



ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025



PREPARED BY
**DEPARTMENT
OF FINANCE**



ACFR FY2025



TOWN OF SAHUARITA, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION



ACFR FY2025





December 23, 2025

**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, 2025.

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.

Advisent Assurance, LLP, a certified public accounting firm, has issued an unmodified opinion on the Town of Sahuarita's financial statements for the year ended June 30, 2025. 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 38,442. As of the latest estimates, our median age is 36.4 years, and our median household income is \$117,350. Sahuarita has an educated population, with 42.4% 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 212.1 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.

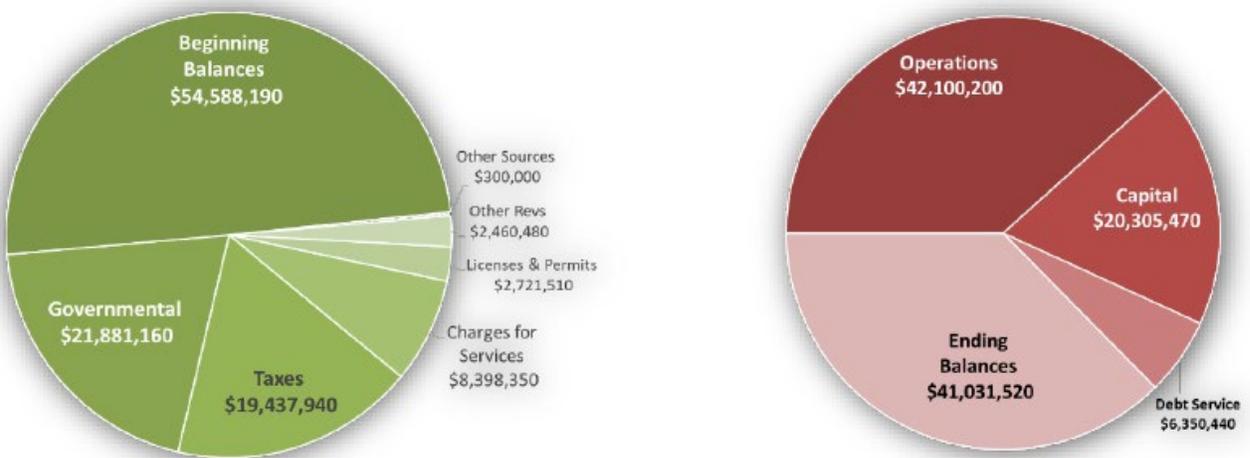
Budget: The Council is required to annually adopt a budget on or before the third Monday in August. The budget serves as the foundation for the Town of Sahuarita’s financial planning and control. The budget is prepared by fund, function, and department.

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.

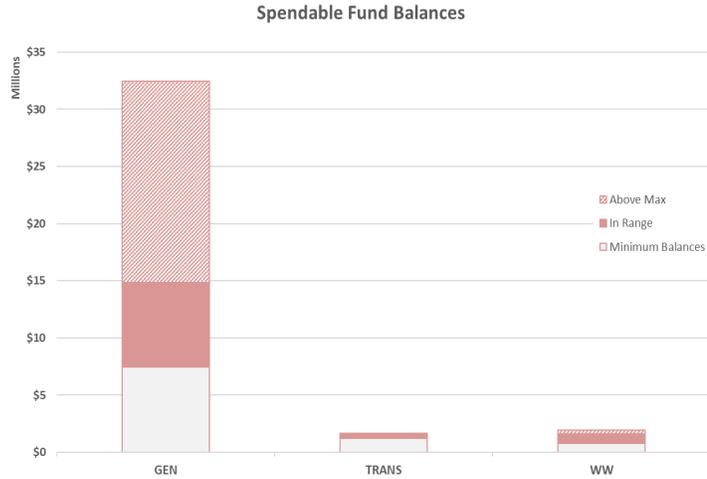
CURRENT CONDITION & INITIATIVES

The Fiscal Year (FY) 2026 budget totals \$109,787,630, which is 8.1% less than the FY 2025 budget, which included a significant use of one-time resources (i.e., debt proceeds and fund balances) for capital improvement projects and waste collection program set-up costs. The budget was developed using conservative principles and economic projections that allow flexibility in times of uncertainty, while maintaining our high standards for fiscal responsibility.

In compliance with Arizona statutes, the FY 2026 Budget is in balance, where sources are equal to uses. It includes a \$68.8 million spending plan that is less than forecasted sources. The \$41.0 million 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 2026.



This year, department leaders presented budgets using components of a system called Priority-Based Budgeting (PBB). It is a strategic financial planning approach that allocates resources based on how well the Budget’s expenditures score against the values and priorities established by the Town Council, instead of focusing on incremental changes to past budgets. As part of this exercise, all departmental leaders were tasked with defining their core objectives, priorities, and community needs that fall under their stewardship.

Armed with this information, the budget team determines how best to allocate resources, directing funds toward high-impact programs that align with community priorities and reducing or eliminating funding for lower-priority initiatives.

My experience with Priority-Based Budgeting is that it enhances transparency, encourages efficient use of resources by making data-driven decisions, and ensures spending alignment with long-term goals. The FY 2026 budget is a joint effort by department leaders, the budget team, the Town Manager’s Office, and the Sahuarita Town Council that aligns administrative needs, legislative priorities, and fiscal constraints to ensure sustainable growth for the community we serve.

As an organization, the Town is scheduled to fully implement PBB over the next two years. The robust system will significantly evolve future planning and growth in perpetuity as the tool and its advances take root and advance opportunities for Sahuarita in the years to come.

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.

Residential real estate and commercial development by the town and its many community development partners is an ever-evolving process. Rezoning of Parcel 30 for mixed-use public

spaces is expected to continue, with plans for a recreation center on hold following the voters' decline of Proposition 403 last November.

