Town Council, and \$30,403 is unassigned.
- The Wastewater Enterprise Fund's net position increased by \$2,677 during the year, raising its net position to \$39,762 at year-end. Unrestricted net position was \$1,990, an increase of \$855.
- The Town spent \$5,565 of its American Rescue Plan Act (ARPA)-State and Local Fiscal Recovery Funds (SLFRF) provided by the U.S. Department of Treasury. Unspent ARPA-SLFRF funds at year-end were \$1,301 and remained unearned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to 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 32-33 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

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 funds of the Town can be divided into two categories, governmental funds and a proprietary fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains six individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund, Rancho Sahuarita Community Facilities District Fund, and Capital Infrastructure Improvement Fund (CIIF), which are major funds. The Quail Creek Community Facilities District Fund is a nonmajor fund and is also presented.

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

The basic governmental fund financial statements can be found on pages 34 and 36 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 a major fund of the Town. The basic proprietary fund financial statements can be found on pages 38-40 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 41-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, including (1) budgetary comparison schedules for the General Fund, Highway User Revenue Fund—Special Revenue Fund, Grants and Restricted Sources Fund—Special Revenue Fund, and Rancho Sahuarita Community Facilities District—Special Revenue Fund and (2) schedules of the Town's net pension and other postemployment liabilities and contributions associated with the Arizona State Retirement System, the Elected Officials Retirement Plan and the Public Safety Personnel Retirement System. Required supplementary information can be found on page 72-83 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 69,630	\$ 67,452	\$ 6,884	\$ 3,465	\$ 76,514	\$ 70,917
Capital assets	130,512	131,996	47,890	46,563	178,402	178,559
Total assets	<u>200,142</u>	<u>199,448</u>	<u>54,774</u>	<u>50,028</u>	<u>254,916</u>	<u>249,476</u>
Deferred outflows	4,870	4,145	103	133	4,973	4,278
Liabilities:						
Current	4,206	9,445	2,720	605	6,926	10,050
Long-term	55,662	57,410	12,350	12,425	68,012	69,835
Total liabilities	<u>59,868</u>	<u>66,855</u>	<u>15,070</u>	<u>13,030</u>	<u>74,938</u>	<u>79,885</u>
Deferred inflows	2,982	2,285	46	47	3,028	2,332
Net position:						
Net investment in capital assets	103,282	101,243	36,670	34,872	139,952	136,115
Restricted	3,083	2,172	1,101	1,077	4,184	3,249
Unrestricted	35,797	31,038	1,990	1,135	37,787	32,173
Total net position	<u>\$ 142,162</u>	<u>\$ 134,453</u>	<u>\$ 39,761</u>	<u>\$ 37,084</u>	<u>\$ 181,923</u>	<u>\$ 171,537</u>

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The Town's net position was \$181,923 at the close of the most recent fiscal year, an increase of \$10,386 over last year.

The largest portion (\$139,852 or 77%) of the Town's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment), less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$4,184 (2%) of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$37,738 (21%) is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 3,592	\$ 2,867	\$ 5,311	\$ 4,851	\$ 8,903	\$ 7,718
Operating grants and contributions	4,831	4,144	-	264	4,831	4,408
Capital grants and contributions	2,721	8,032	1,094	2,930	3,815	10,962
General revenues:						
Property taxes	1,875	1,679	-	-	1,875	1,679
Sales taxes	14,299	15,754	-	-	14,299	15,754
Franchise taxes	475	404	-	-	475	404
Share of state income tax	9,444	6,703	-	-	9,444	6,703
Share of state sales tax	5,390	5,224	-	-	5,390	5,224
Share of state vehicle license tax	1,769	1,787	-	-	1,769	1,787
Unrestricted grants and contributions	5,394	2,305	171	211	5,565	2,516
Unrestricted investment earnings (losses)	2,271	1,117	208	45	2,479	1,162
Gain on the sale of capital assets	7	95	-	-	7	95
Miscellaneous	183	24	17	150	200	174
Total revenues	<u>52,251</u>	<u>50,135</u>	<u>6,801</u>	<u>8,451</u>	<u>59,052</u>	<u>58,586</u>
EXPENSES						
Program expenses:						
Governmental activities:						
General government	9,712	8,519	-	-	9,712	8,519
Public safety	14,876	12,816	-	-	14,876	12,816
Culture and recreation	4,814	3,939	-	-	4,814	3,939
Highways and streets	13,536	13,392	-	-	13,536	13,392
Interest and amortization costs on long-term debt	1,604	1,821	-	-	1,604	1,821
Business-type activities:						
Sewer	-	-	4,124	4,002	4,124	4,002
Total expenses	<u>44,542</u>	<u>40,487</u>	<u>4,124</u>	<u>4,002</u>	<u>48,666</u>	<u>44,489</u>
Increase (decrease) in net position before losses and transfers	7,709	9,648	2,677	4,449	10,386	14,097
Transfers	-	(703)	-	703	-	-
Change in net position	7,709	8,945	2,677	5,152	10,386	14,097
Net position at beginning of year	134,453	125,508	37,084	31,932	171,537	157,440
Net position at end of year	<u>\$ 142,162</u>	<u>\$ 134,453</u>	<u>\$ 39,761</u>	<u>\$ 37,084</u>	<u>\$ 181,923</u>	<u>\$ 171,537</u>

Governmental Activities

The \$7,709 increase in net position for governmental activities was \$1,236 less than last year's change in net position. Significant variances between fiscal year 2024 and 2023 are explained below:

Revenues and Other Sources

- Charges for services increased by \$725. In 2024, the Town recorded \$2,276 in building permit revenues, which was \$719 higher than the year before. More homes were permitted in 2024. High home prices and mortgage rates have made housing affordability a national issue. In the Tucson metro region, the Town has some of the most affordable homes, largely due to the available lot inventory.
- Operating grants and contributions increased by \$687. A \$600 donation was received for the monitoring and maintenance of the engineered cap for Parcel 30, which was acquired from a mining operating during 2024.

MANAGEMENT’S DISCUSSION AND ANALYSIS

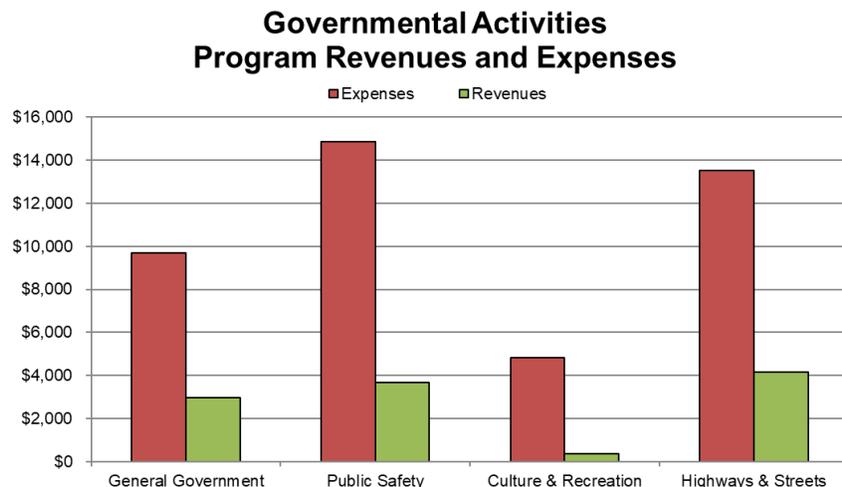
(dollar amounts in thousands)

- Capital grants and contributions decreased by \$5,311. Of this amount, \$5,807 was attributable to the decreased value of roadways contributed by developers. Last year’s significant amount of infrastructure development has supported the growth that occurred this year and into the future.
- Share of state income taxes were \$2,741 higher than the year prior. A new State law took effect, which increased the municipal share of State income taxes from 15% to 18%.
- Unrestricted grants and contributions increased by \$3,049. All this increase was related to ARPA-SLFRF funding. More of the Town’s allotment was spent and earned under the revenue replacement program in 2024.
- Investment earnings were \$1,154 more than last year. The Town holds investments to maturity. As such, much of the unrealized losses in 2023 became realized gains in 2024, and reinvested funds provided for higher yields due to market conditions, in line with the Federal Open Market Committee’s efforts to address high inflation by raising the federal funds target rate.

Expenses and Other Uses

- Program expenses increased by \$4,055.
 - In 2024, governmental activities added 8.4 full-time equivalent staff positions, provided merit increases up to 4%, accommodated inflationary pay adjustments instituted mid-year in 2023 (i.e., full-year impact in 2024), and instituted other benefit changes. Overall payroll costs increased \$2,172.
 - Compensated absences costs increased by \$1,075, mostly due to the implementation of GASB Statement No. 101—*Compensated Absences*, which updated the recognition and measurement guidance for compensated absences.
 - Net pension & OPEB expenses increased by \$751. There are a lot of factors that impact these expenses but much of it was the result of the net investment losses experienced by the pension & OPEB plans in 2023, the year of measurement.
 - Depreciation and amortization expenses increased by \$466 as there were more depreciable assets.

The chart below shows that all functions had greater program expenses than program revenues. Accordingly, general revenues and available net position were used to help pay the costs of these functions.



MANAGEMENT’S DISCUSSION AND ANALYSIS

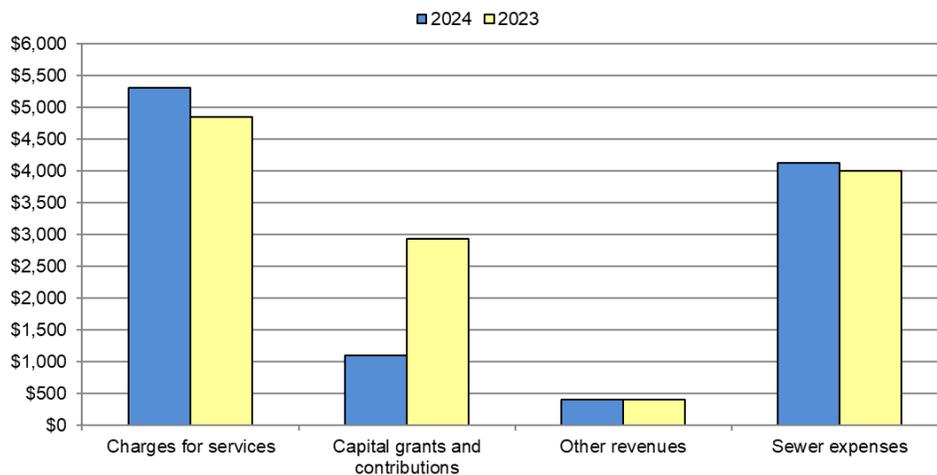
(dollar amounts in thousands)

Business-type Activities

The \$2,677 increase in net position for business-type activities was \$2,475 less than last year’s change in net position. Significant variances between fiscal year 2024 and 2023 are explained below:

- The value of developer-contributed sewer lines was \$2,596 more in 2023. This infrastructure was put in place last year to facilitate the amount of new growth seen in 2024.
- In 2023, the Governmental Activities transferred sewer lines valued at \$703 to the Business-type Activities. Capital transfers do not occur every year.
- Intergovernmental revenues decreased by \$304. The Wastewater Enterprise Fund had an allotment of ARPA-SLRFR funding, which was mostly consumed in 2023. Some of that funding was still available in 2024 but not as much as the prior year.
- More homes connected to the wastewater system in 2024 resulting in a \$267 increase in connection fees.

Business-type Activities Revenues and Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

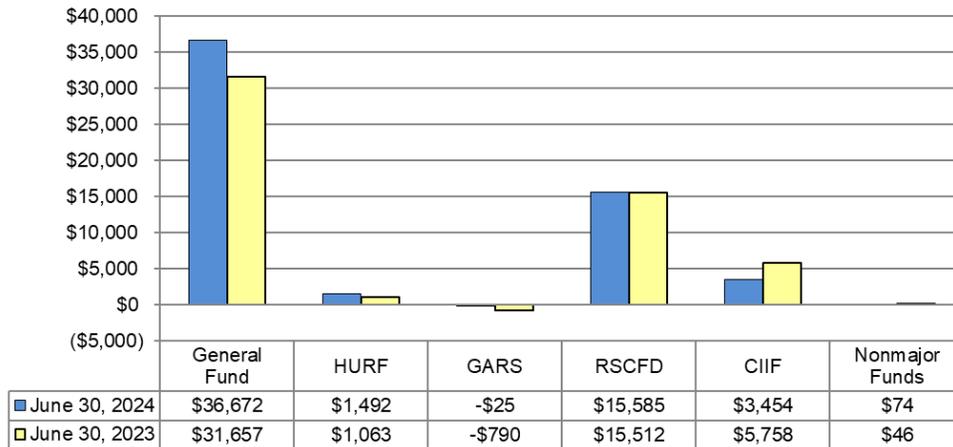
Governmental funds. The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town’s financing requirements.

On June 30, 2024, the Town’s governmental funds reported combined ending fund balances of \$60,898, an increase of \$6,464 from last year. Of the total, \$57,251 constitutes spendable fund balances, which include the unassigned, assigned, committed, and restricted fund balances. The remaining \$3,647 represents balances that are not in spendable form, such as prepaid items and interfund advances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Governmental Funds Spendable Fund Balances



The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, spendable fund balances were 153% of total fund expenditures. Compared to last year, the total fund balance increased by \$7,477. For which \$5,015 was spendable. Revenues exceeded expenditures by \$8,242 and net other financing sources and uses were (\$765). The Town's budget expected revenues to exceed expenditures (excluding contingencies) by \$2,969. Actual results for the year were even more favorable than the budget plan. Total revenues exceeded the budget by \$2,354 or 7.9%, and total expenditures were well under, by \$2,919 (see General Fund Budget Highlights below). The General Fund also recorded interfund advances of \$2,400 due from the Wastewater Enterprise Fund and \$31 due from the GARS, increasing non-spendable fund balances.

Fund balances in the HURF Fund increased by \$428. \$244 is attributable to the Town Council's decision to increase the utility service transaction privilege tax rate from 2.0% to 4.0%, which became effective on March 1, 2024, and to dedicate incremental collections to the HURF Fund. Additionally, the Streets Department postponed the bridge maintenance and repair program, saving \$317. Other changes were insignificant.

Fund balances in the GARS Fund improved by \$763. \$611 of this amount was related to the one-time donation received for post-remediation monitoring and maintenance of the engineered cap on a portion of the Parcel 30 property, which was acquired from a mining company during the year. \$115 of the change stemmed from SAMTEC lease revenues exceeding costs to operate and maintain the facility. These excess revenues will repay the advance from the General Fund over time. Other changes were insignificant.

Fund balances in the RSCFD Fund increased by \$73. This change was mostly attributable to increased investment earnings on unspent bond proceeds, which were expected to be used during the year. Much of the increase, however, offset the CFD developer's obligation to provide contributions to the general obligation bond tax accounts, which pay for annual debt service obligations.

The CIIF fund balances decreased by \$2,304. The CIIF accumulates funds over time and spends them on capital outlay in accordance with the five-year Capital Improvement Plan. In 2024, the amount spent exceeded the new resources collected.

The fund balances of the nonmajor fund increased by \$28. This increase is mostly attributable to the higher-than-anticipated property tax collections and investment earnings.

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. The unrestricted net position of the wastewater treatment operation at the end of the year amounted to a balance of \$1,991, which was \$855 higher than last year. The utility's fee structure is designed to cover ongoing costs, pay debt service, and to maintain sufficient reserves. The restricted net position was \$1,101 for other postemployment benefits assets and cash held in trust to pay debt

MANAGEMENT’S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

service. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town’s business-type activities.

Wastewater Enterprise Fund Net Position



GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The following significant budget amendments were made during the year:

- The Council approved a \$916 reduction to revenues and departmental expenditures, aligning the budget to GAAP for indirect cost allocations between funds. Prior to the amendment, interfund indirect cost allocations would be recorded as charges for services revenues instead of reducing central service departmental expenditures.
- The Council approved the use of contingency reserves, allocating \$824 to the CIIF Fund to provide capacity to complete the Anamax Park Maintenance Building (\$327) and Pima Mine Multi-use Path (\$497) capital projects.
- The Council approved the use of contingency reserves, allocating \$187 to the Parks & Recreation Department to bring park field maintenance services in-house. The additional funds will allow the department to hire staff and purchase a large mower, equipment, and supplies.
- The Council approved the use of contingency reserves, allocating \$180 to the GARS Fund for four new grant-funded programs and projects, as follows: traffic signal equipment (\$85), Pima Mine Road restriping and signage (\$55), court building security (\$30), and the Grow-in-Sahuarita business program (\$10).
- The Town Manager authorized the use of Manager contingency (a component of contingency reserves), allocating \$120 to several departments to perform work not anticipated in the budget. The Town Council was notified of each allocation.

Final budget compared to actual results. Total actual revenues exceeded budgeted revenues by \$2,354 or 7.9%. The most significant differences were as follows:

Revenue Sources	Budgeted Revenues	Actual Revenues	Difference
Licenses and permits	2,099	2,821	722
Investment earnings	1,047	1,826	779

MANAGEMENT’S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- Licenses and permits exceeded the budget by 34%. These revenues are mostly derived from building permits issued for new homes. The budget assumed 320 homes would be permitted but 390 were.
- Investment earnings were 74% above budget. The Town had a larger average cash and investment balances than forecasted and investment yields were higher than anticipated. Moreover, as the Town holds investments until maturity, most unrealized losses from last year became realized gains in 2024.
- Other differences were immaterial or fell within a normal and/or acceptable range from the amount budgeted.

Total actual expenditures were less than appropriations (excluding contingency reserves) by \$2,920 or 10.9%, as follows:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Personnel	\$ 18,985	\$ 17,587	\$ 1,398
Services	5,528	4,404	1,124
Supplies and equipment	1,499	1,267	232
Other	1,553	1,401	152
Capital outlay	244	303	(59)
Debt service	287	258	29
Interorg charges	(1,252)	(1,296)	44
	<u>\$ 26,844</u>	<u>\$ 23,924</u>	<u>\$ 2,920</u>

- Personnel expenditures were less than budget by 7%. Much of this was due to personnel vacancies and some due to variances between budget assumptions and actual results.
- Costs for services were 20% lower than budget. Savings were realized for a host of reasons, most significantly in the following areas: \$212 for software support and maintenance, \$205 for professional services, \$210 for county incarceration costs, and \$173 for utilities.
- Capital outlay exceeded the budget by 24%. The Engineering Division of the Public Works Department entered into a software subscription agreement that qualified as an \$88 SBITA under GASB Statement 96. This accounting treatment was not anticipated in the budget. Instead, the 2024 costs were budgeted as a departmental operating expense.
- Other differences were immaterial or fell within a normal and/or acceptable range of the budget amount.

Net revenue and expenditures had a favorable budget variance of \$5,274. None of the negative line-item budget variances significantly affect future service levels or liquidity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$178,402 (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, bridges, and intangible assets related to leased vehicles and equipment and software subscriptions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 12,927	\$ 11,350	\$ 2,640	\$ 2,640	\$ 15,567	\$ 13,990
Buildings & improvements	25,240	22,837	28,268	29,092	53,508	51,929
Sewer conveyance system	-	-	14,387	14,224	14,387	14,224
Infrastructure	85,199	92,623	-	-	85,199	92,623
Vehicles	2,426	1,543	6	10	2,432	1,553
Equipment and software	1,123	1,019	-	-	1,123	1,019
Intangibles	1,210	1,719	30	-	1,240	1,719
Construction in progress	2,387	905	2,559	597	4,946	1,502
Total capital assets	<u>\$130,512</u>	<u>\$131,996</u>	<u>\$ 47,890</u>	<u>\$ 46,563</u>	<u>\$178,402</u>	<u>\$178,559</u>

Total capital assets decreased by \$157 (0.1%) during the year, which is the net difference between new capital acquisitions, disposals, and depreciation and amortization. Major capital asset activity during the fiscal year included the following:

- Governmental activities purchased the Parcel 30 property for \$1,177, adding approximately 235 acres of vacant land to the Town's capital assets.
- Governmental activities purchased the La Villita Community Center (formerly the Santa Cruz Valley United Methodist Church) building and property for \$2,394.
- Governmental activities spent \$1,323 on the Anamax Park Splash Pad Project. The project will be completed next fiscal year.
- Governmental activities completed the Anamax Park Maintenance Building (\$562) and Playground Improvements (\$593) projects during the year.
- Governmental activities purchased 30 vehicles for \$1,326.
- Developer contributions added \$811 to infrastructure in governmental activities and \$535 to the sewer conveyance system in business-type activities.
- Business-type activities spent \$1,759 during the year working on the Wastewater Treatment Plant Re-rating Project. The project will be completed next fiscal year.
- Depreciation reduced the Town's investment in capital assets for governmental activities and business-type activities by \$11,680 and \$1,210, respectively.