A national labor shortage continues to impact key industries, including government, which incentivizes us to continue to invest in our employees to retain their talent and organizational knowledge. While our attrition rates are on par or below state and national government standards, our continued investment in our employees remains a top fiscal priority.

The state legislature maintains its ongoing efforts to curtail local control for cities and towns across Arizona, including local control of various zoning issues and requirements for outsourcing permitting and inspection services.

A new 20-year regional transportation plan, which would include a half-cent sales tax, promises funding for projects in Sahuarita and the surrounding area, including an extension of La Villita Road and a widening of Pima Mine Road. The plan also proposes a project called the Sonoran Corridor, which would connect Interstates 10 and 19 through Sahuarita just south of El Toro Road. This discussion has made waves – financial and otherwise – throughout our region.

Sahuarita's state and federal legislative lobbying efforts for the 2025 calendar year included advocating for the following projects prioritized by the Town Council:

- Phoenix Zoo Project Access Route
- Sahuarita Lake Remediation
- Sahuarita Police Department Radios
- Police Department Expansion & Emergency Power System
- Twin Buttes Maintenance Yard for Fleet & Public Works
- Odor Control System Upgrade at the Water Reclamation Facility



Due to the political situation federally, the federal lobbying team needed to strategize on the most effective path to success at their Spring 2025 DC trip. In the end, the projects that got the most airtime with the Congressional delegation on the lobbying trip were the PD Radios, the Lake Remediation project, and the Zoo Access Route project. At the time this Budget Message was drafted, staff believed the Town is likely to receive support in next year's federal budget for at least the PD Radios, and perhaps some support for the Lake Remediation project. This is great news, but we won't get excited until we see the appropriations in the budget itself for the next fiscal year.

These factors and others shape our budget strategy, which prioritizes alignment with the focus areas of our Strategic Plan, emphasizes fiscal responsibility, and maintains a strong commitment to capital improvements.

Capital Improvements

Progress toward capital improvement projects anticipated for FY 2026 includes recurring programs (\$493,000), new and replacement vehicles and vehicle equipment (\$1,332,390), and one-time projects (\$10,435,690), for a total of \$12,261,080 anticipated spending toward capital improvements in FY 2026. This anticipated spending is approximately \$4 million less than fiscal year 2025. Approximately 16% of our Capital Improvement Projects are currently funded through grants or other agencies.

These projects include:

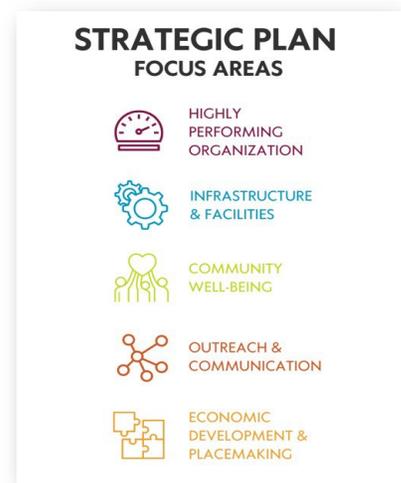
- Police Department Building Expansion – Ph. 1 & Ph. 2 (\$5.85M)
- El Toro and La Villita Road Multi-Use Paths (\$1.62M)
- Traffic Signal Improvements at Walden Grove High School (\$750K)
- Municipal Court Parking Lot Expansion (\$550K)
- Anamax Maintenance Yard Expansion (\$450K)
- Anamax Recreation Center Parking Lot Expansion (\$375K)
- Town Hall Safety Upgrades (\$340K)
- Sahuarita Lake Park Repair Plan – Design Phase (\$250K)
- Town Hall and Municipal Court Air Conditioning Replacements (\$156K)
- Sahuarita Water Reclamation Odor Control System (\$100K)

Details about each of these important projects and other FY2026 programs are organized below using our strategic plan framework. 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.

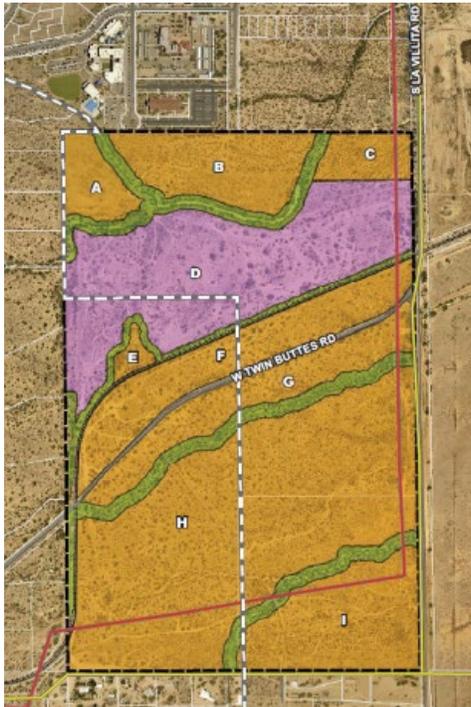
Fueled by our mission statement, these focus areas organize our top programs and initiatives that are the Town’s FY 2026 priorities.





Economic Expansion & Placemaking

The Town of Sahuarita will complete and ratify its 10-year General Plan update during FY 2026, following a comprehensive community-engagement and development process. The anticipated result is an update on existing goals for ongoing and new development opportunities.



Implementation of the Sahuarita Economic Development P3 Master Plan will move forward in earnest in FY2026, starting with the completion of a visioning plan for Parcel 30, the approximately 232 acres to the southeast of Town Hall. Additionally, the plan will guide the development of an Economic Development incentive program to increase the attractiveness of businesses and investors to set up shop in Sahuarita.

The Economic Development team continues to explore new opportunities for retail, food and beverage, and family entertainment attractions. Through a robust website analysis and audience discovery project, materials and resources will be developed to promote direct public and private investments to drive growth.

The Town anticipates an additional 320 new homes in FY2026 as neighborhoods in Rancho Sahuarita, Quail Creek, and Madera Highlands continue development centrally and to the east. Annexation efforts are underway with Arizona State Lands, Homeowner Associations, individual property owners, local business owners, Freeport McMoRan, ASARCO, Caterpillar, and other major industries.

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

Following last year’s redesign of the town website, Public Affairs will continue to build up the town’s online presence by sharing news & information, optimizing communication tools to increase regional and national visibility, monitoring media traction, and engaging with the public on channels where they gather.

Town social media channels and newsletters offer the community ways to keep tabs on news,

events, public services, and town projects, and celebrate the achievements and contributions of individual residents.

This feedback loop enables our team to proactively address concerns, improve services, and meet the needs of our Sahuarita residents.

Additionally, Community Development will launch a pilot program called EZ Permit to simplify the permitting process for homeowners, enhancing the user experience and ease for DIYers and homeowners seeking permits to adapt their spaces under town building requirements.

The Town Clerk will fully implement two new technologies – Laserfiche and eScribe – to increase public information and records transparency, improve business practices, and streamline public engagement and access to meeting materials.

The Department of Law will partner with Sahuarita Police to promote confidence in the justice system and town government through educating students regarding rights, responsibilities, and career options in our local school district.

The Grow in Sahuarita program continues to support the entrepreneur and business community through counsel, resources, and connections to start a new project, scale their business, or navigate business transitions. Currently, 103 Sahuarita business owners are utilizing this program

Infrastructure & Facilities

In FY 2026, Sahuarita will launch a centralized solid waste collection program in partnership with Waste Connections. Residents will pay \$22.75 a month for weekly trash and recycling service and quarterly bulk pickup.

Last year, an initial \$2.05 million seed investment from the General Fund was established to cover containers, staffing, and outreach, the majority of which was spent on the initial purchase of the containers, with an anticipated ten-year payback through user fees and recycling savings.



The Sahuarita Police Department expansion will begin in FY 2026 with the addition of a south wing that will provide new and expanded labs and a storage area for property and evidence. The first phase of the 20-year plan also includes expanded secure parking with a solar array and the addition of an approximately 2,000 square foot annex building to house training and gym facilities.

Our Parks, Recreation, and Open Space (PROS) Master Plan, updated in 2023, is a comprehensive guide for the development and management of recreation and green spaces. This work continues to direct the investment in recreation and green spaces. In FY 2026, multi-

modal trail development to connect La Villita to El Toro, and El Toro to La Canada, bordering Man in the Maze Park on the eastern and southern perimeters.

Parks and Recreation maintains and manages 275 acres of Parks. Under a new turf management plan, the parks maintenance team will cease the practice of winter overseeding entirely, and instead turn to focus on the ongoing nutrition, aeration frequency, and growth regulation of green spaces. The change will save \$50,000 and two full weeks of maintenance time for ten staff members, increasing efficiency while improving the life of the turf throughout the colder seasons.

The Municipal Court will expand its current secure parking lot to comply with the Arizona Code of Judicial Administration regarding protection of critical areas. This expansion will provide space for all court employees to park in the secure lot, as some staff currently park with the public.



Anamax Recreation Center will expand its parking lot to support event parking and recreation space users as the location continues to add best-in-class amenities like the Splashpad and playground added in 2025.

Updates to Town Hall and Municipal Court air conditioning systems will be prioritized early in FY 2026, along with Town Hall safety upgrades to public-facing areas.

Sahuarita Public Works preserves and maintains 298 roadway lane miles in our jurisdiction. This year, pavement preservation will continue to maintain an overall condition index (OCI) between 73 and 77. The team plans to replace two traffic signal cabinets and safety systems, increase the proportion of roadway using reflective striping, and replace nearly 500 faded or damaged highway and street name signs.



Community Well-Being

Parks and Recreation delivers dozens of community programs and activities annually for residents and families, including after-school, school break, and summer programs to support working parents.

The addition of La Villita Community Center has increased the capacity for existing community recreation programs by more than 110% and has increased corresponding revenue by more than 70%. These programs support families looking to get out from behind screens to build skills, be active, and connect with others. We take our efforts to cultivate a sense of belonging in our community very seriously. summer

Three Sahuarita signature events – Fiesta Sahuarita, Stars & Stripes, and Winterfest – will

continue in FY 2026. Each of these events sees an attendance of over 15,000. Discussions are underway with Southern Arizona Arts & Cultural Alliance about a collaborative vision for a fall-themed event, such as Oktoberfest. This year, Parks and Rec will also aim to partner and support an existing local Trunk-or-Treat event in lieu of the now-discontinued fall event Spooktacular.

A traffic signal improvement at Walden Grove High School will enable drivers to make a left turn onto Sahuarita Park Road at the entrance to the campus, as the volume now meets federal standards for the upgrade. This update will ensure the safety of young drivers traveling to school.



The town is evaluating options to repair or rebuild Sahuarita Lake, after a leak has caused the body to increasingly lose water. Options could include replacing the clay bottom with a membrane liner and/or increasing depths, particularly around the edges. Consulting engineers will evaluate and make recommendations to ensure the future of this beloved community amenity.

To support pedestrian safety, Public Works will replace or fix 60 sidewalk panels, upgrade 8-12 pedestrian ramps, and modify eight pedestrian crossings with audible vibrotactile push buttons.