Additional information on the Town's capital assets can be found in note 5 on pages 50-51 of this report.

Long-term debt. At the end of the current fiscal year, the Town had \$52,996 of total debt outstanding. Of this amount, \$33,378 (63%) comprises debt backed by the full faith and credit of community facilities districts, which are legally separate blended component units of the Town. The remainder of the debt is secured by specific revenue sources. A summary of outstanding long-term debt follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Quail Creek CFD G.O. bonds	\$ 5,895	\$ 6,614	\$ -	\$ -	\$ 5,895	\$ 6,614
Rancho Sahuarita CFD G.O. bonds	27,483	28,086	-	-	27,483	28,086
Loans payable	8,269	10,551	10,366	11,607	18,635	22,158
Leases	655	1,063	-	-	655	1,063
Subscriptions	320	445	8	-	328	445
Total long-term debt	<u>\$ 42,622</u>	<u>\$ 46,759</u>	<u>\$ 10,374</u>	<u>\$ 11,607</u>	<u>\$ 52,996</u>	<u>\$ 58,366</u>

Major debt activity during the year included the following:

- Principal payments reduced the governmental activities and business-type activities debt liabilities by \$4,250 and \$1,271, respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue. In 2024, the Town's debt capacity was \$105,545. The general obligation debt of the community facilities districts, which are legally separate entities, does not apply against the Town's debt capacity.

Additional information on the Town's long-term debt can be found in note 7 on pages 63-67 of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

The current estimated population of 37,132 is 2.1% larger than last year's estimated population of 36,356. The Town uses a growth rate of approximately 2.3% for planning purposes.

The Town's taxable net assessed property valuation for 2024 was \$340,418, an increase of 7.3% over 2023. The total full cash property value increased 7.6% higher than 2023, to \$3,446,202.

The Town's budget for fiscal year 2025 totals \$119,504. Expenditures are expected to exceed revenues and other sources by \$26,804, mostly due to planned capital project activity, where previously accumulated resources (e.g., debt proceeds) are being spent on major infrastructure projects in the Town. Ending fund balances are expected to be \$40,904 by the end of 2025.

No significant rate or fee adjustments are expected in 2025.

Additional information can be found in the Transmittal Letter on pages 2-11 of this report.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



ACFR FY2024



Town of Sahuarita, Arizona

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 43,165,383	\$ 4,382,950	\$ 47,548,333
Receivables, net of allowances for doubtful accounts	5,458,475	1,111,082	6,569,557
Internal balances	2,400,000	(2,400,000)	-
Prepaid items	61,094	183,077	244,171
Restricted assets	18,544,919	1,207,206	19,752,125
Capital assets:			
Not being depreciated/amortized	15,313,807	5,199,257	20,513,064
Being depreciated/amortized, net	115,198,589	42,690,530	157,889,119
Total capital assets	130,512,396	47,889,787	178,402,183
Total assets	200,142,267	52,374,102	252,516,369
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	144,357	-	144,357
Deferred outflows related to pensions and other postemployment benefits	4,725,612	102,954	4,828,566
Total deferred outflows of resources	4,869,969	102,954	4,972,923
LIABILITIES			
Accrued payroll and benefits	789,851	32,359	822,210
Payables:			
Accounts	1,292,198	1,005,674	2,297,872
Interest	665,136	126,437	791,573
Contract retention	-	172,981	172,981
Deposits	157,374	-	157,374
Unearned revenues	1,301,478	102,462	1,403,940
Noncurrent liabilities:			
Due within one year	4,321,860	1,279,601	5,601,461
Due in more than one year	51,340,625	9,950,084	61,290,709
Total noncurrent liabilities	55,662,485	11,229,685	66,892,170
Total liabilities	59,868,522	12,669,598	72,538,120
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	673,431	45,749	719,180
Deferred inflows related to leases	2,308,545	-	2,308,545
Total deferred inflows of resources	2,981,976	45,749	3,027,725
NET POSITION			
Net investment in capital assets	103,282,272	36,670,285	139,952,557
Restricted for:			
Postemployment benefits	534,047	29,881	563,928
Transportation	1,300,534	-	1,300,534
Municipal Court	65,852	-	65,852
Law enforcement	300,069	-	300,069
Economic development	400	-	400
Environmental, post-remediation care	611,420	-	611,420
Health safety	68,695	-	68,695
CFD operations and maintenance	67,193	-	67,193
Debt service	134,039	1,071,000	1,205,039
Unrestricted	35,797,217	1,990,543	37,787,760
Total net position	\$ 142,161,738	\$ 39,761,709	\$ 181,923,447

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, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital Grants, Contributions & Restricted Interest	Primary Government		
		Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 9,711,577	\$ 502,437	\$ 753,934	\$ 1,250,076	\$ (7,205,130)		\$ (7,205,130)
Public safety	14,876,339	2,762,138	836,304	28,297	(11,249,600)		(11,249,600)
Culture and recreation	4,813,682	280,500	71,460	-	(4,461,722)		(4,461,722)
Highways and streets	13,535,706	46,914	3,169,360	1,442,725	(8,876,707)		(8,876,707)
Interest and amortization on long-term debt	1,604,348	-	-	-	(1,604,348)		(1,604,348)
Total governmental activities	44,541,652	3,591,989	4,831,058	2,721,098	(33,397,507)		(33,397,507)
Business-type activities:							
Sewer	4,123,958	5,311,314	-	1,093,672		\$ 2,281,028	2,281,028
Total business-type activities	4,123,958	5,311,314	-	1,093,672		2,281,028	2,281,028
Total primary government	\$ 48,665,610	\$ 8,903,303	\$ 4,831,058	\$ 3,814,770	(33,397,507)	2,281,028	(31,116,479)
General revenues:							
Property taxes					1,874,915	-	1,874,915
Sales taxes					14,298,716	-	14,298,716
Franchise taxes					474,712	-	474,712
Share of state income tax					9,443,768	-	9,443,768
Share of state sales tax					5,389,924	-	5,389,924
Share of state vehicle license tax					1,768,771	-	1,768,771
Grants and contributions not restricted to specific programs					5,394,259	171,225	5,565,484
Unrestricted investment earnings					2,270,873	207,722	2,478,595
Gain on the sale of capital assets					7,000	-	7,000
Miscellaneous					183,571	17,260	200,831
Net general revenues					41,106,509	396,207	41,502,716
Change in net position					7,709,002	2,677,235	10,386,237
Net position at beginning of year					134,452,736	37,084,474	171,537,210
Net position at end of year					\$ 142,161,738	\$ 39,761,709	\$ 181,923,447

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

Town of Sahuarita, Arizona

Balance Sheet Governmental Funds June 30, 2024

	General Fund	Highway User Revenue Fund	GARS Fund	Rancho Sahuarita CFD Fund	Capital Infrastructure Improvement Fund	Nonmajor Fund— Quail Creek CFD Fund	Total Governmental Funds
Assets							
Cash and investments	\$ 35,866,696	\$ 1,372,295	\$ 869,701	\$ 76,886	\$ 4,979,805	\$ -	\$ 43,165,383
Receivables, net of allowances for doubtful accounts	2,565,680	367,791	2,498,331	9,262	-	17,411	5,458,475
Due from other funds	102	-	-	-	-	-	102
Prepaid items	61,094	-	-	-	-	-	61,094
Restricted assets	-	-	262,231	16,827,657	-	920,984	18,010,872
Advances to other funds	3,585,824	-	-	-	-	-	3,585,824
Total assets	<u>\$42,079,396</u>	<u>\$ 1,740,086</u>	<u>\$3,630,263</u>	<u>\$16,913,805</u>	<u>\$ 4,979,805</u>	<u>\$ 938,395</u>	<u>\$ 70,281,750</u>
Liabilities							
Accrued payroll and benefits	\$ 747,115	\$ 37,006	\$ -	\$ -	\$ 5,730	\$ -	\$ 789,851
Payables:							
Accounts	827,833	171,893	13,745	2,963	273,784	1,980	1,292,198
Bonds	-	-	-	743,000	-	770,000	1,513,000
Interest	-	-	-	575,004	-	90,132	665,136
Deposits	77,174	-	80,200	-	-	-	157,374
Due to other funds	-	-	102	-	-	-	102
Unearned revenues	48,024	-	-	7,556	1,245,898	-	1,301,478
Advances from other funds	-	-	1,185,824	-	-	-	1,185,824
Total liabilities	<u>1,700,146</u>	<u>208,899</u>	<u>1,279,871</u>	<u>1,328,523</u>	<u>1,525,412</u>	<u>862,112</u>	<u>6,904,963</u>
Deferred inflows of resources							
Related to leases	55,219	-	2,253,326	-	-	-	2,308,545
Unavailable revenues	5,414	39,594	121,963	393	-	2,403	169,767
Total deferred inflows of resources	<u>60,633</u>	<u>39,594</u>	<u>2,375,289</u>	<u>393</u>	<u>-</u>	<u>2,403</u>	<u>2,478,312</u>
Fund balances							
Nonspendable:							
Prepaid items	61,094	-	-	-	-	-	61,094
Advance to other funds	3,585,824	-	-	-	-	-	3,585,824
Restricted for:							
Transportation	-	1,245,664	2,845	-	-	-	1,248,509
Municipal Court	-	-	65,852	-	-	-	65,852
Law enforcement	-	-	259,232	-	-	-	259,232
Economic development	-	-	400	-	-	-	400
Environmental, post-remediation care	-	-	611,420	-	-	-	611,420
CFD operations and maintenance	-	-	-	66,900	-	-	66,900
Debt service	-	-	-	57,355	-	74,181	131,536
Capital acquisition	-	-	-	15,460,634	-	-	15,460,634
Committed to stabilization reserves	5,500,000	-	-	-	-	-	5,500,000
Assigned to capital projects	-	-	-	-	3,454,393	-	3,454,393
Unassigned	31,171,699	245,929	(964,646)	-	-	(301)	30,452,681
Total fund balances	<u>40,318,617</u>	<u>1,491,593</u>	<u>(24,897)</u>	<u>15,584,889</u>	<u>3,454,393</u>	<u>73,880</u>	<u>60,898,475</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$42,079,396</u>	<u>\$ 1,740,086</u>	<u>\$3,630,263</u>	<u>\$16,913,805</u>	<u>\$ 4,979,805</u>	<u>\$ 938,395</u>	<u>\$ 70,281,750</u>

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

Town of Sahuarita, Arizona

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2024

Total fund balances—governmental funds		\$ 60,898,475
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	12,926,812	
Construction in progress	2,386,995	
Buildings and improvements	34,465,964	
Infrastructure	203,977,418	
Vehicles	5,179,560	
Equipment and software	4,363,173	
Intangibles	2,513,946	
Accumulated depreciation/amortization	<u>(135,301,472)</u>	
Total		130,512,396
<p>Net postemployment benefits assets held in trust for future benefits are not available for Town operations and are not reported in the funds.</p>		
		534,047
<p>Deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions and OPEB		4,725,612
Deferred inflows of resources related to pensions and OPEB		<u>(673,431)</u>
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds.</p>		
		169,767
<p>Some items are not due and payable in the current period and therefore are not reported in the funds. Those items consist of:</p>		
Deferred charge on debt refundings	144,357	
Bonds payable	(31,865,000)	
Loans payable	(8,269,000)	
Unamortized premium on long-term debt	(935)	
Unamortized discount on long-term debt	24,303	
Leases and subscriptions payable	(974,914)	
Net pension and OPEB liabilities	(10,372,489)	
Compensated absences	<u>(2,691,450)</u>	
Total		<u>(54,005,128)</u>
Net position of governmental activities		<u>\$ 142,161,738</u>

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

Town of Sahuarita, Arizona

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2024

	General Fund	Highway User Revenue Fund	GARS Fund	Rancho Sahuarita CFD Fund	Capital Infrastructure Improvement Fund	Nonmajor Fund— Quail Creek CFD Fund	Total Governmental Funds
Revenues							
Taxes	\$ 10,281,702	\$ 243,846	\$ -	\$ 823,939	\$ 4,247,880	\$ 1,079,301	\$ 16,676,668
Licenses and permits	2,821,261	25,800	-	-	6,000	-	2,853,061
Intergovernmental	16,603,123	3,089,600	1,019,596	-	5,864,212	-	26,576,531
Charges for services	291,060	-	23,814	-	-	-	314,874
Fines and forfeitures	147,595	-	8,546	-	-	-	156,141
Investment earnings (losses)	1,826,030	90,140	86,252	883,809	448,905	24,559	3,359,695
Miscellaneous	195,857	37,158	832,491	283,753	24,719	-	1,373,978
Total revenues	<u>32,166,628</u>	<u>3,486,544</u>	<u>1,970,699</u>	<u>1,991,501</u>	<u>10,591,716</u>	<u>1,103,860</u>	<u>51,310,948</u>
Expenditures							
Current:							
General government	7,431,137	-	156,546	5,831	-	8,172	7,601,686
Public safety	12,450,244	-	801,405	-	-	-	13,251,649
Culture and recreation	3,482,339	-	71,460	-	-	100,155	3,653,954
Highways and streets	-	3,564,280	121,967	16,848	-	12,826	3,715,921
Capital outlay	302,775	112,874	25,472	-	10,366,717	-	10,807,838
Debt service:							
Principal	244,724	-	-	743,000	2,657,716	770,000	4,415,440
Interest	13,178	-	-	1,150,009	205,419	180,262	1,548,868
Fiscal charges	-	-	-	3,000	3,570	4,820	11,390
Total expenditures	<u>23,924,397</u>	<u>3,677,154</u>	<u>1,176,850</u>	<u>1,918,688</u>	<u>13,233,422</u>	<u>1,076,235</u>	<u>45,006,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,242,231</u>	<u>(190,610)</u>	<u>793,849</u>	<u>72,813</u>	<u>(2,641,706)</u>	<u>27,625</u>	<u>6,304,202</u>
Other financing sources (uses)							
Subscription-based information technology arrangements	87,671	-	-	-	-	-	87,671
Proceeds on asset sales	-	-	-	-	7,000	-	7,000
Insurance recoveries	45,997	18,731	-	-	-	-	64,728
Transfers in	31,276	600,000	-	-	330,619	-	961,895
Transfers out	(930,619)	-	(31,276)	-	-	-	(961,895)
Total other financing sources (uses)	<u>(765,675)</u>	<u>618,731</u>	<u>(31,276)</u>	<u>-</u>	<u>337,619</u>	<u>-</u>	<u>159,399</u>
Net change in fund balances	7,476,556	428,121	762,573	72,813	(2,304,087)	27,625	6,463,601
Fund balance at beginning of year	32,842,061	1,063,472	(787,470)	15,512,076	5,758,480	46,255	54,434,874
Fund balance at end of year	<u>\$40,318,617</u>	<u>\$ 1,491,593</u>	<u>\$ (24,897)</u>	<u>\$15,584,889</u>	<u>\$ 3,454,393</u>	<u>\$ 73,880</u>	<u>\$ 60,898,475</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, 2024

Net change in fund balances—governmental funds		\$ 6,463,601
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/amortization expense.		
Capitalized expenditures	\$ 9,386,123	
Depreciation/amortization expense	<u>(11,680,355)</u>	
Excess of depreciation/amortization expense over capitalized expenditures		(2,294,232)
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 acquisition values of these assets are reported as revenues.		
		811,039
Some revenues reported in the statement of activities do not represent the collection of current financial resources and are not reported as revenues in the governmental funds. Conversely, some revenues reported in the governmental funds are collections of current financial resources that relate to other periods and are not reported as revenues in the statement of activities. These revenues consist of:		
Increase (Decrease) in unavailable deferred inflows of resources		7,121
Town pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in net pension/OPEB liability adjusted for changes in deferred outflows and inflows related to pension/OPEB, is reported in the statement of activities.		
Town pension/OPEB contributions		2,213,867
Town proportionate share of State's appropriation to EORP		41,747
Pension/OPEB expense		<u>(2,536,034)</u>
The issuance of long term-debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumed the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued whereas these amounts are amortized in the statement of activities.		
Subscription-based information technology arrangements incurred	\$ (87,671)	
Principal repaid	4,415,440	
Net amortization of discounts, premiums, and deferred amounts	<u>(44,090)</u>	
Net effect of long-term debt and related items		4,283,679
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Book value of disposed assets		-
(Increase) Decrease in compensated absences		<u>(1,281,786)</u>
Change in net position of governmental activities		<u><u>\$ 7,709,002</u></u>

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

Town of Sahuarita, Arizona

Statement of Net Position Proprietary Fund June 30, 2024

	<u>Wastewater Enterprise Fund</u>
Assets	
Current:	
Cash and cash equivalents	\$ 4,382,950
Accounts receivable (net of allowance for doubtful accounts of \$171,520)	696,598
Intergovernmental receivable	414,484
Prepaid items	183,077
Restricted cash and cash equivalents	1,177,325
Total current assets	<u>6,854,434</u>
Noncurrent assets:	
Net other postemployment benefits asset	29,881
Capital assets:	
Land	2,640,000
Construction in progress	2,559,257
Plant and buildings	39,935,417
Sewage conveyance system	18,864,073
Vehicles and equipment	348,086
Intangibles: subscription assets	39,352
Accumulated depreciation and amortization	<u>(16,496,398)</u>
Capital assets, net of accumulated depreciation	<u>47,889,787</u>
Total noncurrent assets	<u>47,919,668</u>
Total assets	<u>54,774,102</u>
Deferred outflows of resources	
Deferred outflows related to pensions and other postemployment benefits	102,954
Total deferred outflows of resources	<u>102,954</u>
Liabilities	
Current:	
Accrued payroll and benefits	32,359
Accounts payable	1,005,674
Contract retention payable	172,981
Unearned revenue	102,462
Interest payable-current	126,437
Leases payable-current	8,021
Loans payable-current	1,271,580
Total current liabilities	<u>2,719,514</u>
Noncurrent liabilities:	
Accrued compensated absences	83,175
Advances from other funds	2,400,000
Net pension and other postemployment benefits liability	772,079
Loans payable	9,094,830
Total noncurrent liabilities	<u>12,350,084</u>
Total liabilities	<u>15,069,598</u>
Deferred inflows of resources	
Deferred inflows related to pensions and other postemployment benefits	45,749
Total deferred inflows of resources	<u>45,749</u>
Net position	
Net investment in capital assets	36,670,285
Restricted for:	
Debt service	1,071,000
Other postemployment benefits	29,881
Unrestricted	1,990,543
Total net position	<u>\$ 39,761,709</u>

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

Town of Sahuarita, Arizona

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund For the Fiscal Year Ended June 30, 2024

	Wastewater Enterprise Fund
Operating revenues	
Charges for services	\$ 4,408,260
Other	105,356
Total operating revenues	<u>4,513,616</u>
Operating expenses	
Personnel services	947,727
Operating supplies and services	969,539
Utilities	253,633
General and administrative	446,943
Depreciation and amortization	1,209,938
Total operating expenses	<u>3,827,780</u>
Operating income	<u>685,836</u>
Nonoperating revenues (expenses)	
Sewer connection fees	797,698
Intergovernmental revenues	171,225
Investment earnings	207,722
Miscellaneous revenue	17,260
Interest expense	(296,178)
Total nonoperating revenues (expenses)	<u>897,727</u>
Net income before contributions	<u>1,583,563</u>
Capital contributions	<u>1,093,672</u>
Change in net position	2,677,235
Net position at beginning of year	<u>37,084,474</u>
Net position at end of year	<u>\$ 39,761,709</u>

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

Town of Sahuarita, Arizona

Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2024

	<u>Wastewater Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,548,609
Receipts from interfund charges	24,774
Payments to suppliers and service providers	(1,063,150)
Payments for employee wages and benefits	(884,025)
Payments to other funds for central support charges	(397,630)
Miscellaneous receipts	132,907
Net cash provided by operating activities	<u>2,361,485</u>
Cash Flows From Noncapital Financing Activities	
Interfund advance	2,400,000
Interest payment on interfund advance	(42,503)
Cash transfers from other funds	40,830
Net cash used for noncapital financing activities	<u>2,398,327</u>
Cash Flows From Capital and Related Financing Activities	
Sewer connection fees	797,698
Capital grants	644,900
Acquisition and construction of capital assets	(1,195,127)
Principal paid on capital debt	(1,271,712)
Prepaid principal on capital debt	(171,440)
Interest paid on capital debt	(269,262)
Net cash used for capital and related financing activities	<u>(1,464,943)</u>
Cash Flows From Investing Activities	
Interest on investments	207,722
Net cash used for investing activities	<u>207,722</u>
Net change in cash and cash equivalents	3,502,591
Cash and cash equivalents at beginning of year	2,057,684
Cash and cash equivalents at end of year	<u>\$ 5,560,275</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 685,836
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	17,260
Depreciation and amortization	1,209,938
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	47,561
Prepaid items related to operations	(11,637)
Intergovernmental receivable	132,907
Net other postemployment benefit (OPEB) asset	5
Deferred outflows related to pensions and OPEB	30,375
Accrued payroll and benefits	(1,956)
Accounts payable related to operations	220,972
Accrued compensated absences	29,414
Unearned revenues	(5,054)
Net pension and OPEB liability	7,553
Deferred inflows related to pensions	(1,689)
Net cash provided by operating activities	<u>\$ 2,361,485</u>
NONCASH ITEMS	
Infrastructure contributions	\$ 535,221
Subscription assets acquisitions	39,352

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Sahuarita, Arizona (Town) accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2024, the Town implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences. The Town's financial statements have been modified to reflect the implementation of this new standard.