Highly Performing Organization

Sahuarita PD will become the first law enforcement agency in Pima County to deploy an AI-powered assistant tool aimed at reducing workloads and increasing officer accountability. The tool called Truleo integrates with officers' body-worn cameras to analyze interactions and provide performance feedback. It also allows officers to complete tasks like field notes and policy inquiries via voice command — all from inside their patrol vehicles. The system is anticipated to save time and energy for our officers so they can continue to do great work of maintaining our Top 5 position as one of the Safest Cities in Arizona.

Sahuarita is strengthening both public-facing services and behind-the-scenes support to improve overall operations. Eight positions were reclassified to keep the job structure in line with the current needs of a growing population. Additionally, leadership prioritized the addition of 13.1 new positions in HR, Public Works, Police, Parks & Recreation, Law, and Community Development. These additions bring our total employee count to 212.1 full-time equivalent people.

We know that when we take care of our employees, they stay with us longer and do better work. This saves money on hiring and training new employees. It's simple – when we take good care of our team, they take better care of our town and the people we serve. We are



looking internally for talent development to engage young professionals to be the future leaders of our organization.

Sahuarita is committing \$800,000 (\$430,000 COLA + \$370,000 Merit Increases) toward employee compensation this fiscal year, demonstrating our commitment to retaining talent. All employees will receive a 2% cost-of-living adjustment. Merit increases of up to 4% will reward high performers, encourage employee development, and recognize results.

Christmas Eve and New Year's Eve will now be considered paid holidays for all employees, offering greater flexibility for families around major holidays when public service requests are minimal.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Sahuarita, Arizona for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 23rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

I encourage you to review the budget document and explore the various projects and plans for FY 2026. Thank you for your continued support as we work together to ensure a prosperous and thriving future for our community.

Warm regards,

Shane Dille
Town Manager

A.C. Marriotti
Finance Director



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, 2024

Christopher P. Morill

Executive Director/CEO

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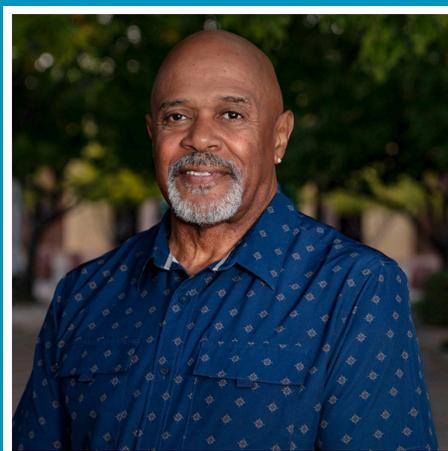
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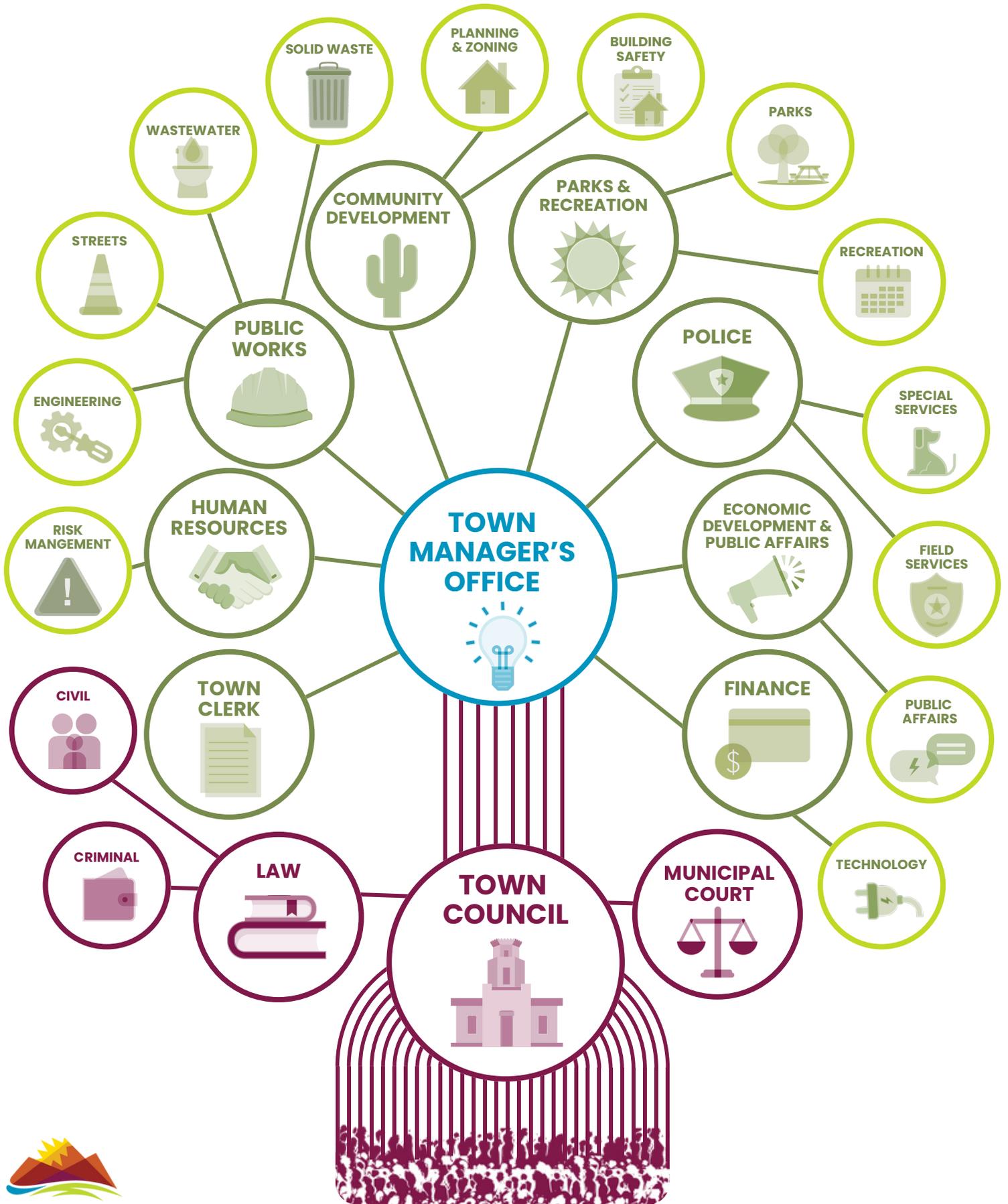
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ORGANIZATIONAL CHART



SAHUARITA AT-A-GLANCE

POPULATION **38,442**

Male 49.7%

Female 50.3%

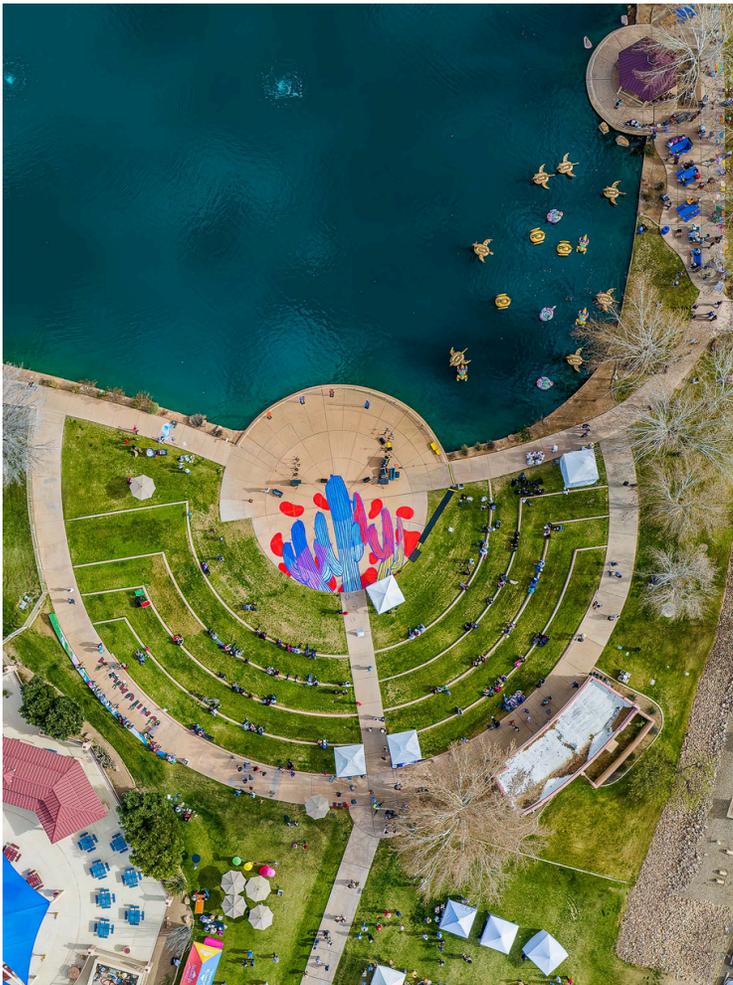
EDUCATIONAL ATTAINMENT

High school or higher 94.6%

Bachelor's Degree or higher 42.4%

MEDIAN AGE **36.4**

MEDIAN HOUSEHOLD INCOME **\$117,350**



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



ACFR FY2025



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, 2025, 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, 2025, 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 23, 2025 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.

Advisent Assurance, LLP

Advisent Assurance LLP
December 23, 2025
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, 2025. Please read it in conjunction with the transmittal letter on pages 2-11 and the Town's basic financial statements, which begin on page 32.

FINANCIAL HIGHLIGHTS

- On June 30, 2025, net position totaled \$190,142, an increase of \$8,219 over last year. Of this amount, \$42,211 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Capital asset balances totaled \$189,682, an increase of \$11,280 compared to last year. Construction in progress accounted for \$1,625, less than 1% of the total capital assets.
- Long-term liabilities decreased \$1,464 from last year to a total of \$66,548 on June 30, 2025. Liabilities related to employee expenses (pension, other postemployment benefits, and compensated absences) accounted for \$14,313, approximately 22% of the total balance.
- As of the close of the current fiscal year, the governmental funds combined ending fund balances had decreased \$3,686 to a new balance of \$57,212. Of this amount, \$6,650 is in a nonspendable form, \$8,864 is restricted for specific purposes due to agreements or laws, \$6,000 is committed for reserves, \$4,627 is assigned to specific purposes by the Town Council, and \$31,071 is unassigned.
- The Enterprise Funds' net position increased by \$3,064 during the year, raising net position to \$42,826 at year-end. Unrestricted net position was \$1,784, a decrease of \$206.
- The Town spent the last \$1,301 of its American Rescue Plan Act (ARPA)-State and Local Fiscal Recovery Funds (SLFRF) provided by the U.S. Department of Treasury.
- The Town paid off the 2015 Refunding Obligation during the year. Debt service costs in the CIIF Fund will decline by \$1,254 next year.
- The Town established the Solid Waste Enterprise Fund during the year to account for this new operation. The General Fund advanced \$2,050 in seed money to pay for start-up costs. The General Fund will be repaid from net revenues over a ten-year period.