A. Reporting Entity

The Town is a general-purpose municipal government that a separately elected council governs. The accompanying financial statements present the activities of the Town (the primary government) and its component units.

Component units are legally separate entities for which the Town is financially accountable. Blended component units, although legally separate entities, are so intertwined with the Town that they are in substance, part of the Town's operations. Therefore, data from these units is combined with the data of the primary government. Each blended component unit discussed below has a June 30 year-end. The Town has no discretely presented component units.

Blended Component Units

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

On March 24, 2016, the Town Council approved Resolution No. 2016-383 which ordered and declared the formation of the Rancho Sahuarita Community Facilities District, a legally separate entity from the Town. The District encompasses an area of approximately 943 acres wholly within the corporate boundaries of the Town. The District was formed as a tax levying public improvement district for the purpose of acquiring and maintaining public facilities. The Town Council acts as the District's Board of Directors and Town Management has operational responsibility for the District. Accordingly, the District is a blended component unit of the Town and is reported as a special revenue fund in the Town's financial statements. The District does not issue separate financial statements.

B. Basis of Presentation

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

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

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

The Town reports the following major governmental funds:

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

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

The *Grants and Restricted Sources Fund—Special Revenue Fund* accounts for federal, state, and local operating grants and other operating revenues whose use is restricted for certain purposes.

The *Rancho Sahuarita Community Facilities District—Special Revenue Fund* accounts for the District's secondary property tax revenues and costs for operations and maintenance, acquisition, and construction of District facilities and capital assets.

The *Capital Infrastructure Improvement Fund—Capital Projects Fund* accounts for the acquisition, construction, and replacement of major capital facilities other than those financed by other funds.

The Town reports the following nonmajor governmental fund:

The *Quail Creek Community Facilities District—Special Revenue Fund* accounts for the District's secondary property tax revenues and costs for operations and maintenance, acquisition, and construction of District facilities and capital assets.

The Town reports the following major enterprise fund:

The *Wastewater Enterprise Fund* accounts for the operations and maintenance, capital acquisition, and construction of the Town's wastewater treatment plant and sewer conveyance system.

During operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Balances between funds included in governmental activities are eliminated so only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. Transfers between the funds included as transfers in the governmental activities column are eliminated so that only the net amount is included as transfers in the governmental activities column. Internal payments that qualify as reimbursements are treated as a reduction to expenditures/expense.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

C. Basis of Accounting

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

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

D. Property Tax Calendar

The community facilities districts levy real and personal property taxes on or before the Third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

E. Cash and Investments

The Town's cash and cash equivalents are cash on hand, demand deposits, investments held by the State Treasurer in short-term investment pools, and highly liquid investments with a maturity of three months or less when purchased.

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

F. Prepaid Items

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

G. Restricted Assets

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

H. Non-Capital Intangible Assets

Long-Term Storage Credits (LTSCs)—At June 30, 2024, the Town had 11,142.35 LTSCs on account with the Arizona Department of Water Resources (ADWR). The ADWR certifies the balance of LTSCs held on account and generated each year for the Wastewater Utility's recharge of effluent. These credits are intangible assets with a book value of \$0.

The Wastewater Utility holds the LTSCs for sale or trade. Revenues will be recognized when a sale occurs. The Town estimates the market value of an LTSC to range between the water rates (per acre-foot/credit) set by the Central Arizona Project and the Central Arizona Groundwater Replenishment District for the Tucson Active Management Area.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

I. Capital Assets

Capital assets are reported in the applicable governmental activities or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life more than one year. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements.

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	10 to 50 years
Sewage conveyance system	50 years
Infrastructure	10 to 50 years
Vehicles	4 to 15 years
Equipment	4 to 15 years
Intangibles:	
Right-to-use lease assets—vehicles	5 to 6 years
Right-to-use lease assets—equipment	4 to 5 years
Right-to-use subscription assets	1 to 5 years

Intangible assets—Right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Town is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

J. Deferred Outflows and Inflows of Resources

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

K. Long-Term Obligations

Long-term debt is reported as a liability in the statement of net position. Discount and premiums are amortized over the life of the bonds. Debt is reported along with applicable unamortized amounts.

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

L. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories. When both restricted and unrestricted net position is available, it is the Town's policy to use restricted sources first.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

N. Fund Balance

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

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

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

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

Amounts in the *assigned* fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. The Town Council assigns amounts to specific purposes. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Minimum fund balance policy—The Town Council has adopted a financial policy to maintain a minimum level of reserves in the funds. The General Fund, HURF Fund, and Wastewater Fund should maintain minimum spendable fund balances equivalent to 25% of the applicable fund's operating budget for the year. The General Fund minimum balance shall include any operating reserve deficiencies of other funds. These fund balances are intended to offset difficult economic times, stabilize fluctuations in cash flow requirements, and provide for emergencies and unforeseen opportunities.

Stabilization arrangement—In accordance with Sahuarita Town Code §3.20, on June 26, 2023, the Town Council adopted a resolution to establish an amount to maintain in the General Fund's stabilization reserve. The reserve is funded with available (i.e., unrestricted) cash and investments. Other resources may be directed for inclusion in the reserve through the Council's adoption of an ordinance or resolution, which are equally binding. Expenditure of the amounts in the stabilization reserve may occur only when specific circumstances exist. The Town Code directs that these resources may only be used to temporarily divest monies to avoid negative cash balances. This situation can only occur when disbursements would cause unreserved cash balances to fall below \$0. To allow for the withdrawal of the resources, their use must first be approved by the Town Council.

O. Investment Earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

P. Compensated Absences

Compensated absences payable consists of vacation leave, compensatory time, and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 240 hours of vacation. Upon terminating employment, the Town pays all unused vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, because of employee resignations and retirements by fiscal year-end.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

In lieu of overtime pay, non-exempt employees may elect to convert overtime hours to (1.5x) compensatory time. Police officers may accumulate up to a maximum of 120 hours and all other employees up to a maximum of 60 hours. Accordingly, compensatory time is accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, because of employee resignations and retirements by fiscal year-end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. However, for employees who work for the Town 10+ years, sick leave benefits do vest at one-third of time earned. Sick leave benefits are accrued as a liability in the government-wide and proprietary funds' financial statements to the extent that the leave is more likely than not to be used for time off or otherwise in cash. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, because of employee resignations and retirements by fiscal year-end.

Q. Leases

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the corresponding U.S. Treasury Note rate index commensurate with the term of the lease.

As lessor, the Town recognizes lease receivables with an initial, individual value of \$5,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental, borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

NOTE 2—DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of these services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2024, the carrying amount of the Town's cash in bank was \$2,870,333 and the bank balance was \$2,782,652. The Town's deposits were fully insured or collateralized. The Town has no policy for deposits but follows and complies with State statutes.

Investments—The Town's had total investments of \$63,795,142 at June 30, 2024. The Town categorizes certain investments measures at fair value within the fair value hierarchy established by the generally accepted accounting principles as follows:

	Fair Value Measurement Using			Amount
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments by fair value level:				
Negotiable certificates of deposit	\$ 1,723,445	\$ -	\$ -	\$ 1,723,445
Corporate bonds	1,982,582	-	-	1,982,582
Municipal bonds	651,932	-	-	651,932
U.S. agency bonds	1,524,121	-	-	1,524,121
Total investments by fair value level	<u>\$ 5,882,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,882,080</u>

The Town also had investments of \$37,678,539 in the State Treasurer's investment pools measured at fair value. Investments in these pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of the participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

The Town also had investments of \$20,234,523 in government money market funds measured at amortized cost.

Credit Risk. Credit risk is the risk that an issue or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The Town's investment policy minimizes credit risk by limiting investments to a specific list of the safest types of securities, following State statutes. The policy also requires that fixed income securities have a minimum credit rating of "A" or its equivalent from at least two nationally recognized statistical rating organizations at the time of purchase.

*Lower of Standard & Poor's & Moody's
Composite Rating*

Investment type:	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAA/S1+	Standard and Poor's (S&P)	\$16,487,984
Corporate bonds	A+	Standard and Poor's (S&P)	486,092
Corporate bonds	A-	Standard and Poor's (S&P)	791,059
Corporate bonds	BBB+	Standard and Poor's (S&P)	455,323
Corporate bonds	N/A		250,108
Municipal bonds	AA+	Standard and Poor's (S&P)	250,491
Municipal bonds	N/A		401,441
U.S. agency bonds	AAA	Standard and Poor's (S&P)	1,524,121

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

The State Treasurer's investment pools 500 and 700 did not receive a credit quality rating from a national rating agency. The securities in pool 500, however, had a weighted average credit rating of AA-3 by Moody's. Pool 700 investments are specifically limited to those securities that carry the full faith and credit of the United States Government and had a weighted average credit rating of AAA by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Town will not be able to recover the value of its investment or collateral securities that are in an outside party's possession. The Town's policy requires that securities, including appropriate collateral, shall be placed with an independent third party for custodial safekeeping.

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy attempts to mitigate exposure to declines in fair values by specifying that its composite portfolio should be managed to achieve a one-year dollar-weighted average maturity. The following table summarizes the Town's interest rate risk based on maturity dates of its deposits and investments as of June 30, 2024.

	Maturities (in Months)				Amount	%
	< 6	6 to < 12	12 to < 18	18 to < 24		
Deposits:						
Cash on hand	\$ 14,575	\$ -	\$ -	\$ -	\$ 14,575	0.0%
Cash in bank	2,870,333	-	-	-	2,870,333	4.3%
Cash held by fiduciary	56,480	-	-	-	56,480	0.1%
Investments:						
Government money market fund	20,234,523	-	-	-	20,234,523	30.3%
State Treasurer's investment pool 5	16,487,984	-	-	-	16,487,984	24.7%
State Treasurer's investment pool 500	-	-	20,918,737	-	20,918,737	31.3%
State Treasurer's investment pool 700	-	271,818	-	-	271,818	0.4%
Negotiable certificates of deposit	743,993	241,284	-	738,168	1,723,445	2.6%
Corporate bonds	-	1,200,175	782,407	-	1,982,582	3.0%
Municipal bonds	651,932	-	-	-	651,932	1.0%
U.S. agency bonds	-	-	-	1,524,121	1,524,121	2.3%
Total composite portfolio	\$ 41,059,820	\$ 1,713,277	\$ 21,701,144	\$ 2,262,289	66,736,530	100.0%
Less: Restricted cash and investments					(19,188,197)	
Total non-restricted cash and investments					\$ 47,548,333	

NOTE 3—RESTRICTED ASSETS

At June 30, 2024, restricted assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Deposits:			
Amounts held by fiduciary	\$ 56,480	\$ -	\$ 56,480
Amount held in joint custodial account	205,751	-	205,751
Investments:			
Government money market fund	17,748,641	1,177,325	18,925,966
Total restricted cash and investments	18,010,872	1,177,325	19,188,197
Pension and other postemployment benefits asset	534,047	29,881	563,928
Total restricted assets	\$ 18,544,919	\$ 1,207,206	\$ 19,752,125

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

The Town's share of State RICO funds was held in a fiduciary capacity by Pima County. The Town's Police Department may only use these funds for specific law enforcement activities.

The Town has a joint custodial account that it shares with a property management company for the SAMTEC facility. Funds held in this account are used to receipt tenant payments and pay for allowable costs under the U.S. Department of Commerce—Investment for Public Works and Economic Development Facilities federal program.

The government money market funds were held in various trust accounts for the following purposes:

Quail Creek CFD general obligation bonds, debt service:	\$ 920,984
Rancho Sahuarita CFD general obligation bonds, debt service:	1,676,981
Rancho Sahuarita CFD unspent bond proceeds, capital acquisition:	<u>15,150,676</u>
Total for governmental activities	\$17,748,641
Wastewater (BTA) system revenues obligations, debt service:	<u>1,177,325</u>
Total government money market funds	<u>\$18,925,966</u>

NOTE 4—RECEIVABLES

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

	General Fund	HURF Fund	GARS Funds	RSCFD Fund	Nonmajor Governmental Fund	Total Governmental Funds
Taxes	\$ 2,096,183	\$ -	\$ -	\$ 9,262	\$ 17,411	\$ 2,122,856
Accounts	171,946	39,844	13,863	-	-	225,653
Intergovernmental	238,468	327,947	133,862	-	-	700,277
Leases	59,083	-	2,350,606	-	-	2,409,689
Total receivables	2,565,680	367,791	2,498,331	9,262	17,411	5,458,475
Less: Allowance for doubtful accounts	-	-	-	-	-	-
Net receivables	\$ 2,565,680	\$ 367,791	\$ 2,498,331	\$ 9,262	\$ 17,411	\$ 5,458,475

Lease receivables—Pursuant to a grant agreement with the U.S. Department of Commerce-Economic Development Administration, the Town leases space at the SAMTEC facility to businesses. There are three active leases with terms ranging from five to ten years. The Town receives monthly base rent payments plus any applicable amounts necessary to reimburse the Town for additional allowances provided for tenant improvements. Payments are subject to an annual 3% rent escalation factor.

The Town also leased real property to a third party to use, operate, construct, install and maintain a wireless communications facility. The Town receives monthly rent payments, subject to an annual 3% rent escalation factor. The lease expires in 2 years, with an option to extend 5 years.

The Town recognized \$186,925 in lease revenue and \$57,954 in interest revenue during the current fiscal year related to these leases. The Town also has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources was \$2,308,545.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,349,589	\$ 1,577,223	\$ -	\$ 12,926,812
Construction in progress	904,941	2,143,690	(661,636)	2,386,995
Total	<u>12,254,530</u>	<u>3,720,913</u>	<u>(661,636)</u>	<u>15,313,807</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	31,281,489	3,184,475	-	34,465,964
Infrastructure	201,838,866	2,138,552	-	203,977,418
Vehicles	3,870,944	1,325,694	(17,078)	5,179,560
Equipment and software	3,971,544	391,629	-	4,363,173
Intangibles:				
Right-to-use lease assets, vehicles	1,736,305	9,864	(26,428)	1,719,741
Right-to-use lease assets, equipment	188,027	-	-	188,027
Right-to-use subscription assets	600,002	87,671	(81,495)	606,178
Total	<u>243,487,177</u>	<u>7,137,885</u>	<u>(125,001)</u>	<u>250,500,061</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(8,444,379)	(781,422)	-	(9,225,801)
Infrastructure	(109,216,135)	(9,562,199)	-	(118,778,334)
Vehicles	(2,328,277)	(443,259)	17,078	(2,754,458)
Equipment and software	(2,953,179)	(286,664)	-	(3,239,843)
Intangibles:				
Right-to-use lease assets, vehicles	(678,489)	(335,117)	26,428	(987,178)
Right-to-use lease assets, equipment	(31,893)	(39,432)	-	(71,325)
Right-to-use subscription assets	(93,766)	(232,262)	81,495	(244,533)
Total	<u>(123,746,118)</u>	<u>(11,680,355)</u>	<u>125,001</u>	<u>(135,301,472)</u>
Total capital assets being depreciated/amortized, net	<u>119,741,059</u>	<u>(4,542,470)</u>	<u>-</u>	<u>115,198,589</u>
Governmental activities capital assets, net	<u>\$ 131,995,589</u>	<u>\$ (821,557)</u>	<u>\$ (661,636)</u>	<u>\$ 130,512,396</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ -	\$ 2,640,000
Construction in progress	596,858	1,962,399	-	2,559,257
Total capital assets not being depreciated	<u>3,236,858</u>	<u>1,962,399</u>	<u>-</u>	<u>5,199,257</u>
Capital assets being depreciated:				
Buildings and improvements	39,935,417	-	-	39,935,417
Sewer conveyance system	18,328,852	535,221	-	18,864,073
Vehicles	323,129	-	-	323,129
Equipment and software	24,957	-	-	24,957
Intangibles: Right-to-use subscription assets	-	39,352	-	39,352
Total capital assets being depreciated	<u>58,612,355</u>	<u>574,573</u>	<u>-</u>	<u>59,186,928</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,843,670)	(824,399)	-	(11,668,069)
Sewer conveyance system	(4,104,759)	(371,932)	-	(4,476,691)
Vehicles	(313,074)	(3,769)	-	(316,843)
Equipment and software	(24,957)	-	-	(24,957)
Intangibles: Right-to-use subscription assets	-	(9,838)	-	(9,838)
Total accumulated depreciation	<u>(15,286,460)</u>	<u>(1,209,938)</u>	<u>-</u>	<u>(16,496,398)</u>
Total capital assets being depreciated, net	<u>43,325,895</u>	<u>(635,365)</u>	<u>-</u>	<u>42,690,530</u>
Business-type activities capital assets, net	<u>\$ 46,562,753</u>	<u>\$ 1,327,034</u>	<u>\$ -</u>	<u>\$ 47,889,787</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Depreciation/Amortization expense was charged to functions as follows:

Governmental activities:

General government	\$ 802,437
Public safety	848,513
Culture and recreation	1,035,361
Highways and streets	8,994,044
Total governmental activities depreciation	<u>\$11,680,355</u>

Business-type activities:

Sewer	\$ 1,209,938
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NOTE 6—PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2024, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

Statement of net positions and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB asset	\$ 534,047	\$ 29,881	\$ 563,928
Net pension and OPEB liability	10,372,489	772,079	11,144,568
Deferred outflows of resources related to pensions and OPEB	4,725,612	102,954	4,828,566
Deferred inflows of resources related to pensions and OPEB	673,431	45,749	719,180
Pension and OPEB expense	2,536,034	111,391	2,647,425

The Town's accrued payroll and employee benefits includes \$68,697 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2024. Also, the Town reported \$2,213,867 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS)

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

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

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

*With actuarially reduced benefits.

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for the health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 percent for retirement and 0.05 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024 were \$960,421, \$8,745 and \$11,970, respectively.

During fiscal year 2024, the Town paid for ASRS pension and OPEB contributions as follows: 84 percent from the General Fund and 16 percent from other major funds.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Liability—At June 30, 2024, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability:

	Net pension/OPEB (asset) liability
Pension	\$ 9,616,633
Health insurance premium benefit	(325,252)
Long-term disability	7,829

The net asset and net liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The Town's proportion of the net asset or net liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Town's proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

	Proportion June 30, 2023	Increase (decrease) from June 30, 2022
Pension	0.05943%	0.00103%
Health insurance premium benefit	0.06024%	0.00195%
Long-term disability	0.05975%	0.00149%

Expense—For the year ended June 30, 2024, the Town recognized the following pension and OPEB expense:

	Pension/OPEB expense
Pension	\$ 1,279,741
Health insurance premium benefit	(39,515)
Long-term disability	7,477

Deferred outflows/inflows of resources—At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health insurance premium benefit		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 217,298	\$ -	\$ 13,725	\$ 121,295	\$ 7,069	\$ 4,407
Changes in assumptions or other inputs	-	-	-	6,472	2,066	11,397
Net difference between projected and actual earnings on plan investments	-	340,245	-	14,286	-	627
Changes in proportion and differences between Town contributions and proportionate share of contributions	112,564	-	1,398	4,023	978	797
Town contributions subsequent to the measurement date	960,421	-	8,745	-	11,970	-
Total	\$ 1,290,283	\$ 340,245	\$ 23,868	\$ 146,076	\$ 22,083	\$ 17,228

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions after the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health insurance premium benefit	Long-term disability
2025	\$ 17,181	\$ (54,881)	\$ (840)
2026	(351,966)	(60,236)	(2,130)
2027	366,683	(8,211)	218
2028	(42,281)	(8,311)	(2,083)
2029	-	686	(2,056)
Thereafter	-	-	(224)

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pension and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected geometric real rate of return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	<u>100%</u>	

Discount rate— At June 30, 2023, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Sensitivity of the Town's proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the Town's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the Town's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability	\$ 13,553,570	\$ 9,616,633	\$ 5,624,562
Net insurance premium benefit liability (asset)	(227,337)	(325,252)	(408,458)
Net long-term disability liability	11,449	7,829	4,269

Plan fiduciary net position—Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

Elected Officials Retirement Plan (EORP)

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

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
<u>Retirement and disability</u>		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
<u>Survivor benefit</u>		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2024, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the Town to contribute at the actuarially determined rate of 76.51 percent of all active EORP members' annual covered payroll. Also, statute required the Town to contribute 64.37 percent to EORP of the annual covered payroll of elected officials who were ASRS members and 70.51 percent to EORP of the annual covered payroll of elected officials who were EODCRS members, in addition to the Town's required contributions to ASRS and EODCRS for these elected officials.

During fiscal year 2024, the Town's contributions to the EORP pension plan were \$63,210 paid entirely from the General Fund.

Liability—At June 30, 2024, the Town reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the Town's proportionate share of the State's appropriation for EORP. The amount the Town recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the EORP net pension liability	\$299,183
State's proportionate share of the EORP net pension liability associated with the Town	<u>41,166</u>
Total	<u>\$340,349</u>

The Town also reported an asset of \$44,782 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2023, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on the Town's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2023. The Town's proportion of the net OPEB asset was based on the Town's present value of benefits relative to the total of all participating employers' present value of benefits for the year ended June 30, 2023. The Town's proportion measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

	Proportion June 30, 2023	Increase (decrease) from June 30, 2022
Pension	0.047736%	-0.01104%
Health insurance premium benefit	0.341467%	0.00000%

Expense—For the year ended June 30, 2024, the Town recognized pension and OPEB expense for EORP of \$21,488 and \$6,540, respectively, and revenue of \$41,747 for the Town's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources—At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,255	\$ -	\$ 578	\$ -
Changes in assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	796	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	36,915	506	-
Town contributions subsequent to the measurement date	63,210	-	-	-
Total	<u>\$ 64,465</u>	<u>\$ 36,915</u>	<u>\$ 1,880</u>	<u>\$ -</u>

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health insurance premium benefit
2025	\$ (37,154)	\$ 980
2026	(1,639)	(909)
2027	3,401	1,948
2028	(268)	(139)
2029	-	-
Thereafter	-	-

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

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash – Mellon	2%	0.69%
Total	<u>100%</u>	

Discount rates—At June 30, 2023, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Town's proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the Town's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.2 percent, as well as what the Town's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current discount rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability	\$ 345,636	\$ 299,183	\$ 259,355
Town's proportionate share of the net OPEB (asset)	(41,199)	(44,782)	(47,911)

Plan fiduciary net position—Detailed information about the plans' fiduciary net position is available in the separately issued EORP financial report.

Public Safety Personnel Retirement System (PSPRS)

Plan Description—Town Police Department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plan. The report is available on the PSPRS website at www.psprs.com.

Benefits provided—The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated based on age, average monthly compensation, and service credit as follows:

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2024

	Initial membership date:	
<u>Retirement and disability</u>	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012 and before July 1, 2018</u>
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor benefit</u>		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees covered by benefit terms—At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

	Police	
	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	12	12
Inactive employees entitled to but not yet receiving benefits	8	2
Active employees	31	31
Total	51	45

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Contributions—State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member rate-pension</u>	<u>Town rate- pension</u>	<u>Town rate- health insurance premium benefit</u>
Police - Tier 1	7.65% - 11.65%	14.32%	0.00%
Police - Tier 2	7.65%	14.32%	0.00%
Police - Tier 3 Defined Benefit	9.44%	9.44%	0.12%
Police - Tier 3 Defined Contribution	9.00%	9.00%	0.17%
Police - Tier 3 Defined Disability	-	-	1.43%

The Town's contributions to the plans for the year ended June 30, 2024, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
Police	\$1,174,452	\$1,521

During fiscal year 2024, the Town paid for PSPRS pension and OPEB contributions as follows: 99 percent from the General Fund and 1 percent from other major funds.

Liability—At June 30, 2024, the Town reported the following assets and liabilities.

	<u>Net pension (asset) liability</u>	<u>Net OPEB (asset) liability</u>
Police	\$1,220,923	(\$193,894)

The net assets and net liabilities were measured as of June 30, 2023, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash – Mellon	2%	0.69%
Total	<u>100%</u>	

Discount rate—At June 30, 2023, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability:

	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)
Balance at June 30, 2023	\$ 20,177,250	\$ 20,104,978	\$ 72,272	\$ 279,904	\$ 479,602	\$ (199,698)
Adjustment to beginning of year	-	-	-	-	-	-
Changes for the year:						
Service cost	717,121	-	717,121	11,098	-	11,098
Interest on the total liability	1,481,108	-	1,481,108	20,764	-	20,764
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement	1,202,086	-	1,202,086	9,930	-	9,930
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions-employer	-	576,855	(576,855)	-	-	-
Contributions-employee	-	271,614	(271,614)	-	-	-
Net investment income	-	1,557,542	(1,557,542)	-	36,266	(36,266)
Benefit payments, including refunds of employee contributions	(646,846)	(646,846)	-	(5,228)	(5,228)	-
Administrative expenses	-	(11,249)	11,249	-	(278)	278
Other (net transfer)	-	(143,098)	143,098	-	-	-
Net changes	2,753,469	1,604,818	1,148,651	36,564	30,760	5,804
Balance at June 30, 2024	\$ 22,930,719	\$ 21,709,796	\$ 1,220,923	\$ 316,468	\$ 510,362	\$ (193,894)

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Sensitivity of the Town's net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the Town's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the Town's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

Police	1% Decrease (6.20%)	Current discount rate (7.20%)	1% Increase (8.20%)
Net pension (asset) liability	\$ 4,811,357	\$ 1,220,923	\$ (1,671,990)
Net OPEB (asset) liability	(152,333)	(193,894)	(228,545)

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

Expense—For the year ended June 30, 2024, the Town recognized the following pension and OPEB expense:

	Net pension expense	Net OPEB expense
Police	\$1,333,982	(\$30,984)

Deferred outflows/inflows of resources—At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,553,166	\$ 71,718	\$ 8,514	\$ 101,891
Changes of assumptions or other inputs	255,508	-	10,845	5,106
Net difference between projected and actual earnings on plan investments	416,801	-	5,180	-
Town contributions subsequent to the measurement date	1,174,452	-	1,521	-
Total	\$ 3,399,927	\$ 71,718	\$ 26,060	\$ 106,997

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health insurance premium benefit
2025	\$ 461,258	\$ (31,516)
2026	314,191	(23,601)
2027	823,349	(7,295)
2028	351,758	(9,166)
2029	203,201	(8,283)
Thereafter	-	(2,597)

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 7—LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due within 1 year</u>
Direct borrowings and direct placements of debt					
Rancho Sahuarita CFD GO bonds	\$ 28,086,000	\$ -	\$ (603,000)	\$ 27,483,000	\$ 743,000
Loans payable	10,551,000	-	(2,282,000)	8,269,000	2,325,000
Leases payable	1,062,728	-	(408,070)	654,658	294,031
Subscriptions liability	444,955	87,671	(212,370)	320,256	194,299
Total direct borrowings and direct placements of debt	<u>40,144,683</u>	<u>87,671</u>	<u>(3,505,440)</u>	<u>36,726,914</u>	<u>3,556,330</u>
Other debt and liabilities					
Quail Creek CFD GO bonds	6,640,000	-	(745,000)	5,895,000	770,000
Unamortized premiums	3,777	-	(2,842)	935	935
Unamortized discounts	(29,707)	-	5,404	(24,303)	(5,405)
Net pension and OPEB liability	9,242,087	1,228,002	(97,600)	10,372,489	-
Compensated absences, net	1,409,663	1,281,787	-	2,691,450	-
Total other debt and liabilities	<u>17,265,820</u>	<u>2,509,789</u>	<u>(840,038)</u>	<u>18,935,571</u>	<u>765,530</u>
Total long-term liabilities	<u>\$ 57,410,503</u>	<u>\$ 2,597,460</u>	<u>\$ (4,345,478)</u>	<u>\$ 55,662,485</u>	<u>\$ 4,321,860</u>
Business-type Activities					
Direct borrowings and direct placements of debt					
Loans payable	\$ 11,606,791	\$ -	\$ (1,240,381)	\$ 10,366,410	\$ 1,271,580
Subscriptions liability	-	39,352	(31,331)	8,021	8,021
Total direct borrowings and direct placements of debt	<u>11,606,791</u>	<u>39,352</u>	<u>(1,271,712)</u>	<u>10,374,431</u>	<u>1,279,601</u>
Other liabilities					
Net pension and OPEB liability	764,526	7,553	-	772,079	-
Compensated absences, net	53,761	29,414	-	83,175	-
Total other liabilities	<u>818,287</u>	<u>36,967</u>	<u>-</u>	<u>855,254</u>	<u>-</u>
Total long-term liabilities	<u>\$ 12,425,078</u>	<u>\$ 76,319</u>	<u>\$ (1,271,712)</u>	<u>\$ 11,229,685</u>	<u>\$ 1,279,601</u>

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION BONDS Governmental Activities

The District issued general obligation bonds to acquire public infrastructure necessary for the development of a master-planned community within the District boundaries. Of the total \$60,000,000 originally authorized from the August 12, 2014 bond election, \$31,453,000 has not been issued. The District repays general obligation bonds from voter-approved ad valorem taxes levied annually against all taxable property in the District. This levy is expected to continue through 2047. Additionally, debt service is guaranteed by the Rancho Sahuarita Master Developer pursuant to a standby contribution agreement. The District's general obligation bonds payable at June 30, 2024 follows.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Issue	Issue Amount	Interest Rates	Final Maturity	Outstanding June 30, 2024
G.O. Bonds Series 2020	\$ 3,475,000	3.15%	2046	\$ 3,210,000
G.O. and Refunding Bonds Series 2022	25,004,000	4.29 - 4.33%	2048	24,273,000
Total bonds outstanding				\$ 27,483,000

The following schedule provides the debt service requirements to maturity at June 30, 2024.

Year Ending June 30	Principal	Interest
2025	\$ 743,000	\$ 1,119,145
2026	771,000	1,087,072
2027	805,000	1,053,589
2028	839,000	1,018,696
2029	871,000	982,421
2030-2034	4,942,000	4,311,264
2035-2039	6,058,000	3,144,895
2040-2044	7,434,000	1,711,040
2045-2048	5,020,000	317,627
Total	\$ 27,483,000	\$ 14,745,750

QUAIL CREEK COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION BONDS Governmental Activities

The District issued general obligation bonds to acquire and construct public 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. The District repays general obligation bonds from voter-approved ad valorem taxes levied annually against the taxable property in the District. This levy is expected to continue through 2030. Additionally, debt service is guaranteed by the Quail Creek Master Developer pursuant to a standby contribution agreement. The District's general obligation bonds payable at June 30, 2024 follows.

Issue	Issue Amount	Interest Rates	Final Maturity	Outstanding June 30, 2024
G.O. Refunding Series 2016	\$9,940,000	3.00 - 3.25%	2031	\$ 5,895,000
Unamortized amounts				(23,368)
Total bonds outstanding				\$ 5,871,632

The following schedule provides the debt service requirements to maturity at June 30, 2024.

Year Ending June 30	Principal	Interest
2025	\$ 770,000	\$ 157,163
2026	795,000	133,313
2027	815,000	108,863
2028	840,000	83,663
2029	865,000	57,713
2030-2031	1,810,000	29,900
Total	\$ 5,895,000	\$ 570,615

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2024

LOANS PAYABLE Governmental Activities

The Town issued debt to provide funds for the acquisition and construction of Town facilities and infrastructure. The Town has pledged future state shared revenues and excise tax revenues towards annual debt service requirements on the following loans. Annual principal and interest payments on these loans are expected to require approximately 14% of revenues pledged. Pledged revenues shall be maintained so that the amounts pledged shall be at least two times the annual debt service payments.

Issue	Issue Amount	Interest Rates	Final Maturity	Outstanding June 30, 2024
2015 Refunding Obligation	\$ 8,840,000	1.98%	2025	\$ 1,230,000
2017 Refunding Obligation	4,213,000	2.06%	2028	2,322,000
2021 Excise Tax Revenue Obligation	6,378,000	1.28%	2031	4,717,000
			Loans payable outstanding	\$ 8,269,000

The following schedule provides the debt service requirements to maturity at June 30, 2024.

Year Ending June 30	Principal	Interest
2025	\$ 2,325,000	\$ 132,565
2026	1,112,000	90,708
2027	1,127,000	72,926
2028	1,148,000	54,896
2029	1,166,000	36,505
2030-2031	1,391,000	26,765
	\$ 8,269,000	\$ 414,365

The loans are payable from the revenues of the Town's governmental funds through 2031. During that timeframe, total principal and interest to be paid on the loans will be \$8,683,365. In the current year, total principal and interest paid was \$2,455,618 and total revenue subject to pledge was \$35,172,638.

LOANS PAYABLE Business-type Activities

The Town has debt obligations that were used to finance the construction and design of several wastewater treatment plant expansions.

For the 2008 Water Infrastructure Finance Authority of Arizona (WIFA) Non-System Revenues Loan, the Town has pledged future State-shared revenues and excise tax revenues towards annual debt service requirements. Annual principal and interest payments on these loans are expected to require approximately 2% of revenues pledged. Pledged revenues shall be maintained so that the amounts pledged shall be at least two times the annual debt service payments. In the current year, total principal and interest paid was \$240,804 and total revenue subject to pledge was \$35,172,638.

For the system revenues debt, the Town has pledged wastewater system revenues net of specified operating expenses towards annual debt service requirements. Net revenues shall be maintained so that the amounts pledged shall be at least 120% of the annual debt service payments. Annual principal and interest payments on the loans are expected to require 67% of pledged system revenues. In the current year, total principal and interest paid was \$1,610,629 and total pledged resources were and \$5,536,295.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2024</u>
2008 WIFA Non-System Revenues Loan	\$3,516,528	3.723%	2029	\$ 1,080,410
2019 System Revenues Refunding Obligations	\$13,477,000	2.290%	2032	9,286,000
2022 WIFA System Revenues Loan	Variable to \$4,740,616	3.281%	2043	-
Total loans payable				<u>\$ 10,366,410</u>

The following schedule estimates total debt service requirements to maturity at June 30, 2024.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,271,580	\$ 220,880
2026	1,303,048	188,058
2027	1,336,794	154,354
2028	1,369,828	119,777
2029	1,404,161	84,295
2030-2032	3,680,999	85,577
	<u>\$ 10,366,410</u>	<u>\$ 852,941</u>

LEASES

The Town has acquired vehicles and equipment under provisions of various lease agreements. Vehicle leases have a 60-month term, upon delivery. Equipment leases have terms of five years or less. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the yield of the 10-year U.S. Treasury Note.

The total amount of lease assets and the related accumulated amortization are as follows:

	<u>Governmental Activities</u>
Total intangible right-to-use lease assets	\$ 1,907,768
Less: accumulated amortization	<u>(1,058,503)</u>
Carrying value	<u>\$ 849,265</u>

The following schedule details minimum lease payments to maturity for the Town's leases payable at June 30, 2024:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 294,031	\$ 20,475
2026	174,236	11,112
2027	149,685	4,145
2028	36,707	202
	<u>654,658</u>	<u>35,934</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Town has obtained the right to use software applications under the provisions of various subscription-based information technology arrangements for terms not exceeding five years. The subscriptions include the following: building permitting platform, GIS and asset management software, Microsoft products, legal software, media intelligence, utility billing software, and cloud storage.

The total amount of lease assets and related accumulated amortization are as follows:

	Governmental Activities	Business-type Activities
Total intangible right-to-use subscription assets	\$ 606,178	\$ 39,352
Less: accumulated amortization	(244,533)	(9,838)
Carrying value	\$ 361,645	\$ 29,514

The following schedule details minimum payments to maturity for the Town's subscriptions liability at June 30, 2024:

Year Ending June 30	Governmental Activities		Business-type activities	
	Principal	Interest	Principal	Interest
2025	\$ 194,299	\$ 5,080	\$ 8,021	\$ -
2026	72,253	1,567		
2027	53,704	-		
Total	\$ 320,256	\$ 6,647		

The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Town's estimated incremental borrowing rate is calculated as described in leases above.

NOTE 8—INTERFUND ACTIVITY

Advances from/to other funds

The GARS Fund owes the General Fund for amounts paid towards tenant improvements on the SAMTEC facility. The GARS Fund will repay the General Fund from SAMTEC lease (federal program) revenues over the next nine years.

The General Fund provided \$2,400,000 to the Wastewater Enterprise Fund to help finance the costs of the Treatment Plant Re-rating Project. The Wastewater Fund will repay the advance from excess system revenues over the next ten years.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	GARS Fund	\$1,185,824
General Fund	Wastewater Enterprise Fund	2,400,000
		\$3,585,824

Due from/to other funds

The General Fund provides cash on a short-term basis to cover cash deficits of other funds and programs. A due to/from transaction is recorded, to the extent needed, to eliminate any deficits.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	GARS Fund	\$102

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

Interfund transfers

The General Fund transferred cash to the HURF Fund to augment the Pavement Preservation Program; and cash to the CIIF Fund to pay for SAMTEC facility tenant improvements (\$31,276) and to pay for costs associated with Police Department Building Expansion project (\$299,343). The GARS fund transferred a \$31,276 advance to the General Fund to record amounts to be repaid from future SAMTEC lease (federal program) revenues.

		Transfers to			
		General Fund	HURF Fund	CIIF Fund	Total
Transfers from	General Fund	\$ -	\$ 600,000	\$ 330,619	\$ 930,619
	GARS Fund	31,276	-	-	31,276
	Total governmental funds	\$ 31,276	\$ 600,000	\$ 330,619	\$ 961,895

NOTE 9—SIGNIFICANT COMMITMENTS

Governmental Activities

<u>Fund/Project Description</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
CIIF Fund:		
Anamax Park Splash Pad	\$ 975,127	\$ 1,054,306
Police Department Building Expansion (Design)	357,330	572,026
Total	\$ 1,332,457	\$ 1,626,332

Business-type Activities

<u>Fund/Project Description</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Wastewater Enterprise Fund:		
Wastewater Plant Re-Rating Project	\$ 1,621,709	\$ 5,863,668
SUSD Sewer Connection Project	142,222	127,514
Total	\$ 1,763,931	\$ 5,991,182

NOTE 10—RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town joined and is covered by two public entity risk pools: the Arizona Municipal Risk Retention Pool (AMRRP) and the Arizona Municipal Workers Compensation Pool.

The limit for the basic coverage in the AMRRP is for \$2 million per occurrence on a claims-made basis. Excess coverage is for an additional \$10 million per occurrence on a follow form, claims-made basis. The aggregate limit is also \$10 million. No significant reduction in insurance coverage occurred during the year and no losses have exceeded insurance coverage during any of the past three fiscal years.