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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

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 and solid waste operations. The government-wide financial statements can be found on pages 33-34 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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, Transportation Fund, the Grants & Restricted Sources (GARS) 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 35 and 37 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 enterprise funds to account for its wastewater treatment and solid waste operations, which are both reported as major funds of the Town. The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-72 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 73-85 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 66,135	\$ 69,630	\$ 4,636	\$ 6,884	\$ 70,771	\$ 76,514
Capital assets	<u>136,204</u>	<u>130,512</u>	<u>53,478</u>	<u>47,890</u>	<u>189,682</u>	<u>178,402</u>
Total assets	202,339	200,142	58,114	54,774	260,453	254,916
Deferred outflows	4,847	4,870	144	103	4,991	4,973
Liabilities:						
Current	4,375	4,206	1,037	2,720	5,412	6,926
Long-term	<u>52,219</u>	<u>55,662</u>	<u>14,329</u>	<u>12,350</u>	<u>66,548</u>	<u>68,012</u>
Total liabilities	56,594	59,868	15,366	15,070	71,960	74,938
Deferred inflows	3,276	2,982	66	46	3,342	3,028
Net position:						
Net investment in capital assets	104,552	103,282	39,913	36,670	144,465	139,952
Restricted	2,337	3,083	1,129	1,101	3,466	4,184
Unrestricted	<u>40,427</u>	<u>35,797</u>	<u>1,784</u>	<u>1,990</u>	<u>42,211</u>	<u>37,787</u>
Total net position	<u>\$ 147,316</u>	<u>\$ 142,162</u>	<u>\$ 42,826</u>	<u>\$ 39,761</u>	<u>\$ 190,142</u>	<u>\$ 181,923</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 \$190,142 at the close of the most recent fiscal year, an increase of \$8,219 over last year.

The largest portion (\$144,465 or 76%) 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 \$3,466 (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 \$42,211 (22%) 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	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues:						
Charges for services	\$ 3,471	\$ 3,592	\$ 5,393	\$ 5,311	\$ 8,864	\$ 8,903
Operating grants and contributions	4,637	4,831	-	-	4,637	4,831
Capital grants and contributions	1,882	2,721	160	1,094	2,042	3,815
General revenues:						
Property taxes	2,343	1,875	-	-	2,343	1,875
Sales taxes	16,850	14,299	-	-	16,850	14,299
Other taxes	705	475	-	-	705	475
Share of state income tax	7,734	9,444	-	-	7,734	9,444
Share of state sales tax	5,590	5,390	-	-	5,590	5,390
Share of state vehicle license tax	1,901	1,769	-	-	1,901	1,769
Unrestricted grants and contributions	1,246	5,394	55	171	1,301	5,565
Unrestricted investment earnings (losses)	2,244	2,271	291	208	2,535	2,479
Gain on the sale of capital assets	-	7	-	-	-	7
Miscellaneous	230	183	85	17	315	200
Total revenues	<u>48,833</u>	<u>52,251</u>	<u>5,984</u>	<u>6,801</u>	<u>54,817</u>	<u>59,052</u>
EXPENSES						
Program expenses:						
Governmental activities:						
General government	9,579	9,712	-	-	9,579	9,712
Public safety	16,395	14,876	-	-	16,395	14,876
Culture and recreation	5,463	4,814	-	-	5,463	4,814
Highways and streets	9,356	13,536	-	-	9,356	13,536
Interest and amortization costs on long-term debt	1,507	1,604	-	-	1,507	1,604
Business-type activities:						
Solid waste	-	-	80	-	80	-
Sewer	-	-	4,218	4,124	4,218	4,124
Total expenses	<u>42,300</u>	<u>44,542</u>	<u>4,298</u>	<u>4,124</u>	<u>46,598</u>	<u>48,666</u>
Increase (decrease) in net position before losses and transfers	6,533	7,709	1,686	2,677	8,219	10,386
Transfers	(1,379)	-	1,379	-	-	-
Change in net position	5,154	7,709	3,065	2,677	8,219	10,386
Net position at beginning of year	142,162	134,453	39,761	37,084	181,923	171,537
Net position at end of year	<u>\$ 147,316</u>	<u>\$ 142,162</u>	<u>\$ 42,826</u>	<u>\$ 39,761</u>	<u>\$ 190,142</u>	<u>\$ 181,923</u>

Governmental Activities

The \$5,154 increase in net position for governmental activities was \$2,555 less than last year's change in net position. Significant variances between fiscal year 2025 and 2024 are explained below:

Revenues and Other Sources

- Sales taxes increased by \$2,551. Of this change, \$1,516 was for taxes on construction contracting activities and \$618 was for taxes on utility services. The increase in construction contracting stem from new growth, namely from home sales, infrastructure installations, and commercial development. The tax rate on utility services increased from 2% to 4%, effective March 1, 2024, impacting only a portion of fiscal year 2024 but a full-year impact in 2025.

MANAGEMENT’S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

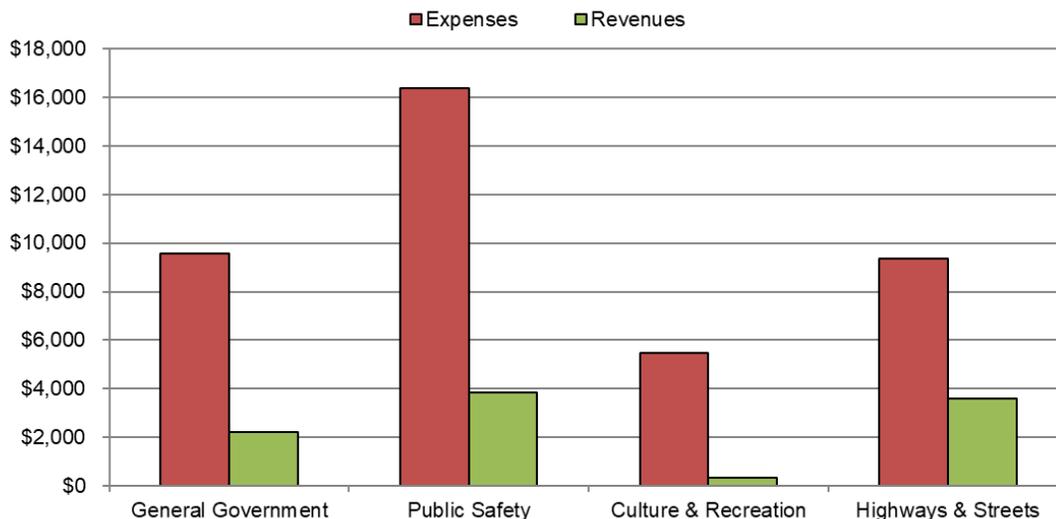
- State income tax revenues were \$1,710 lower than the prior year. The decrease reflects a state law that reduced the income tax rate. To mitigate the impact on municipalities, the State increased the share distributed to local governments from 15% to 18%. This change to the distribution formula took effect last year, one year before the reduced tax rate affected revenues.
- Unrestricted grants and contributions decreased by \$4,148, primarily due to reduced availability of ARPA-SLFRF funding. In 2025, a smaller portion of the Town’s overall allocation was spent and recognized as revenue under the revenue replacement program