The AMRRP is structured such that member premiums are based on an actuarial review that will provide adequate

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

reserves to allow the pool to meet its expected financial obligations. The Pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

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

NOTE 11—DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES

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

	Unavailable Receipts	Unearned Revenues
<u>General Fund</u>		
Advances received for future services	\$ -	\$ 48,024
Restitution due	5,414	-
Total General Fund	5,414	48,024
<u>HURF Fund</u>		
Restitution and claims due	39,594	-
Total HURF Fund	39,594	-
<u>GARS Fund</u>		
Intergovernmental grant reimbursements	109,532	-
Development receivables	12,431	-
Total GARS Fund	121,963	-
<u>CIIF Fund</u>		
Federal grant advance (ARPA-SLFRF)	-	1,245,898
Total CIIF Fund	-	1,245,898
<u>RSCFD Fund</u>		
Deposits for future charges	-	7,556
Delinquent property taxes	393	-
Total HURF Fund	393	7,556
<u>Nonmajor Governmental Fund</u>		
Delinquent property taxes	2,403	-
Total Nonmajor Governmental Funds	2,403	-
Total for governmental funds	\$ 169,767	\$ 1,301,478
 <u>Wastewater Fund</u>		
Advances received for future services		\$ 47,282
Federal grant advance (ARPA-SLFRF)		55,180
Total for proprietary fund		\$ 102,462

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 12—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

At June 30, 2024, the Grants and Restricted Sources (GARS) Fund, a major fund, had a deficit fund balance of \$24,897. The deficit stems from the interfund advance due to the General Fund, which does not qualify for treatment as a long-term liability though the advance was used to finance the construction of long-term assets—tenant improvements to the SAMTEC facility. This advance is reported as a fund liability in the GARS Fund balance sheet rather than an inflow on the statement of revenues, expenditures, and changes in fund balances, resulting in an overall fund deficit. The deficit will be eliminated as repayments are made to the General Fund from net revenues generated from SAMTEC facility leases.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A



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, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 9,839,390	\$ 9,839,390	\$ 10,281,702	\$ 442,312
Licenses and permits	2,098,860	2,098,860	2,821,261	722,401
Intergovernmental	16,162,140	16,162,140	16,603,123	440,983
Charges for services	1,273,200	357,690	291,060	(66,630)
Fines and forfeitures	193,100	193,100	147,595	(45,505)
Investment earnings (losses)	1,047,210	1,047,210	1,826,030	778,820
Miscellaneous	114,160	114,160	195,857	81,697
Total revenues	<u>30,728,060</u>	<u>29,812,550</u>	<u>32,166,628</u>	<u>2,354,078</u>
Expenditures				
General government:				
Mayor and Council	329,030	260,810	234,997	25,813
Town Manager	805,530	665,160	624,830	40,330
Economic Development & Public Affairs	865,760	798,770	723,655	75,115
Law	547,740	489,740	477,924	11,816
Town Clerk	659,540	596,910	389,021	207,889
Finance	2,653,690	2,141,980	1,897,412	244,568
Human Resources	653,100	591,150	548,688	42,462
Municipal Court	903,910	903,910	792,465	111,445
Community Development-Zoning	878,380	857,380	680,697	176,683
Public Works-Facilities & Fleet	1,278,970	1,225,260	941,448	283,812
Non-Departmental	120,000	120,000	120,000	-
Total general government	<u>9,695,650</u>	<u>8,651,070</u>	<u>7,431,137</u>	<u>1,219,933</u>
Public safety:				
Community Development-Building Safety	1,458,830	1,437,830	965,153	472,677
Public Works-Engineering	747,410	820,550	489,060	331,490
Police	11,702,460	11,571,280	10,996,031	575,249
Total public safety	<u>13,908,700</u>	<u>13,829,660</u>	<u>12,450,244</u>	<u>1,379,416</u>
Culture and recreation:				
Parks & Recreation	3,760,380	3,831,880	3,482,339	349,541
Total culture and recreation	<u>3,760,380</u>	<u>3,831,880</u>	<u>3,482,339</u>	<u>349,541</u>
Capital outlay:				
General governmental	59,000	59,000	47,959	11,041
Public Safety	-	42,400	113,760	(71,360)
Culture and recreation	-	142,500	141,056	1,444
Total capital outlay	<u>59,000</u>	<u>243,900</u>	<u>302,775</u>	<u>(58,875)</u>
Debt service	48,230	287,080	257,902	29,178
Contingency reserves	27,376,130	26,085,080	-	26,085,080
Total expenditures	<u>54,848,090</u>	<u>52,928,670</u>	<u>23,924,397</u>	<u>29,004,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,120,030)</u>	<u>(23,116,120)</u>	<u>8,242,231</u>	<u>31,358,351</u>
Other financing sources (uses)				
Contingency carryforwards	(597,770)	(597,770)	-	597,770
Subscription-based information technology arrangements	-	-	87,671	87,671
Insurance recoveries	-	-	45,997	45,997
Transfers in	250,000	250,000	31,276	(218,724)
Transfers out	(5,569,670)	(5,569,670)	(930,619)	4,639,051
Total other financing sources (uses)	<u>(5,917,440)</u>	<u>(5,917,440)</u>	<u>(765,675)</u>	<u>5,151,765</u>
Net change in fund balance	(30,037,470)	(29,033,560)	7,476,556	36,510,116
Fund balance at beginning of year	30,037,470	30,037,470	32,842,061	2,804,591
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,003,910</u>	<u>\$ 40,318,617</u>	<u>\$ 39,314,707</u>

See accompanying notes to required supplementary information.

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, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 243,846	\$ 243,846
Licenses and permits	22,600	22,600	25,800	3,200
Intergovernmental	3,086,680	3,086,680	3,089,600	2,920
Investment earnings (losses)	16,950	16,950	90,140	73,190
Miscellaneous	73,400	73,400	37,158	(36,242)
Total revenues	<u>3,199,630</u>	<u>3,199,630</u>	<u>3,486,544</u>	<u>286,914</u>
Expenditures				
Current:				
Highways and streets	4,213,090	4,213,090	3,564,280	648,810
Capital outlay:				
Highways and streets	97,500	97,500	112,874	(15,374)
Contingency reserves	439,190	439,190	-	439,190
Total expenditures	<u>4,749,780</u>	<u>4,749,780</u>	<u>3,677,154</u>	<u>1,072,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,550,150)</u>	<u>(1,550,150)</u>	<u>(190,610)</u>	<u>1,359,540</u>
Other financing sources (uses)				
Insurance recoveries	-	-	18,731	18,731
Transfers in	600,000	600,000	600,000	-
Transfers out	(60,690)	(60,690)	-	60,690
Total other financing sources (uses)	<u>539,310</u>	<u>539,310</u>	<u>618,731</u>	<u>79,421</u>
Net change in fund balance	(1,010,840)	(1,010,840)	428,121	1,438,961
Fund balance at beginning of year	1,010,840	1,010,840	1,063,472	52,632
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,491,593</u>	<u>\$ 1,491,593</u>

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Grants and Restricted Sources Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 1,236,790	\$ 1,236,790	\$ 1,019,596	\$ (217,194)
Charges for services	13,000	13,000	23,814	10,814
Fines and forfeitures	7,930	7,930	8,546	616
Investment earnings (losses)	4,640	4,640	86,252	81,612
Miscellaneous	697,000	697,000	832,491	135,491
Total revenues	<u>1,959,360</u>	<u>1,959,360</u>	<u>1,970,699</u>	<u>11,339</u>
Expenditures				
Current:				
General government	97,590	107,590	156,546	(48,956)
Public safety	1,044,150	1,044,150	801,405	242,745
Culture and recreation	40,000	40,000	71,460	(31,460)
Highways and streets	10,000	150,000	121,967	28,033
Total current	<u>1,191,740</u>	<u>1,341,740</u>	<u>1,151,378</u>	<u>190,362</u>
Capital outlay:				
General government	-	30,000	10,472	19,528
Public safety	18,000	18,000	15,000	3,000
Total capital outlay	<u>18,000</u>	<u>48,000</u>	<u>25,472</u>	<u>22,528</u>
Contingency reserves	1,068,980	1,068,980	-	1,068,980
Total expenditures	<u>2,278,720</u>	<u>2,458,720</u>	<u>1,176,850</u>	<u>1,281,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(319,360)</u>	<u>(499,360)</u>	<u>793,849</u>	<u>1,293,209</u>
Other financing sources (uses)				
Transfers out	(250,000)	(250,000)	(31,276)	218,724
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(31,276)</u>	<u>218,724</u>
Net change in fund balance	(569,360)	(749,360)	762,573	1,511,933
Fund balance at beginning of year	569,360	569,360	(787,470)	(1,356,830)
Fund balance at end of year	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ (24,897)</u>	<u>\$ 155,103</u>

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Rancho Sahuarita Community Facilities District—Special Revenue Fund For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 788,830	\$ 788,830	\$ 823,939	\$ 35,109
Investment earnings	250,000	250,000	883,809	633,809
Miscellaneous	863,250	863,250	283,753	(579,497)
Total revenues	<u>1,902,080</u>	<u>1,902,080</u>	<u>1,991,501</u>	<u>89,421</u>
Expenditures				
Current:				
General government	3,380	3,380	5,831	(2,451)
Highways and streets	30,390	30,390	16,848	13,542
Total current	<u>33,770</u>	<u>33,770</u>	<u>22,679</u>	<u>11,091</u>
Capital outlay:				
Highways and streets	15,075,985	15,075,985	-	15,075,985
Sewer	1,243,945	1,243,945	-	1,243,945
Total capital outlay	<u>16,319,930</u>	<u>16,319,930</u>	<u>-</u>	<u>16,319,930</u>
Debt service:				
Principal	743,000	743,000	743,000	-
Interest	1,150,010	1,150,010	1,150,009	1
Fiscal charges	5,000	5,000	3,000	2,000
Total debt service	<u>1,898,010</u>	<u>1,898,010</u>	<u>1,896,009</u>	<u>2,001</u>
Total expenditures	<u>18,251,710</u>	<u>18,251,710</u>	<u>1,918,688</u>	<u>16,333,022</u>
Excess (deficiency) of revenues over (under) expenditures	(16,349,630)	(16,349,630)	72,813	16,422,443
Fund balance at beginning of year	16,349,630	16,349,630	15,512,076	(837,554)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,584,889</u>	<u>\$ 15,584,889</u>

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Town's Proportionate Share of Net Pension/OPEB Liability Arizona State Retirement System Cost-Sharing Plans Last 10 Years

Reporting fiscal year ending June 30, (Measurement Date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<u>Pension</u>										
Town's proportion of the net pension liability	0.059430%	0.058400%	0.058220%	0.059600%	0.057460%	0.058230%	0.057280%	0.057080%	0.053610%	0.053523%
Town's proportionate share of the net pension liability	\$ 9,616,633	\$ 9,532,177	\$ 7,649,849	\$ 10,326,606	\$ 8,361,099	\$ 8,121,036	\$ 8,923,107	\$ 9,213,285	\$ 8,350,625	\$ 7,919,591
Town's covered payroll	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802	\$ 5,325,968	\$ 4,936,664	\$ 4,809,243
Town's proportionate share of the net pension liability as a percentage of its covered payroll	125.18%	140.77%	119.96%	158.53%	137.97%	140.31%	154.06%	172.99%	169.16%	164.67%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2015 (2016-2014)		
<u>Health insurance premium benefit</u>										
Town's proportion of the net OPEB (asset) liability	0.060240%	0.058290%	0.059570%	0.061040%	0.058880%	0.059340%	0.058120%	Information		
Town's proportionate share of the net OPEB (asset) liability	\$ (325,252)	\$ (325,315)	\$ (290,230)	\$ (43,216)	\$ (16,272)	\$ (21,368)	\$ (31,641)	not available		
Town's covered payroll	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802			
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-4.23%	-4.80%	-4.55%	-0.66%	-0.27%	-0.37%	-0.55%			
Plan fiduciary net position as a percentage of the total OPEB liability	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%			
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2015 (2016-2014)		
<u>Long-term disability</u>										
Town's proportion of the net OPEB (asset) liability	0.059750%	0.058260%	0.058910%	0.060400%	0.058340%	0.058360%	0.057510%	Information		
Town's proportionate share of the net OPEB (asset) liability	\$ 7,829	\$ 5,381	\$ 12,160	\$ 45,820	\$ 38,005	\$ 30,493	\$ 20,846	not available		
Town's covered payroll	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802			
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	0.10%	0.08%	0.19%	0.70%	0.63%	0.53%	0.36%			
Plan fiduciary net position as a percentage of the total OPEB liability	93.70%	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%			

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Town's Net Pension/OPEB Contributions Arizona State Retirement System Cost-Sharing Plans Last 10 Years

<u>Pension</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 960,421	\$ 930,951	\$ 839,099	\$ 766,257	\$ 745,853	\$ 677,228	\$ 630,731	\$ 602,259	\$ 577,305	\$ 516,246
Town's actual contributions	<u>960,421</u>	<u>930,951</u>	<u>839,099</u>	<u>766,257</u>	<u>745,853</u>	<u>677,228</u>	<u>630,731</u>	<u>602,259</u>	<u>577,305</u>	<u>516,246</u>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Town's covered payroll	\$ 8,233,684	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802	\$ 5,325,968	\$ 4,936,664
Town's contribution as a percentage of covered payroll	11.66%	12.12%	12.39%	12.02%	11.45%	11.18%	10.90%	10.40%	10.84%	10.46%
<u>Health insurance premium benefit</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2015</u>		
Statutorily required contribution	\$ 8,745	\$ 8,349	\$ 14,223	\$ 25,049	\$ 31,912	\$ 27,864	\$ 25,452	Information		
Town's actual contributions	<u>8,745</u>	<u>8,349</u>	<u>14,223</u>	<u>25,049</u>	<u>31,912</u>	<u>27,864</u>	<u>25,452</u>	not available		
Town's contribution deficiency (excess)	<u>\$ -</u>									
Town's covered payroll	\$ 8,233,684	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961			
Town's contribution as a percentage of covered payroll	0.11%	0.11%	0.21%	0.39%	0.49%	0.46%	0.44%			
<u>Long-term disability</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2015</u>		
Statutorily required contribution	\$ 11,970	\$ 10,692	\$ 12,955	\$ 11,839	\$ 11,071	\$ 9,691	\$ 9,258	Information		
Town's actual contributions	<u>11,970</u>	<u>10,692</u>	<u>12,955</u>	<u>11,839</u>	<u>11,071</u>	<u>9,691</u>	<u>9,258</u>	not available		
Town's contribution deficiency (excess)	<u>\$ -</u>									
Town's covered payroll	\$ 8,233,684	\$ 7,682,011	\$ 6,771,669	\$ 6,377,053	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961			
Town's contribution as a percentage of covered payroll	0.15%	0.14%	0.19%	0.19%	0.17%	0.16%	0.16%			

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

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

Reporting fiscal year ending June 30, (Measurement Date)	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>
Pension liability										
Town's proportion of the net pension liability	0.04774%	0.05877%	0.06278%	0.05869%	0.06267%	0.04938%	0.05966%	0.0590467%	0.0527520%	0.0650056%
Town's proportionate share of the net pension liability	\$ 299,183	\$ 396,783	\$ 382,042	\$ 396,137	\$ 415,613	\$ 311,168	\$ 727,030	\$ 557,845	\$ 353,740	\$ 435,909
State's proportionate share of the net pension liability associated with the Town	41,166	136,953	124,550	102,896	77,857	53,317	150,892	115,181	58,491	133,654
Total	<u>\$ 340,349</u>	<u>\$ 533,736</u>	<u>\$ 506,592</u>	<u>\$ 499,033</u>	<u>\$ 493,470</u>	<u>\$ 364,485</u>	<u>\$ 877,922</u>	<u>\$ 673,026</u>	<u>\$ 412,231</u>	<u>\$ 569,563</u>
Town's covered payroll	\$ 70,811	\$ 43,938	\$ 46,592	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175	\$ 46,800
Town's proportionate share of the net pension liability as a percentage of its covered payroll	422.51%	903.05%	819.97%	892.20%	871.03%	656.47%	1477.70%	1176.89%	749.85%	931.43%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.28%	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017-2015</u> <u>(2016-2014)</u>		
Health insurance premium benefit (asset) liability										
Town's proportion of the net OPEB (asset) liability	0.34147%	0.34147%	0.50921%	0.44681%	0.31912%	0.42228%	0.36970%	Information		
Town's proportionate share of the net OPEB (asset) liability	\$ (44,782)	\$ (43,915)	\$ (81,207)	\$ (42,673)	\$ (31,256)	\$ (43,638)	\$ (33,665)	Not Available		
Town's covered payroll	\$ 70,811	\$ 43,938	\$ 46,592	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200			
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-63.24%	-99.95%	-174.29%	-96.11%	-65.51%	-92.06%	-68.42%			
Plan fiduciary net position as a percentage of the total OPEB liability	199.83%	198.38%	231.29%	169.89%	169.72%	177.16%	164.84%			
<hr/>										
Pension contributions										
Statutorily required contribution	\$ 63,210	\$ 51,073	\$ 27,103	\$ 28,698	\$ 26,735	\$ 28,969	\$ 11,139	\$ 11,162	\$ 10,501	\$ 13,851
Town's actual contributions	63,210	51,073	27,103	28,698	26,735	28,969	16,879	11,162	10,501	13,851
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (5,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$ 88,199	\$ 70,811	\$ 43,938	\$ 46,592	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175
Town's contribution as a percentage of covered payroll	71.67%	72.13%	61.68%	61.59%	60.21%	60.71%	35.61%	22.69%	22.15%	29.36%

The Town was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2024 through 2017. Information for prior years is not available.

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Net Pension Liability Public Safety Personnel Retirement System Agent Plan Last 10 Years

Reporting fiscal year ending June 30, (Measurement date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability										
Service cost	\$ 717,121	\$ 698,040	\$ 680,617	\$ 700,070	\$ 639,742	\$ 591,771	\$ 700,269	\$ 599,492	\$ 499,231	\$ 476,570
Interest on the total pension liability	1,481,108	1,337,228	1,235,351	1,145,686	1,060,952	945,250	896,911	664,509	600,242	520,977
Changes of benefit terms	-	-	-	-	-	-	41,004	1,262,877	-	(20,272)
Difference between expected and actual experience	1,202,086	659,906	22,827	88,083	(130,469)	234,805	(290,902)	709,724	(251,049)	(129,225)
Changes of assumptions or other inputs	-	143,599	-	-	348,775	-	100,958	495,755	-	202,160
Benefit payments, including refunds of employee contributions	(646,846)	(563,362)	(557,923)	(814,252)	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)	(37,716)
Net change in total pension liability	2,753,469	2,275,411	1,380,872	1,119,587	1,488,874	1,097,668	964,079	3,638,499	782,543	1,012,494
Total pension liability-beginning	20,177,250	17,901,839	16,520,967	15,401,380	13,912,506	12,814,838	11,850,759	8,212,260	7,429,717	6,417,223
Total pension liability-ending (a)	<u>\$ 22,930,719</u>	<u>\$ 20,177,250</u>	<u>\$ 17,901,839</u>	<u>\$ 16,520,967</u>	<u>\$ 15,401,380</u>	<u>\$ 13,912,506</u>	<u>\$ 12,814,838</u>	<u>\$ 11,850,759</u>	<u>\$ 8,212,260</u>	<u>\$ 7,429,717</u>
Plan fiduciary net position										
Employer contributions	\$ 576,855	\$ 483,606	\$ 4,678,731	\$ 604,459	\$ 625,333	\$ 1,056,768	\$ 390,243	\$ 390,062	\$ 468,919	\$ 314,125
Employee contributions	271,614	293,257	307,831	266,339	260,673	284,875	418,290	344,000	285,067	260,111
Net investment income	1,557,542	(836,473)	3,740,539	162,343	643,977	739,857	1,107,368	49,360	273,195	833,960
Benefit payments, including refunds of employee contributions	(646,846)	(563,362)	(557,923)	(814,252)	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)	(37,716)
Administrative expenses	(11,249)	(15,092)	(17,463)	(13,238)	(12,186)	(11,960)	(10,198)	(7,503)	(7,054)	(6,717)
Other changes	(143,098)	-	-	-	(301,467)	(315,609)	121,902	146,598	(5,560)	41,203
Net change in plan fiduciary net position	1,604,818	(638,064)	8,151,715	205,651	786,204	1,079,773	1,543,444	828,659	948,686	1,404,966
Plan fiduciary net position-beginning*	20,104,978	20,743,042	12,591,327	12,385,676	11,621,609	10,546,533	9,003,089	8,174,430	7,225,744	5,820,778
Plan fiduciary net position-ending (b)	<u>\$ 21,709,796</u>	<u>\$ 20,104,978</u>	<u>\$ 20,743,042</u>	<u>\$ 12,591,327</u>	<u>\$ 12,407,813</u>	<u>\$ 11,626,306</u>	<u>\$ 10,546,533</u>	<u>\$ 9,003,089</u>	<u>\$ 8,174,430</u>	<u>\$ 7,225,744</u>
Town's net pension (asset) liability-ending (a) - (b)	\$ 1,220,923	\$ 72,272	\$ (2,841,203)	\$ 3,929,640	\$ 2,993,567	\$ 2,286,200	\$ 2,268,305	\$ 2,847,670	\$ 37,830	\$ 203,973
Plan fiduciary net position as a percentage of the total pension liability	94.68%	99.64%	115.87%	76.21%	80.56%	83.57%	82.30%	75.97%	99.54%	97.25%
Covered payroll	\$ 4,873,158	\$ 4,257,543	\$ 4,063,851	\$ 3,570,936	\$ 3,334,381	\$ 3,175,063	\$ 3,309,770	\$ 3,002,577	\$ 2,633,747	\$ 2,516,513
Town's net pension (asset) liability as a percentage of covered payroll	25.05%	1.70%	-69.91%	110.05%	89.78%	72.00%	68.53%	94.84%	1.44%	8.11%

*2020 beginning of year balance adjusted by (\$4,697).
2021 beginning of year balance adjusted by (\$22,137).