Expenses and Other Uses

- Program expenses experienced a net decrease of \$2,242.
 - In 2025, governmental activities added 8.9 full-time equivalent staff positions, provided merit increases up to 4%, and instituted other benefit changes. Overall payroll costs increased \$1,776.
 - The costs associated with changes to the compensated absences balances were \$1,633 higher last year. The cost change was more significant in 2024 as that was the year that GASB Statement No. 101—*Compensated Absences* was implemented, which updated the recognition and measurement guidance for compensated absences.
 - Depreciation and amortization expenses decreased by \$3,749. Given the Town’s robust pavement management program, the useful lives of many streets were reassessed and extended, resulting in lower depreciation expense compared with prior years.
- The Governmental Activities transferred sewer lines valued at \$1,379 to the Business-type Activities. No transfers were made in 2024.

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.

Governmental Activities Program Revenues and Expenses



MANAGEMENT’S DISCUSSION AND ANALYSIS

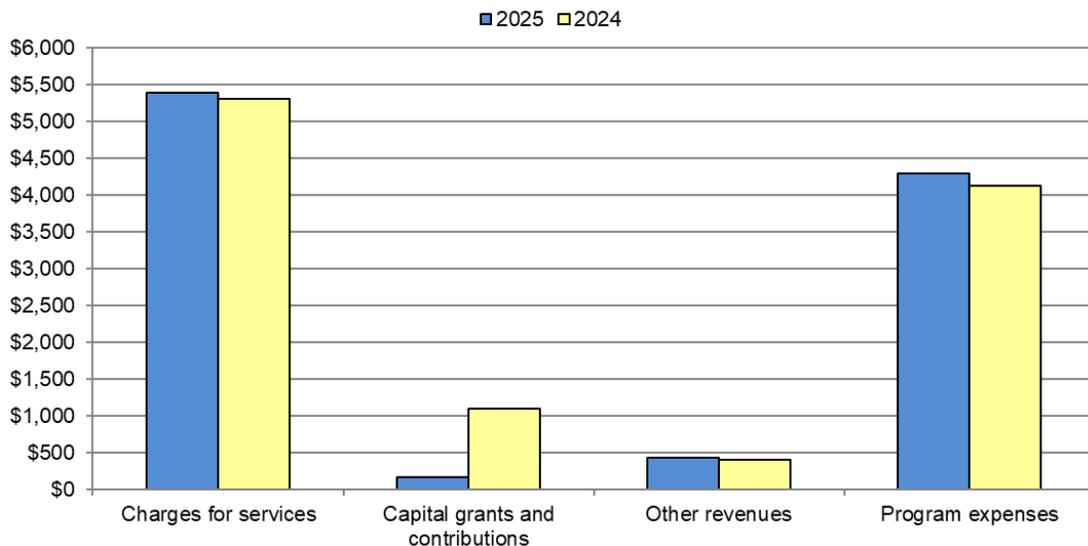
(dollar amounts in thousands)

Business-type Activities

The increase in net position for business-type activities was \$388 more than last year’s change in net position. Significant variances between fiscal year 2025 and 2024 are explained below:

- The Governmental Activities transferred sewer lines valued at \$1,379 to the Business-type Activities. No transfers were made in 2024.
- Capital grants and contributions decreased by \$934. The Water Infrastructure Finance Authority (WIFA) of Arizona provided funding in 2024 for the Wastewater Treatment Plant Re-rating Project. This funding was not available in 2025.
- The activities of Solid Waste Enterprise Fund reduced net position by \$46. This is a new operation for the Town and while it incurred some start-up costs, it did not generate any revenues.

Business-type Activities Revenues and Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

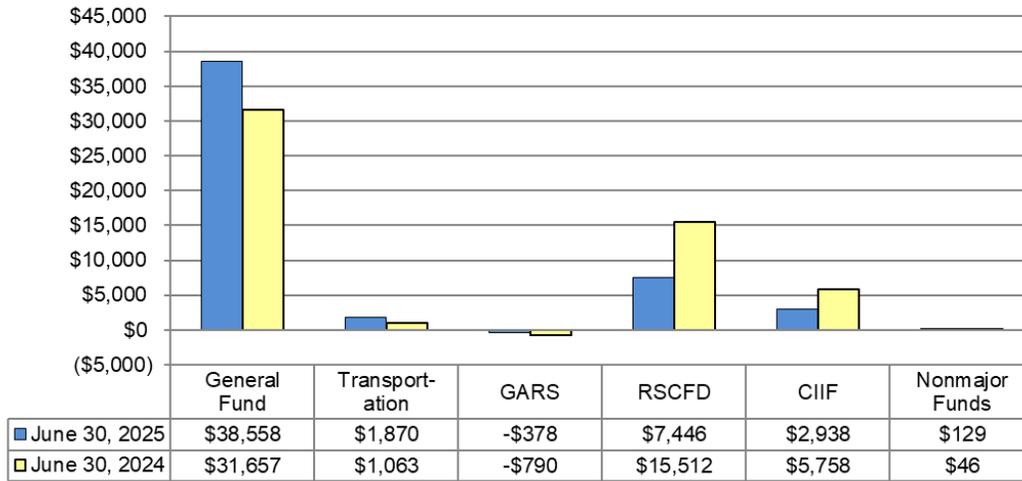
Governmental funds. The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town’s financing requirements.