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Net OPEB Liability Public Safety Personnel Retirement System Agent Plan Last 10 Years

Reporting fiscal year ending June 30, (Measurement date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2015 (2016-2014)
Total health insurance premium subsidy liability								
Service cost	\$ 11,098	\$ 12,415	\$ 13,907	\$ 14,020	\$ 8,942	\$ 9,484	\$ 11,802	Information not available
Interest on the total OPEB liability	20,764	18,820	19,899	18,759	19,864	23,806	28,866	
Changes of benefit terms	-	-	-	-	-	-	3,333	
Difference between expected and actual experience	9,930	(6,890)	(42,480)	(9,592)	(49,105)	(89,551)	(64,990)	
Changes of assumptions or other inputs	-	12,520	-	-	2,908	-	(39,791)	
Benefit payments	<u>(5,228)</u>	<u>(4,712)</u>	<u>(4,512)</u>	<u>(3,468)</u>	<u>(1,767)</u>	<u>(652)</u>	<u>(1,812)</u>	
Net change in total OPEB liability	36,564	32,153	(13,186)	19,719	(19,158)	(56,913)	(62,592)	
Total OPEB liability-beginning	<u>279,904</u>	<u>247,751</u>	<u>260,937</u>	<u>241,218</u>	<u>260,376</u>	<u>317,289</u>	<u>379,881</u>	
Total OPEB liability-ending (a)	<u>\$ 316,468</u>	<u>\$ 279,904</u>	<u>\$ 247,751</u>	<u>\$ 260,937</u>	<u>\$ 241,218</u>	<u>\$ 260,376</u>	<u>\$ 317,289</u>	
Plan fiduciary net position								
Employer contributions	\$ -	\$ 926	\$ 3,929	\$ 1,488	\$ 7,152	\$ 12,023	\$ 15,648	
Net investment income	36,266	(19,745)	108,424	4,959	19,761	23,179	34,001	
Benefit payments	(5,228)	(4,712)	(4,512)	(3,468)	(1,767)	(652)	(1,812)	
Administrative expenses	(278)	(351)	(446)	(403)	(341)	(353)	(301)	
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	
Net change in plan fiduciary net position	30,760	(23,882)	107,395	2,576	24,805	34,196	47,536	
Plan fiduciary net position-beginning*	<u>479,602</u>	<u>503,484</u>	<u>396,089</u>	<u>393,513</u>	<u>368,708</u>	<u>329,814</u>	<u>282,278</u>	
Plan fiduciary net position-ending (b)	<u>\$ 510,362</u>	<u>\$ 479,602</u>	<u>\$ 503,484</u>	<u>\$ 396,089</u>	<u>\$ 393,513</u>	<u>\$ 364,010</u>	<u>\$ 329,814</u>	
Town's net OPEB (asset) liability-ending (a) - (b)	\$ (193,894)	\$ (199,698)	\$ (255,733)	\$ (135,152)	\$ (152,295)	\$ (103,634)	\$ (12,525)	
Plan fiduciary net position as a percentage of the total OPEB liability	161.27%	171.35%	203.22%	151.79%	163.14%	139.80%	103.95%	
Covered payroll	\$ 4,493,183	\$ 3,979,286	\$ 3,953,102	\$ 3,477,118	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229	
Town's net OPEB (asset) liability as a percentage of covered payroll	-4.32%	-5.02%	-6.47%	-3.89%	-4.77%	-3.37%	-0.41%	

*2020 beginning of year balance adjusted by \$4,698.

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Pension/OPEB Contributions Public Safety Personnel Retirement System Agent Plans Last 10 Years

<u>Pension contributions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 674,452	\$ 619,578	\$ 572,219	\$ 838,862	\$ 655,997	\$ 625,333	\$ 633,912	\$ 390,243	\$ 390,062	\$ 366,548
Town's actual contributions	<u>1,174,452</u>	<u>695,364</u>	<u>598,158</u>	<u>4,746,372</u>	<u>655,997</u>	<u>625,333</u>	<u>1,056,768</u>	<u>390,243</u>	<u>390,062</u>	<u>468,919</u>
Town's contribution deficiency (excess)	<u>\$ (500,000)</u>	<u>\$ (75,786)</u>	<u>\$ (25,939)</u>	<u>\$ (3,907,510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (422,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,371)</u>
Town's covered payroll	\$ 5,418,138	\$ 4,873,158	\$ 4,257,543	\$ 4,063,851	\$ 3,570,936	\$ 3,334,381	\$ 3,175,063	\$ 3,309,770	\$ 3,002,577	\$ 2,633,747
Town's contribution as a percentage of covered payroll	21.68%	14.27%	14.05%	116.79%	18.37%	18.75%	33.28%	11.79%	12.99%	17.80%
Actuarial determined contribution as % of covered payroll	12.45%	12.71%	13.44%	20.64%	18.37%	18.75%	19.97%	11.79%	12.99%	13.92%
<u>Health insurance premium subsidy contributions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016-2015</u>	
Actuarially determined contribution	\$ 1,521	\$ 1,254	\$ 1,973	\$ 4,847	\$ 2,857	\$ 7,152	\$ 12,023	\$ 15,648	Information	
Town's actual contributions	<u>1,521</u>	<u>1,254</u>	<u>1,973</u>	<u>4,847</u>	<u>2,857</u>	<u>7,152</u>	<u>12,023</u>	<u>15,648</u>	not available	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Town's covered payroll	\$ 5,005,130	\$ 4,493,183	\$ 3,979,286	\$ 3,953,102	\$ 3,477,118	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229		
Town's contribution as a percentage of covered payroll	0.03%	0.03%	0.05%	0.12%	0.08%	0.22%	0.39%	0.52%		

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Required Supplementary Information Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2024

NOTE 1—BUDGETING AND BUDGETARY CONTROL

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

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

The appropriated budget establishes the legal level of budgetary control. It is prepared by fund and department for the General Fund and by fund and function for other funds. Department directors may make transfers of appropriations within a department with the approval of the Town Manager and/or Finance Director. The Town Manager may appropriate amounts out of the Manager's budget contingency, which is assigned for such purposes by the Town Council when the budget is adopted. Other appropriations or budget amendments require the approval of the Town Council.

Encumbrance accounting is employed in all funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities. Contractual commitments will be reappropriated and honored during the subsequent year.

NOTE 2—ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2022 actuarial valuation	Members with initial membership date before July 1, 2027: 15 years
	Members with initial membership date on or after July 1, 2027: 10 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor

Actuarial assumptions:
Investment rate of return

In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.

Projected salary increases

In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.

Town of Sahuarita, Arizona

Required Supplementary Information Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2024

Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0%-6.25%. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generation projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 3—FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases and also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the Town refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the Town to reduce its actual employer contributions for the refund amounts. The Town only reduced EORP contributions in 2018, resulting in pension contributions that were less than the statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost-of-living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

OTHER SCHEDULES



Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Capital Infrastructure Improvement Fund—Capital Projects Fund For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 4,007,790	\$ 4,007,790	\$ 4,247,880	\$ 240,090
Licenses and permits	12,000	12,000	6,000	(6,000)
Intergovernmental	6,371,860	6,371,860	5,864,212	(507,648)
Investment earnings (losses)	90,670	90,670	448,905	358,235
Miscellaneous	292,500	292,500	24,719	(267,781)
Total revenues	<u>10,774,820</u>	<u>10,774,820</u>	<u>10,591,716</u>	<u>(183,104)</u>
Expenditures				
Capital outlay:				
General government	5,689,460	5,689,460	2,084,995	3,604,465
Public safety	1,357,710	1,357,710	1,373,005	(15,295)
Culture and recreation	5,560,000	5,886,810	4,873,770	1,013,040
Highways and streets	1,837,940	2,334,940	2,034,947	299,993
Total capital outlay	<u>14,445,110</u>	<u>15,268,920</u>	<u>10,366,717</u>	<u>4,902,203</u>
Debt service:				
Principal	2,657,720	2,657,720	2,657,716	4
Interest	148,590	148,590	205,419	(56,829)
Fiscal charges	5,000	5,000	3,570	1,430
Total debt service	<u>2,811,310</u>	<u>2,811,310</u>	<u>2,866,705</u>	<u>(55,395)</u>
Contingency reserves	1,083,510	1,083,510	-	1,083,510
Total expenditures	<u>18,339,930</u>	<u>19,163,740</u>	<u>13,233,422</u>	<u>5,930,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,565,110)</u>	<u>(8,388,920)</u>	<u>(2,641,706)</u>	<u>5,747,214</u>
Other financing sources (uses)				
Contingency carryforwards	250,000	250,000	-	(250,000)
Lease agreements	165,000	165,000	-	(165,000)
Proceeds on the sale of assets	50,000	50,000	7,000	(43,000)
Transfers in	2,629,250	2,629,250	330,619	(2,298,631)
Total other financing sources (uses)	<u>3,094,250</u>	<u>3,094,250</u>	<u>337,619</u>	<u>(2,756,631)</u>
Net change in fund balance	(4,470,860)	(5,294,670)	(2,304,087)	2,990,583
Fund balance at beginning of year	4,470,860	4,470,860	5,758,480	1,287,620
Fund balance at end of year	<u>\$ -</u>	<u>\$ (823,810)</u>	<u>\$ 3,454,393</u>	<u>\$ 4,278,203</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, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,062,720	\$ 1,062,720	\$ 1,079,301	\$ 16,581
Investment earnings (losses)	3,000	3,000	24,559	21,559
Total revenues	<u>1,065,720</u>	<u>1,065,720</u>	<u>1,103,860</u>	<u>38,140</u>
Expenditures				
Current:				
General government	4,240	4,240	8,172	(3,932)
Culture and recreation	85,330	85,330	100,155	(14,825)
Highways and streets	38,330	38,330	12,826	25,504
Total current	<u>127,900</u>	<u>127,900</u>	<u>121,153</u>	<u>6,747</u>
Debt service:				
Principal	770,000	770,000	770,000	-
Interest	180,270	180,270	180,262	8
Fiscal charges	4,700	4,700	4,820	(120)
Total debt service	<u>954,970</u>	<u>954,970</u>	<u>955,082</u>	<u>(112)</u>
Total expenditures	<u>1,082,870</u>	<u>1,082,870</u>	<u>1,076,235</u>	<u>6,635</u>
Excess (deficiency) of revenues over (under) expenditures	(17,150)	(17,150)	27,625	44,775
Fund balance at beginning of year	17,150	17,150	46,255	29,105
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,880</u>	<u>\$ 73,880</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

Town of Sahuarita, Arizona

Net Position by Component

Last 10 Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2015*	2016	2017^	2018**	2019	2020	2021	2022^^	2023	2024
Governmental activities										
Net investment in capital assets	\$124,700,350	\$123,086,910	\$118,091,715	\$110,923,412	\$106,646,221	\$105,508,871	\$102,352,425	\$98,359,547	\$101,243,072	\$103,282,272
Restricted	1,097,795	1,333,299	1,528,779	5,839,147	1,828,600	1,392,476	1,360,769	4,505,003	2,172,130	3,082,249
Unrestricted	16,575,691	16,662,435	15,111,723	15,748,404	13,942,110	15,218,014	21,854,380	22,642,952	31,037,534	35,797,217
Total governmental activities net position	<u>\$142,373,836</u>	<u>\$141,082,644</u>	<u>\$134,732,217</u>	<u>\$132,510,963</u>	<u>\$122,416,931</u>	<u>\$122,119,361</u>	<u>\$125,567,574</u>	<u>\$125,507,502</u>	<u>\$134,452,736</u>	<u>\$142,161,738</u>
Business-type activities										
Net investment in capital assets	\$23,334,636	\$23,918,576	\$22,579,671	\$23,455,144	\$24,748,260	\$28,041,739	\$29,163,964	\$30,709,035	\$34,872,447	\$36,670,285
Restricted	2,858,048	2,858,048	2,858,048	2,860,706	2,859,783	1,120,891	1,004,712	1,050,594	1,076,886	1,100,881
Unrestricted	(5,789,541)	(5,974,958)	(6,859,515)	(7,155,834)	(2,390,496)	(2,961,545)	(1,253,802)	172,127	1,135,141	1,990,543
Total business-type activities net position	<u>\$20,403,143</u>	<u>\$20,801,666</u>	<u>\$18,578,204</u>	<u>\$19,160,016</u>	<u>\$25,217,547</u>	<u>\$26,201,085</u>	<u>\$28,914,874</u>	<u>\$31,931,756</u>	<u>\$37,084,474</u>	<u>\$39,761,709</u>
Primary government										
Net investment in capital assets	\$148,034,986	\$147,005,486	\$140,671,386	\$134,378,556	\$131,394,481	\$133,550,610	\$131,516,389	\$129,068,582	\$136,115,519	\$139,952,557
Restricted	3,955,843	4,191,347	4,386,827	8,699,853	4,688,383	2,513,367	2,365,481	5,555,597	3,249,016	4,183,130
Unrestricted	10,786,150	10,687,477	8,252,208	8,592,570	11,551,614	12,256,469	20,600,578	22,815,079	32,172,675	37,787,760
Total primary government net position	<u>\$162,776,979</u>	<u>\$161,884,310</u>	<u>\$153,310,421</u>	<u>\$151,670,979</u>	<u>\$147,634,478</u>	<u>\$148,320,446</u>	<u>\$154,482,448</u>	<u>\$157,439,258</u>	<u>\$171,537,210</u>	<u>\$181,923,447</u>

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

** Due to the implementation of GASB 75, the reported balance of net position at the beginning of the year was restated.

^ Due to prior period restatement to business-type activities in 2019, the reported balance of net position was restated for years 2017 - 2018.

^^ Due to the implementation of GASB 87, the reported balance of net position at the beginning of the year was restated.

Town of Sahuarita, Arizona

Changes in Net Position Last 10 Fiscal Years

(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Expenses										
Governmental activities:										
General government	\$ 5,222,615	\$ 5,388,608	\$ 5,839,797	\$ 6,161,156	\$ 5,994,445	\$ 6,531,342	\$ 7,390,603	\$ 8,116,790	\$ 8,519,085	\$ 9,711,577
Public safety	6,881,354	7,384,262	9,572,787	8,599,675	8,876,340	10,511,173	10,677,334	11,201,564	12,816,213	14,876,339
Culture and recreation	2,076,948	2,222,681	2,377,461	2,976,548	3,029,502	3,167,428	3,132,254	3,332,768	3,939,198	4,813,682
Highways and streets	7,351,674	8,163,637	9,646,426	10,020,683	11,441,554	11,728,696	11,679,857	12,107,301	13,392,120	13,535,706
Interest, amortization, and issuance costs of long-term debt	1,332,284	1,054,164	1,393,696	1,114,440	945,665	1,266,838	950,743	1,354,164	1,820,997	1,604,348
Total governmental activities expenses	22,864,875	24,213,352	28,830,167	28,872,502	30,287,506	33,205,477	33,830,791	36,112,587	40,487,613	44,541,652
Business-type activities: Sewer	3,697,115	3,957,491	3,872,306	3,563,686	3,606,201	3,762,261	3,574,085	3,513,477	4,002,406	4,123,958
Total business-type activities expenses	3,697,115	3,957,491	3,872,306	3,563,686	3,606,201	3,762,261	3,574,085	3,513,477	4,002,406	4,123,958
Total primary government expenses	\$ 26,561,990	\$ 28,170,843	\$ 32,702,473	\$ 32,436,188	\$ 33,893,707	\$ 36,967,738	\$ 37,404,876	\$ 39,626,064	\$ 44,490,019	\$ 48,665,610
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 391,278	\$ 419,942	\$ 350,842	\$ 429,723	\$ 399,847	\$ 338,288	\$ 518,811	\$ 457,721	\$ 401,902	\$ 502,437
Public safety	1,087,329	1,375,991	1,327,093	1,906,923	1,830,862	2,117,021	3,281,518	3,342,581	2,164,720	2,762,138
Culture and recreation	133,340	121,980	134,009	178,665	162,617	156,994	213,222	189,888	257,260	280,500
Highways and streets	-	-	-	-	-	2,536	15,721	31,964	43,626	46,914
Operating grants and contributions	2,132,244	2,404,762	2,528,735	2,641,126	3,153,131	5,105,088	5,517,384	3,538,380	4,143,771	4,831,058
Capital grants and contributions*	11,583,824	4,628,724	2,811,549	3,720,920	2,998,390	3,968,478	3,230,389	2,834,513	8,031,636	2,721,098
Total governmental activities program revenues	15,328,015	8,951,399	7,152,228	8,877,357	8,544,847	11,688,405	12,777,045	10,395,047	15,042,915	11,144,145
Business-type activities										
Charges for services: Sewer	3,254,711	3,393,582	3,407,229	3,829,807	4,370,315	4,795,971	4,959,531	5,009,140	4,851,324	5,311,314
Operating grants and contributions	-	-	-	-	-	-	-	-	264,865	-
Capital grants and contributions	-	250,000	-	359,148	367,035	-	830,556	1,286,508	2,929,983	1,093,672
Total business-type activities program revenues	3,254,711	3,643,582	3,407,229	4,188,955	4,737,350	4,795,971	5,790,087	6,295,648	8,046,172	6,404,986
Total primary government program revenues	\$ 18,582,726	\$ 12,594,981	\$ 10,559,457	\$ 13,066,312	\$ 13,282,197	\$ 16,484,376	\$ 18,567,132	\$ 16,690,695	\$ 23,089,087	\$ 17,549,131
Net (Expenses)/Revenues										
Governmental activities	\$ (7,536,860)	\$ (15,261,953)	\$ (21,677,939)	\$ (19,995,145)	\$ (21,742,659)	\$ (21,517,072)	\$ (21,053,746)	\$ (25,717,540)	\$ (25,444,698)	\$ (33,397,507)
Business-type activities	(442,404)	(313,909)	(465,077)	625,269	1,131,149	1,033,710	2,216,002	2,782,171	4,043,766	2,281,028
Total primary government (expense)/revenue	\$ (7,979,264)	\$ (15,575,862)	\$ (22,143,016)	\$ (19,369,876)	\$ (20,611,510)	\$ (20,483,362)	\$ (18,837,744)	\$ (22,935,369)	\$ (21,400,932)	\$ (31,116,479)

(continued)

Town of Sahuarita, Arizona

Changes in Net Position Last 10 Fiscal Years

(accrual basis of accounting)
(Unaudited)

(concluded)

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 354,728	\$ 411,260	\$ 468,496	\$ 523,940	\$ 657,199	\$ 805,403	\$ 1,041,778	\$ 1,375,535	\$ 1,679,510	\$ 1,874,915
Sales taxes	6,601,243	7,101,219	6,955,290	8,849,348	9,788,930	10,766,869	13,343,651	13,624,269	15,753,804	14,298,716
Franchise taxes	316,332	318,035	310,987	355,583	369,157	366,966	376,714	373,336	403,620	474,712
Share of state income taxes	3,057,758	3,041,180	3,470,987	3,566,411	3,550,406	3,915,901	4,490,500	4,434,706	6,703,484	9,443,768
Share of state sales taxes	2,308,388	2,385,534	2,620,019	2,770,189	2,957,158	3,137,766	3,727,571	4,798,306	5,223,548	5,389,924
Share of state vehicle license tax	1,006,277	1,058,242	1,215,841	1,279,817	1,349,348	1,383,205	1,632,938	1,549,449	1,787,320	1,768,771
Grants and contributions not restricted to specific programs	-	-	-	83,823	171,454	-	-	246,811	2,304,965	5,394,259
Unrestricted investment earnings	191,184	319,547	171,364	246,449	715,484	646,904	104,506	(474,225)	1,116,882	2,270,873
Gain on the sale of capital assets	-	-	-	-	-	-	-	-	95,425	7,000
Miscellaneous	856,915	705,337	123,661	142,817	174,125	183,536	272,297	193,703	24,009	183,571
Extraordinary or special items	-	-	-	-	(3,168,076)	-	-	-	-	-
Transfers	(699,540)	(733,244)	(9,133)	3,390	(4,916,558)	12,952	(487,996)	(211,777)	(702,635)	-
Total governmental activities	13,993,285	14,607,110	15,327,512	17,821,767	11,648,627	21,219,502	24,501,959	25,910,113	34,389,932	41,106,509
Business-type activities										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	210,581	171,225
Investment earnings (losses)^	(25,446)	(42,924)	(23,617)	(40,204)	(7,436)	(54,480)	(7,469)	5,674	45,569	207,722
Miscellaneous	1,612	22,112	96,552	-	17,260	17,260	17,260	17,260	150,167	17,260
Extraordinary or special items	-	-	(1,840,453)	-	-	-	-	-	-	-
Transfers	699,540	733,244	9,133	(3,390)	4,916,558	(12,952)	487,996	211,777	702,635	-
Total business-type activities	675,706	712,432	(1,758,385)	(43,594)	4,926,382	(50,172)	497,787	234,711	1,108,952	396,207
Total primary government	\$ 14,668,991	\$ 15,319,542	\$ 13,569,127	\$ 17,778,173	\$ 16,575,009	\$ 21,169,330	\$ 24,999,746	\$ 26,144,824	\$ 35,498,884	\$ 41,502,716
Change in Net Position										
Governmental activities	\$ 6,456,425	\$ (654,843)	\$ (6,350,427)	\$ (2,173,378)	\$ (10,094,032)	\$ (297,570)	\$ 3,448,213	\$ 192,573	\$ 8,945,234	\$ 7,709,002
Business-type activities	233,302	398,523	(2,223,462)	581,675	6,057,531	983,538	2,713,789	3,016,882	5,152,718	2,677,235
Total primary government	\$ 6,689,727	\$ (256,320)	\$ (8,573,889)	\$ (1,591,703)	\$ (4,036,501)	\$ 685,968	\$ 6,162,002	\$ 3,209,455	\$ 14,097,952	\$ 10,386,237

* For years 2014 - 2022, reclassified applicable amounts from contributions restricted for debt service.

^ Adjusted 2017 and 2018 for prior period restatement of long-term storage credits.

Town of Sahuarita, Arizona

Fund Balances-Governmental Funds

Last 10 Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Non-spendable	\$ 2,767,627	\$ 2,620,695	\$ 3,644,673	\$ 4,066,023	\$ 2,267,471	\$ 3,374,406	\$ 1,365,482	\$ 90,715	\$ 1,185,289	\$ 3,646,918
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	3,947,700	4,336,250	4,752,160	4,819,510	5,355,390	5,000,000	5,000,000	5,000,000	5,500,000	5,500,000
Assigned	-	500,000	500,000	-	-	-	-	-	-	-
Unassigned	10,761,488	11,233,923	10,397,422	11,728,429	12,375,687	13,369,469	17,054,135	21,645,299	26,156,772	31,171,699
Total general fund	<u>\$ 17,476,815</u>	<u>\$ 18,690,868</u>	<u>\$ 19,294,255</u>	<u>\$ 20,613,962</u>	<u>\$ 19,998,548</u>	<u>\$ 21,743,875</u>	<u>\$ 23,419,617</u>	<u>\$ 26,736,014</u>	<u>\$ 32,842,061</u>	<u>\$ 40,318,617</u>
All Other Governmental Funds										
Non-spendable	\$ -	\$ 4,250	\$ -	\$ 475	\$ -	\$ -	\$ -	\$ -	\$ 2,685	\$ -
Restricted	1,029,692	1,216,960	1,416,342	4,801,853	1,377,953	4,236,284	4,164,635	22,463,174	17,271,535	17,844,483
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	5,092,915	6,470,043	5,922,601	5,070,511	2,725,755	2,329,660	4,300,798	5,401,826	5,475,429	3,454,393
Unassigned	-	(3,750)	-	(3,338)	-	(45,775)	-	-	(1,156,836)	(719,018)
Total all other governmental funds	<u>\$ 6,122,607</u>	<u>\$ 7,687,503</u>	<u>\$ 7,338,943</u>	<u>\$ 9,869,501</u>	<u>\$ 4,103,708</u>	<u>\$ 6,520,169</u>	<u>\$ 8,465,433</u>	<u>\$ 27,865,000</u>	<u>\$ 21,592,813</u>	<u>\$ 20,579,858</u>
Total governmental funds	<u>\$ 23,599,422</u>	<u>\$ 26,378,371</u>	<u>\$ 26,633,198</u>	<u>\$ 30,483,463</u>	<u>\$ 24,102,256</u>	<u>\$ 28,264,044</u>	<u>\$ 31,885,050</u>	<u>\$ 54,601,014</u>	<u>\$ 54,434,874</u>	<u>\$ 60,898,475</u>

Town of Sahuarita, Arizona

Changes in Fund Balances-Governmental Funds Last 10 Fiscal Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 7,272,556	\$ 7,833,935	\$ 7,733,916	\$ 9,729,692	\$ 10,521,394	\$ 12,083,698	\$ 14,801,091	\$ 15,461,531	\$ 17,823,658	\$ 16,676,668
Licenses and permits	1,112,125	1,442,097	1,400,104	2,023,097	1,945,695	2,145,417	3,310,486	3,394,959	2,051,616	2,853,061
Intergovernmental	18,033,692	12,968,488	12,287,093	10,207,958	11,805,267	16,115,234	15,640,182	14,825,272	20,002,228	26,576,531
Charges for services	193,790	188,916	166,698	231,830	217,307	235,266	367,289	368,527	324,981	314,874
Fines and forfeitures	305,497	284,850	220,717	228,990	233,294	234,156	351,497	235,561	305,521	156,141
Investment earnings (losses)	191,184	319,547	171,364	246,449	715,484	646,904	104,506	(468,427)	1,745,802	3,359,695
Miscellaneous	948,880	3,674,431	516,844	479,445	1,327,314	829,542	891,881	452,637	1,120,295	1,373,978
Total revenues	28,057,724	26,712,264	22,496,736	23,147,461	26,765,755	32,290,217	35,466,932	34,270,060	43,374,101	51,310,948
Expenditures										
General government	4,164,485	4,240,508	4,625,055	4,801,907	5,250,115	5,630,401	6,452,533	6,971,528	6,631,668	7,601,686
Public safety	6,790,927	7,265,205	8,032,783	8,465,327	8,925,551	9,532,455	14,035,010	10,792,401	12,099,135	13,251,649
Culture and recreation	1,460,244	1,522,317	1,657,399	1,819,692	1,905,141	2,146,395	2,250,476	2,463,500	3,075,675	3,653,954
Highways and streets	1,680,784	1,677,927	1,952,810	2,044,195	3,359,861	3,354,911	3,294,954	3,408,999	4,028,656	3,715,921
Capital outlay	13,161,400	6,203,139	3,907,733	5,977,427	6,322,416	7,483,531	1,871,831	9,587,471	12,777,395	10,807,838
Debt service:										
Principal	1,440,000	1,532,317	1,440,873	1,643,257	2,424,983	2,675,243	2,952,350	3,465,525	4,334,383	4,415,440
Interest	1,207,835	1,039,066	910,645	592,592	984,151	857,433	932,735	873,649	1,771,590	1,548,868
Fiscal charges	5,150	5,919	5,650	8,850	9,600	9,600	10,900	10,400	8,390	11,390
Debt issuance costs	113,190	-	492,273	425,853	-	347,250	-	433,264	-	-
Total expenditures	30,024,015	23,486,398	23,025,221	25,779,100	29,181,818	32,037,219	31,800,789	38,006,737	44,726,892	45,006,746
Excess (deficiency) of revenues over (under) expenditures	(1,966,291)	3,225,866	(528,485)	(2,631,639)	(2,416,063)	252,998	3,666,143	(3,736,677)	(1,352,791)	6,304,202
Other Financing Sources (Uses)										
Face amount of long-term debt	8,840,000	-	9,940,000	9,993,000	-	3,475,000	-	31,382,000	-	-
Payments to refunded debt escrow	(8,726,810)	-	(9,503,858)	(4,128,702)	-	-	-	(5,616,346)	-	-
Premium (discount) on long-term debt	-	-	57,694	-	-	-	-	-	-	-
Lease agreements	-	286,327	298,609	612,416	611,161	398,755	419,958	591,722	404,953	-
Subscription-based IT arrangements	-	-	-	-	-	-	-	-	600,002	87,671
Proceeds from the sale of assets	-	-	-	1,800	106,414	22,083	22,901	24,802	144,031	7,000
Insurance recoveries	-	-	-	-	-	-	-	58,459	37,665	64,728
Transfers in	118,013	16,697	2,565,863	1,284,236	715,868	2,882,793	680,798	1,164,142	2,377,764	961,895
Transfers out	(817,553)	(749,941)	(2,574,996)	(1,280,846)	(5,398,587)	(2,869,841)	(1,168,794)	(1,152,138)	(2,377,764)	(961,895)
Net other financing sources (uses)	(586,350)	(446,917)	783,312	6,481,904	(3,965,144)	3,908,790	(45,137)	26,452,641	1,186,651	159,399
Net change in fund balances	\$ (2,552,641)	\$ 2,778,949	\$ 254,827	\$ 3,850,265	\$ (6,381,207)	\$ 4,161,788	\$ 3,621,006	\$ 22,715,964	\$ (166,140)	\$ 6,463,601
Debt service as a percentage of noncapital expenditures	15.0%	14.3%	11.7%	10.8%	14.5%	14.0%	13.0%	14.8%	18.4%	16.7%

Note: 2021 public safety costs include a significant one-time pension contribution to pay off unfunded pension liabilities.

Town of Sahuarita, Arizona

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

Fiscal Year	Residential Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2015	\$ 147,350,240	\$ 61,851,496	\$ 18,932,866	\$ 190,268,870	\$3.3000	\$ 1,824,773,549	10.43%
2016	167,883,435	72,231,731	29,134,924	210,980,242	3.6000	2,106,589,373	10.02%
2017	172,275,872	64,024,304	23,834,895	212,465,281	3.6000	2,112,669,624	10.06%
2018	181,651,462	62,285,619	21,822,392	222,114,689	3.6000	2,193,370,464	10.13%
2019	193,201,417	61,318,460	20,642,439	233,877,438	8.2900	2,374,128,211	9.85%
2020	209,982,549	73,698,692	28,375,347	255,305,894	8.2900	2,753,885,739	9.27%
2021	227,663,338	76,129,797	29,901,771	273,891,364	8.2900	3,020,422,005	9.07%
2022	245,214,625	81,726,492	31,139,951	295,801,166	8.2900	2,973,357,890	9.95%
2023	264,417,944	85,980,554	33,258,955	317,139,543	8.0200	3,203,505,654	9.90%
2024	284,790,008	90,278,713	34,650,579	340,418,142	7.6704	3,446,202,946	9.88%

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

Town of Sahuarita, Arizona

Direct and Overlapping Property Tax Rates

Last 10 Fiscal Years

(rate per \$100 of net taxable assessed value)

(Unaudited)

TAXING JURISDICTION	Fiscal Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Direct Rates											
Town of Sahuarita-primary	-	-	-	-	-	-	-	-	-	-	-
Town of Sahuarita-debt service	-	-	-	-	-	-	-	-	-	-	-
Quail Creek CFD-operations & maintenance	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
Quail Creek CFD-debt service	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	2.7300	2.3804	
Rancho Sahuarita CFD-operations & maintenance	-	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	
Rancho Sahuarita CFD -debt service	-	-	-	-	4.6900	4.6900	4.6900	4.6900	4.6900	4.6900	
Total Direct Rate	\$3.3000	\$3.6000	\$3.6000	\$3.6000	\$8.2900	\$8.2900	\$8.2900	\$8.2900	\$8.0200	\$7.6704	
Overlapping Rates											
State of Arizona Education Assistance	\$0.5089	\$0.5054	\$0.5010	\$0.4875	\$0.4741	\$0.4566	\$0.4426	\$0.4263	\$0.0000	\$0.0000	
Central Arizona Water Conservation District	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	
Pima County	4.9779	5.0877	4.9896	5.1596	4.7596	4.6896	4.4420	4.3264	4.1964	4.2302	
Free Library District	0.4353	0.5153	0.5153	0.5053	0.5153	0.5353	0.5353	0.5353	0.5453	0.5493	
Fire District Assistance	0.0472	0.0467	0.0468	0.0459	0.0441	0.0430	0.0416	0.0394	0.0384	0.0376	
Flood Control District	0.3035	0.3135	0.3335	0.3135	0.3335	0.3335	0.3335	0.3335	0.3235	0.3253	
Pima County Community College District	1.3344	1.3689	1.3733	1.3890	1.3983	1.3758	1.3359	1.2733	1.2878	1.2802	
Joint Technological Education District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	
Sahuarita Unified School District #30	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712	7.4213	7.3042	7.1594	6.7020	
Continental School District #39	2.6146	2.6512	2.4626	2.4991	2.5037	2.1280	2.3249	2.2488	2.1400	2.4825	
Santa Cruz (formerly Green Valley) Fire District	2.2800	2.3807	2.3804	2.5299	2.5299	2.5299	2.5298	2.7250	2.7151	2.7051	

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

Town of Sahuarita, Arizona

Property Tax Levies and Collections Last 10 Years (Unaudited)

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended June 30,	Tax Levy Fiscal Year	Collections in Levy Year Amount	%	Collections in Subsequent Years Years	Total Collections Amount	%
			Levy			Levy
2015	\$ 354,729	\$ 349,511	98.5%	\$ 4,740	\$ 354,251	99.87%
2016	409,390	403,518	98.6%	5,573	409,091	99.93%
2017	466,290	459,558	98.6%	6,432	465,990	99.94%
2018	521,909	514,526	98.6%	6,942	521,468	99.92%
2019	597,653	588,900	98.5%	8,281	597,181	99.92%
2020	727,847	718,842	98.8%	9,005	727,847	100.00%
2021	881,703	859,020	97.4%	22,591	881,611	99.99%
2022	1,016,871	995,101	97.9%	21,606	1,016,707	99.98%
2023	1,068,373	1,048,780	98.2%	19,105	1,067,885	99.95%
2024	1,076,160	1,058,750	98.4%	N/A	1,058,750	98.38%

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended	Tax Levy	Collections in Levy Year	%	Collections in Subsequent Years	Total Collections	%
2016	\$ 2,361	\$ 2,361	100.0%	-	\$ 2,361	100.00%
2017	2,303	2,303	100.0%	-	2,303	100.00%
2018	2,445	2,445	100.0%	-	2,445	100.00%
2019	58,512	58,491	100.0%	10	58,501	99.98%
2020	77,800	76,791	98.7%	1,001	77,792	99.99%
2021	159,346	147,845	92.8%	2,316	150,161	94.24%
2022	346,736	341,007	98.3%	2,398	343,405	99.04%
2023	608,353	583,943	96.0%	21,235	605,178	99.48%
2024	818,707	809,445	98.9%	N/A	809,445	98.87%

Note: The Rancho Sahuarita Community Facilities District levied its first property tax in 2016.

Source: Town Finance Department.

Town of Sahuarita, Arizona

Sales Tax Collections by Industry Group Last 10 Fiscal Years (Unaudited)

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Industry										
Communications and utilities	\$ 808,461	\$ 821,809	\$ 782,871	\$ 889,527	\$ 865,519	\$ 889,208	\$ 955,654	\$ 975,676	\$ 1,032,955	\$ 1,398,847
Construction	1,144,381	2,133,101	1,860,616	3,196,589	3,685,302	3,859,293	5,324,520	4,956,853	6,382,957	4,138,248
Manufacturing	260,282	-	-	-	-	-	-	-	-	-
Retail trade	3,444,176	3,237,825	3,325,585	3,680,143	3,994,842	4,602,911	5,531,330	6,051,659	6,441,012	6,673,739
Real estate, rental and leasing	326,081	299,969	335,178	332,545	425,461	441,743	581,914	536,412	639,535	663,007
Restaurant and bar	365,677	513,744	552,429	600,408	699,785	803,652	873,264	1,008,493	1,162,169	1,237,043
Services	86,165	-	-	-	-	-	-	-	-	-
Other	166,020	94,771	98,611	150,136	118,021	111,584	76,969	95,176	95,176	187,832
Total	\$ 6,601,243	\$ 7,101,219	\$ 6,955,290	\$ 8,849,348	\$ 9,788,930	\$ 10,708,391	\$ 13,343,651	\$ 13,624,269	\$ 15,753,804	\$ 14,298,716
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Note: Prior to 2016, NAICS codes were used to determine industry. In 2016 and thereafter, the tax code was used to determine industry.

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

Town of Sahuarita, Arizona

Direct and Overlapping Sales Tax Rates

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Town Direct Rates					State	Regional Transportation Authority
	General	Utility Services ¹	Construction Contracting	Transient Lodging			
2015	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2016	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2017	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2018	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2019	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2020	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2021	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2022	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2023	2.00%	2.00%	4.00%	4.00%		5.60%	0.50%
2024	2.00%	4.00%	4.00%	4.00%		5.60%	0.50%

¹4.0% rate became effective on March 1, 2024. Also provided a tax credit for any utility franchise fees paid.

Source: Town Code and Town Finance Department.

Town of Sahuarita, Arizona

Principal Sales Tax Remitters

Fiscal Years 2024 and 2015

(Unaudited)

Tax Remitter ¹	Fiscal Year 2024			Fiscal Year 2015		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 1,385,868	1	9.69%	\$ 1,026,260	1	15.55%
Business B	1,278,787	2	8.94%	615,658	2	9.33%
Business C	1,086,994	3	7.60%			
Business D	739,877	4	5.17%	176,749	8	2.68%
Business E	701,001	5	4.90%	318,724	5	4.83%
Business F	461,976	6	3.23%			
Business G	437,363	7	3.06%	321,575	4	4.87%
Business H	397,081	8	2.78%	327,928	3	4.97%
Business I	377,597	9	2.64%	282,067	6	4.27%
Business J	318,044	10	2.22%			
Business K				240,792	7	3.65%
Business L				175,773	9	2.66%
Business M				159,800	10	2.42%
	<u>\$ 7,184,588</u>		<u>50.23%</u>	<u>\$ 3,645,326</u>		<u>55.23%</u>

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

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

Town of Sahuarita, Arizona

Monthly Sewer User Rates

Last 10 Fiscal Years

(Unaudited)

Wastewater Flow Contribution Rate (per ccf) User Classification

Fiscal Year	Average Household Bill	Admin Service Charge	Economy of Scale Factor	Wastewater Flow Contribution Rate (per ccf)																
				General	3C	3K	3N	4E	4G	4H	5A	5C	5F	5G	5I	5J	5K	5L	5M	5S
2015	\$46.10	\$13.83	1.000	\$4.610	\$9.681	\$5.025	\$5.025	\$5.532	\$9.358	\$10.695	\$5.486	\$6.801	\$4.656	\$1.603	\$4.887	\$16.734	\$10.741	\$5.763	\$10.972	\$5.670
2016	\$47.99	\$14.39	1.000	\$4.800	\$10.080	\$5.232	\$5.232	\$5.760	\$9.744	\$11.136	\$5.712	\$6.801	\$4.848	\$1.603	\$5.088	\$17.424	\$11.184	\$6.000	\$11.424	\$5.904
2017	\$47.99	\$14.39	1.000	\$4.800	\$10.080	\$5.232	\$5.232	\$5.760	\$9.744	\$11.136	\$5.712	\$6.801	\$4.848	\$1.603	\$5.088	\$17.424	\$11.184	\$6.000	\$11.424	\$5.904

Wastewater Flow Contribution Rate (per Kgal)

2018	\$50.24	\$16.60	1.000	\$8.120	\$17.052	\$8.851	\$8.851	\$9.744	\$16.484	\$18.838	\$9.663	\$6.801	\$8.201	\$1.603	\$8.607	\$29.476	\$18.920	\$10.150	\$19.326	\$9.988
2019	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2020	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2021	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2022	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2023	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2024	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320

Application: Monthly billings calculated as follows: Administrative Service Charge + [Economy of Scale Factor x User Classification x (Water Consumption (Kgal) x 80%)]
 Prior to 2018, monthly billings were calculated as follows: Administrative Service Charge + [Economy of Scale Factor x User Classification x Winter Average Water Consumption (ccf)]

Source: Town of Sahuarita Ordinances.

Town of Sahuarita, Arizona

Ratios of Outstanding Debt by Type Last 10 Fiscal Years (Unaudited)

Governmental Activities												
Fiscal Year	2006 Series QC CFD GO Bonds	2016 Refunding QC CFD GO Bonds	2018 Series RS CFD GO Bonds	2020 Series RS CFD GO Bonds	2022 Series RS CFD GO Bonds	2006A GADA Loan	2009B GADA Loan	2015 Refunding Obligation	2017 Refunding Obligation	2021 Excise Tax Obligation	Leases & SBITAs	Total
2015	\$ 10,495,000					\$ 1,602,808	\$ 5,377,653	8,840,000				\$ 26,315,461
2016	10,070,000					823,940	5,094,963	8,840,000			\$ 259,010	25,087,913
2017	-	\$ 9,978,664				-	4,802,274	8,840,000			487,984	24,108,922
2018	-	9,810,431	\$ 5,780,000			-	662,797	8,120,000	\$ 4,129,000		936,143	29,438,371
2019	-	9,428,784	5,780,000			-	338,518	7,025,000	4,074,000		1,267,320	27,913,622
2020	-	8,743,440	5,780,000	\$ 3,475,000		-	-	5,910,000	4,018,000		1,303,185	29,229,625
2021	-	8,049,027	5,651,000	3,475,000		-	-	4,775,000	3,606,000		1,223,793	26,779,820
2022	-	7,339,466	-	3,410,000	25,004,000	-	-	3,615,000	3,186,000	\$ 5,989,000	1,250,111	49,793,577
2023	-	6,614,070	-	3,310,000	24,776,000	-	-	2,435,000	2,759,000	5,357,000	1,507,683	46,758,753
2024	-	5,871,632	-	3,210,000	24,273,000	-	-	1,230,000	2,322,000	4,717,000	974,914	42,598,546

Business-type Activities								
Fiscal Year	2008A WIFA Loans	2008B WIFA Loans	2019 Refunding Obligation	Leases & SBITAs	Total	Total Primary Government	Percentage of Personal Income ¹	Per Capita
2015	\$ 22,680,372	\$ 2,251,130			\$ 24,931,502	\$ 51,246,963	6.69%	\$1,812
2016	21,416,714	2,056,097			23,472,811	48,560,724	5.81%	1,684
2017	20,106,010	2,296,725		\$ 220,594	22,623,329	46,732,251	5.29%	1,587
2018	18,746,508	2,141,428		199,741	21,087,677	50,526,048	5.38%	1,669
2019	17,336,392	1,980,350		178,056	19,494,798	47,408,420	4.53%	1,509
2020	-	1,813,274	\$ 13,477,000	-	15,290,274	44,519,899	3.86%	1,291
2021	-	1,639,978	12,358,000	-	13,997,978	40,777,798	3.37%	1,154
2022	-	1,460,231	11,357,000	-	12,817,231	62,610,808	4.59%	1,756
2023	-	1,273,791	10,333,000	-	11,606,791	58,365,544	4.09%	1,605
2024	-	1,080,410	9,286,000	8,021	10,374,431	52,972,977	3.53%	1,427

¹ Personal income: US Census Bureau, American Fact Finder website for 2014-2021. Town estimate for 2022 and 2023.

Town of Sahuarita, Arizona

Ratios of General Bonded Debt Outstanding Last 10 Fiscal Years (Unaudited)

Fiscal Year	Quail Creek CFD¹ General Obligation Bonds	Percentage of Actual Taxable Value of District Property	Estimated Per Capita Amount in District
2015	\$10,495,000	98%	\$16,286
2016	10,070,000	79%	14,722
2017	9,978,664	71%	11,948
2018	9,810,431	62%	9,874
2019	9,428,784	52%	8,531
2020	8,743,440	40%	6,645
2021	8,049,027	30%	5,093
2022	7,339,466	24%	4,102
2023	6,614,070	20%	3,263
2024	5,871,632	15%	2,583

Fiscal Year²	Rancho Sahuarita CFD¹ General Obligation Bonds	Percentage of Actual Taxable Value of District Property	Estimated Per Capita Amount in District	Estimated Amount of Bonds Per Taxable Value of Non-Residential Property
2018	\$ 5,780,000	706%	n/a	\$7.06
2019	5,780,000	488%	n/a	4.88
2020	9,255,000	590%	\$41,146	5.90
2021	9,126,000	285%	19,778	2.85
2022	28,414,000	409%	30,440	4.09
2023	28,086,000	239%	17,775	2.39
2024	27,483,000	170%	13,158	1.70

¹ The community facilities districts are each legally separate entities, special taxing districts, whose debt was approved by the voters of their respective districts.

² 2018 was the first year that RSCFD bonds were issued.

Town of Sahuarita, Arizona

Direct and Overlapping Governmental Activities Debt

June 30, 2024

(Unaudited)

	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Direct and Overlapping Debt
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Pima County	\$ 48,445,000	2.98%	\$ 1,443,661
Pima County Community College	47,536,291	2.98%	1,416,581
Sahuarita Unified School District	85,937,295	50.8%	43,656,146
Continental School District	9,937,000	27.8%	2,762,486
Santa Rita (formerly Green Valley) Fire District	10,065,000	38.0%	3,824,700
Subtotal, overlapping debt	\$ 201,920,586		53,103,574
Town direct debt-governmental activities			42,598,546
Total direct and overlapping debt			\$ 95,702,120

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

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

Town of Sahuarita, Arizona

Legal Debt Margin Information Last 10 Fiscal Years (Unaudited)

Legal Debt Margin Calculation for 2024

Full Cash Net Assessed Value	\$ 405,940,924
Debt Limit:	
6% of assessed value ¹	24,356,455
20% of assessed value ²	81,188,185
Total debt limit	105,544,640
Debt applicable to limit:	
General obligation bonds ³	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 105,544,640

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Debt Limit:	\$ 49,469,906	\$ 54,854,863	\$ 55,240,973	\$ 57,749,819	\$ 60,808,134	\$ 66,379,533	\$ 71,211,755	\$ 76,908,303	\$ 87,815,161	\$ 105,544,640
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 49,469,906	\$ 54,854,863	\$ 55,240,973	\$ 57,749,819	\$ 60,808,134	\$ 66,379,533	\$ 71,211,755	\$ 76,908,303	\$ 87,815,161	\$ 105,544,640
Total net debt applicable to the limit as a percentage of debt limit.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

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

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

³ The Community Facilities Districts, legally separate entities, are special taxing districts whose debt was approved by District voters. The Districts' general obligation debt does not count towards the Town's legal debt limit.

Town of Sahuarita, Arizona

Pledged Revenue Coverage State Shared and Excise Tax Revenues Last 10 Fiscal Years (Unaudited)

Loans¹								
Fiscal Year	Pledged Revenues			Debt Service			Coverage Ratio	Required Ratio
	State Shared Revenues	Excise Tax Revenues	Total Revenues	Principal	Interest	Total Debt Service ²		
2015	\$ 6,372,423	\$8,457,734	\$14,830,157	\$1,210,033	\$712,672	\$1,922,705	7.71	2.00
2016	6,484,956	9,276,191	15,761,147	1,204,723	551,905	1,756,628	8.97	2.00
2017	7,306,847	9,013,253	16,320,100	1,260,297	541,573	1,801,870	9.06	2.00
2018	7,616,417	11,631,977	19,248,394	1,275,079	353,807	1,628,886	11.82	2.00
2019	7,856,912	12,203,674	20,060,586	1,642,076	348,249	1,990,325	10.08	2.00
2020	8,436,872	13,877,390	22,314,262	1,684,296	305,402	1,989,698	11.21	2.00
2021	9,851,009	17,687,287	27,538,296	1,726,748	260,845	1,987,593	13.86	2.00
2022	10,782,461	18,057,238	28,839,699	2,155,440	273,763	2,429,203	11.87	2.00
2023	13,714,352	18,737,603	32,451,955	2,432,381	261,291	2,693,672	12.05	2.00
2024	16,602,463	18,065,143	34,667,606	2,482,580	213,842	2,696,422	12.86	2.00

¹ Includes the 2008B WIFA Loan, the 2015 and 2017 Refunding Obligations, and the 2021 Obligation.

² The highest total debt service requirements for any succeeding fiscal year for these debt obligations is \$2,698,369, which occurs in fiscal year 2025.

Town of Sahuarita, Arizona

Pledged Revenue Coverage Wastewater System Revenues Last 10 Fiscal Years (Unaudited)

2008A WIFA Loan

Fiscal Year	Pledged Resources				Debt Service					
	Wastewater System Revenues	Wastewater O&M Expenses	Other Sources ¹	Total Sources Available for Coverage	Principal	Interest	Total Debt Service	Coverage Ratio ²	Required Ratio	
2015	\$ 3,230,877	\$ (1,457,070)	\$ 750,000	\$ 2,523,807	\$ 1,263,658	\$ 844,390	\$ 2,108,048	1.20	1.20	
2016	3,372,770	(1,791,896)	750,000	2,330,874	1,310,704	797,344	2,108,048	1.11	1.20	
2017 [^]	3,480,164	(1,751,439)	750,000	2,478,725	1,359,502	748,546	2,108,048	1.18	1.20	
2018 [^]	3,789,603	(1,750,830)	750,000	2,788,773	1,410,115	697,933	2,108,048	1.32	1.20	
2019	4,380,139	(1,832,850)	750,000	3,297,289	1,462,615	645,433	2,108,048	1.56	1.20	

2019 System Revenue Refunding Obligations & 2022 WIFA Loan

Fiscal Year	Pledged Resources			Debt Service					
	Wastewater System Revenues	Wastewater O&M Expenses	Net System Revenues	Principal	Interest	Total Debt Service	Coverage Ratio	Required Ratio	
2020	\$ 4,758,751	\$ (1,998,070)	\$ 2,760,681	\$ 1,119,000	\$ 164,599	\$ 1,283,599	2.15	1.20	
2021	4,969,322	(2,147,318)	2,822,004	1,001,000	282,998	1,283,998	2.20	1.20	
2022	5,032,074	(2,104,014)	2,928,060	1,024,000	260,075	1,284,075	2.28	1.20	
2023	5,047,060	(2,515,044)	2,532,016	1,047,000	236,626	1,283,626	1.97	1.20	
2024	5,536,296	(2,617,842)	2,918,454	1,248,065	362,564	1,610,629	1.81	1.20	

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

² Pursuant to loan agreement provisions on coverage ratios, wastewater user fees were increased in fiscal years 2014, 2015, 2016, 2018 and 2019.

[^] Adjusted wastewater system revenues for prior period restatement of long-term storage credits.

Town of Sahuarita, Arizona

Demographic and Economic Statistics

Last 10 Fiscal Years

(Unaudited)

June 30,	Population	Percent High School Graduate or Higher	Percent Bachelor's Degree or Higher	Mean Household Income	Unemployment Rate
2015	28,287	96.0%	38.0%	\$ 77,250	4.6%
2016	28,839	94.6%	37.5%	\$ 81,212	4.1%
2017	29,455	94.6%	39.0%	\$ 84,454	3.5%
2018	30,282	95.5%	38.9%	\$ 86,713	3.7%
2019	31,421	95.5%	40.3%	\$ 91,499	3.6%
2020	34,485	94.8%	42.4%	\$ 101,837	3.4%
2021	35,337	95.5%	40.3%	\$ 100,680	3.6%
2022	35,648	94.2%	41.4%	\$ 111,144	3.7%
2023	36,356	Information not available			
2024	37,132				

Sources: US Census Bureau, American Fact Finder or ACS 5-Year Estimates Data Profile.
2024 population is estimated by the Town.

Town of Sahuarita, Arizona

Principal Employers

2024 and 2015

(Unaudited)

Employer	2024		2015	
	Employees	Percentage of Total Town Employment	Employees	Percentage of Total Town Employment
Sahuarita Unified School District	805	22.90%	768	24.16%
La Posada	472	13.42%		
Walmart	364	10.35%	382	12.02%
Fry's	271	7.71%	207	6.51%
Town of Sahuarita	198	5.63%	137	4.31%
Northwest Medical Center	166	4.72%		
Safeway	130	3.70%	115	3.62%
Farmers Investment Company	125	3.56%	258	8.12%
Sprouts	70	1.99%		
TJ Maxx	68	1.93%		
Jim Click Ford	*		62	1.95%
Ashley's Furniture	*		36	1.13%
Ross	*		35	1.10%
Pub22	*		35	1.10%
Total	2,669	75.91%	2,035	64.02%

* Still an employer but not in the top 10.

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

Town of Sahuarita, Arizona

Full-time Equivalent Town Government Employees

Last 10 Fiscal Years

(Unaudited)

<u>Function/Department or Division</u>	Authorized Full-time Equivalent Employees as of June 30									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government										
Town Manager	6.0	6.0	6.0	6.0	4.0	6.0	6.0	6.0	4.0	4.0
Economic Development	-	-	-	-	2.0	2.0	2.0	2.0	4.0	4.0
Town Clerk	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Finance	8.0	9.0	9.0	9.0	9.0	9.0	9.0	11.0	13.0	13.0
Human Resources	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0
Planning & Zoning	5.0	5.0	5.0	5.0	5.0	4.6	4.6	4.6	5.0	5.0
Public Works-Facilities & Fleet	1.0	1.0	1.0	1.0	1.0	2.0	1.8	2.9	3.2	5.6
Municipal Court	8.0	8.0	7.0	6.0	6.0	6.0	8.0	9.0	9.0	9.0
Law	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.0	3.0	3.0
General Government Total	39.0	40.0	40.0	39.0	40.0	41.6	43.4	47.5	49.2	51.6
Public Safety										
Building Safety	7.0	7.0	7.0	7.0	8.0	9.4	9.4	10.4	11.5	11.5
Public Works-Engineering	3.5	3.5	3.5	3.5	5.0	4.2	3.8	3.2	4.9	4.9
Police Dept	51.0	51.0	53.0	55.0	58.0	60.0	62.0	68.0	74.0	79.0
Public Safety Total	61.5	61.5	63.5	65.5	71.0	73.6	75.2	81.6	90.4	95.4
Culture & Recreation										
Parks & Recreation	14.7	15.1	15.3	16.3	17.4	18.4	18.4	18.7	18.4	20.4
Highways & Streets										
Streets	12.7	12.7	9.7	10.7	10.5	11.9	11.3	11.7	12.3	11.3
Sewer										
Wastewater Utility	6.9	6.9	6.3	6.3	6.5	6.5	6.5	6.5	7.7	7.4
Billing & Collections	-	1.0	2.0	2.0	2.0	2.5	2.7	2.8	3.4	3.3
Sewer Total	6.9	7.9	8.3	8.3	8.5	9.0	9.2	9.3	11.1	10.7
Total	134.8	137.2	136.8	139.8	147.4	154.4	157.4	168.7	181.4	189.4

Source: Town Finance Department.

Town of Sahuarita, Arizona

Operating Indicators Last 10 Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021 ²	2022	2023	2024
Town Clerk										
Business licenses issued	1,277	1,485	1,514	1,507	1,422	1,394	1,320	1,328	1,463	1,437
Building Safety										
Building permits-single family residential	206	277	248	370	324	464	559	554	301	390
Building permits-other	701	724	711	673	580	691	1,243	1,435	1,249	954
Police										
Traffic citations	1,452	1,221	1,183	807	1,765	1,203	1,273	1,113	731	698
Calls for service	8,111	8,429	8,129	8,416	8,504	8,136	7,299	7,386	7,928	8,106
Human Resources										
Number of job openings	22	25	40	42	50	44	45	56	45	56
Number of applicants	1,027	1,103	698	785	844	757	531	900	941	662
Turnover rate	11%	11%	12%	18%	13%	15%	10%	18%	16%	17.9%
Municipal Court										
Hearings/Court sessions	10,304	10,007	Note 1	4,794	5,532	5,841	5,544	5,390	7,316	2,776
Filings ¹	2,494	2,373	2,602	2,204	3,248	3,051	3,270	2,628	2,066	1,878
Public Works										
Street resurfacing (<i>miles</i>)	18.0	20.5	28.1	3.0	32.0	24.6	60.5	12.0	12.7	26.5
Potholes repaired	122	87	64	8	81	56	147	11	35	167
Road Overall Condition Index (OCI)	Information Not Available (N/A)					75	76	75	78	77.81
Parks and Recreation										
Number of recreation programs offered	47	43	43	181	114	191	58	736	630	552
Number of field bookings	N/A	127	114	67	84	105	Note 2	3,600	5,044	4,695
Number of ramada and other bookings		32	27	22	56	101		815	1,954	1,322
Number of recreation center bookings		158	166	141	130	133	117	995	1,020	1,519
Special event permits issued		57	55	29	29	25	48	16	18	28
Event attendance		26,400	31,919	42,878	53,546	31,135	12,100	43,700	80,200	86,410
Recreation program participants	17,189	15,630	10,881	11,005	8,461	5,938	4,961	5,251	3,888	
Wastewater										
Average daily sewage treated (<i>thousands of gallons</i>)	755.0	777.0	802.0	828.4	867.0	887.5	890.7	876.5	959.2	974.0
Long-term storage credits (<i>acre feet</i>)	3,589.54	4,117.87	4,928.48	5,722.21	6,617.91	7,407.23	8,515.02	9,335.93	10,212.63	11,142.35
<i>Estimated value of LTSCs, CAP rates</i>	\$691,166	\$849,846	\$1,043,359	\$1,278,366	\$1,548,873	\$1,686,327	\$2,047,228	\$2,264,460	\$2,792,177	\$3,378,266
<i>Estimated value of LTSCs, CAGR rates</i>	\$1,770,361	\$2,279,241	\$3,038,408	\$3,635,892	\$4,514,738	\$4,779,886	\$5,655,676	\$6,268,143	\$7,251,989	\$7,872,070

Note 1: In 2017, the Court implemented a new case management system in the year. As such, the number of hears and court sessions was not determinable.

Note 2: In 2021, the Parks & Recreation Department made changes to the permitting process, which skewed these stats for the year.

¹ In 2015 and after, counts were based on the number of cases instead of the number of charges filed.

² COVID-19 pandemic impacted operations throughout the year.

Source: The applicable Town of Sahuarita departments.

Town of Sahuarita, Arizona

Capital Asset Statistics Last 10 Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Planning & Building										
Vehicles	Info not collected		4	4	4	4	3	6	6	6
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles ¹	42	46	50	50	56	75	81	83	95	98
Public Works										
Streets and highways (miles)	146	146	156	157	163	169	171	173	173	173
Streetlights	59	59	69	69	69	69	69	73	89	98
Traffic signals	16	16	16	16	16	17	17	18	19	24
Parks and Recreation										
Developed parks	9	9	9	9	9	9	9	9	9	10
Park acreage	107	107	107	107	107	114	208	208	208	275
Basketball courts	4	4	4	5	5	8	8	8	8	8
Playgrounds	5	5	5	5	5	6	6	6	6	6
Skate spots/parks	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds (lighted)	6	6	6	6	6	8	8	8	8	8
Soccer/football fields (lighted)	6	8	8	6	6	7	7	7	7	7
Soccer/football outfield overlays (lighted)	-	-	-	2	2	1	1	1	1	1
Pickleball courts	-	-	-	-	-	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	2
Parks maintenance buildings	1	1	1	1	1	1	1	1	1	2
Ramadas	22	22	22	21	22	25	25	25	25	25
Restroom facilities	8	8	8	9	9	10	10	10	10	10
Sand volleyball court	1	1	1	1	1	1	1	2	2	2
Off-leash dog area	2	2	2	2	2	2	2	2	2	2
Vehicles	8	8	8	8	8	9	9	9	9	17
Wastewater										
Permitted treatment capacity (gallons in 1,000s)	1,500	1,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

¹ In 2020, the Police Department changed its classification method to determine the number of patrol vehicles.

Source: The applicable Town of Sahuarita departments.

The logo graphic consists of a stylized mountain range in shades of brown and purple, with a yellow sun rising behind the peaks. Below the mountains are two wavy lines in blue and green, representing water or a valley.

Sahuarita
ARIZONA