On June 30, 2025, the Town’s governmental funds reported combined ending fund balances of \$57,212, a decrease of \$3,686 from last year. Of the total, \$50,562 constitutes spendable fund balances, which include the unassigned, assigned, committed, and restricted fund balances. The remaining \$6,650 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 144% of total fund expenditures. Compared to last year, the total fund balance increased by \$4,889. Revenues exceeded expenditures by \$4,539 and net other financing sources and uses were \$350. Some of this is by design as the budget plan was structured so that revenues would exceed expenditures (excluding contingencies) by \$2,036. Actual results for the year were even more favorable than the budget. Total revenues exceeded the budget by \$1,004 or 3.3%, and total expenditures were \$1,500 under. See General Fund Budget Highlights below for more information. The General Fund also recorded interfund advances of \$2,050 due from the Solid Waste Enterprise Fund and \$868 due from the GARS Fund, increasing non-spendable fund balances.

Fund balances in the Transportation Fund increased by \$379. The Streets Division of the Public Works Department realized \$488 in savings, mostly due to delays impacting the timing of the pavement preservation program.

Fund balances in the GARS Fund decreased by \$353. The Fund reported an \$868 transfer out to record the advance due to the General Fund for its investment in the SAMTEC facility improvements. This advance will eventually be repaid from excess tenant lease revenues, which amounted to \$346 in 2025.

Fund balances in the RSCFD Fund decreased by \$8,139. The Fund spent \$8,177 in bond proceeds to acquire roads and sewer lines from the District’s Master Developer.

The CIIF fund balances decreased by \$517. The CIIF accumulates funds over time and spends them on capital outlay in accordance with the five-year Capital Improvement Plan. In 2025, the amount spent exceeded the new resources received.

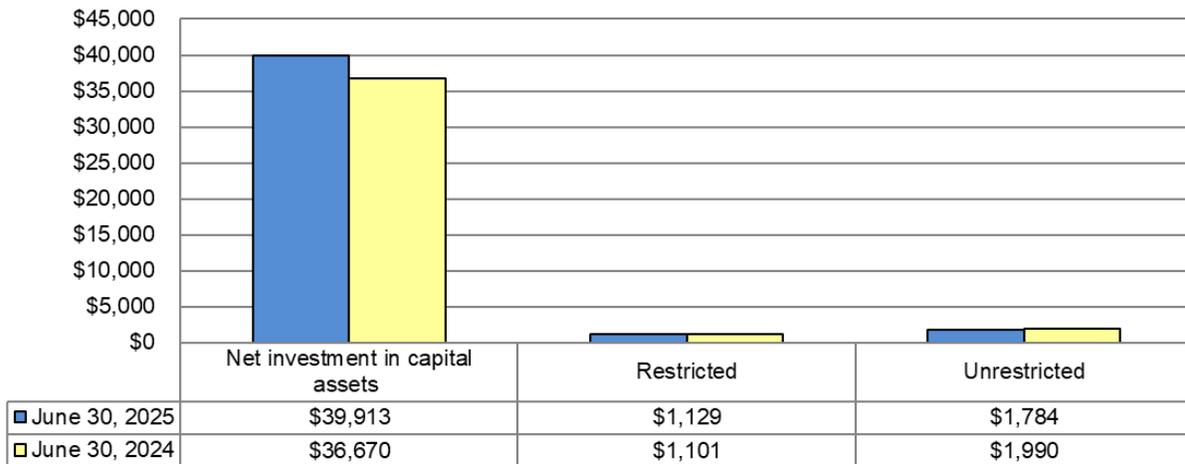
The fund balances of the nonmajor fund increased by \$55. This increase is mostly attributable to the higher-than-anticipated property tax collections and investment earnings.

MANAGEMENT’S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Proprietary funds. The Town’s Enterprise Funds provide the same type of information found in the government-wide financial statements but in more detail. The unrestricted net position of the wastewater and solid waste operations at the end of the year amounted to a balance of \$1,784, which was \$206 lower than last year. The fee structure of the operations are designed to cover ongoing costs, pay debt service, and to maintain sufficient reserves. The restricted net position was \$1,129 for other postemployment benefits assets and cash held in trust to pay debt service. Other factors concerning the finances of this fund have already been addressed in the discussion for the Town’s business-type activities.

Enterprise Funds 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 \$2,050 transfer of contingency reserves to establish the Solid Waste Enterprise Fund.
- The Council approved a \$236 transfer of contingency reserves to the GARS Fund for tenant improvements at the SAMTEC facility.
- The Council approved the use of contingency reserves, transferring \$173 to the CIIF Fund to provide capacity to complete the Anamax Splash Pad (\$80) and Duval Mine Road (\$93) capital projects.
- The Parks & Recreation and Public Works Departments transferred \$45 and \$8, respectively, out of their operating budgets to their applicable departmental budgets in other funds for certain projects.
- The Town Manager authorized the use of Manager contingency (a component of contingency reserves), allocating \$24 to several departments to perform work not anticipated in the budget. The Town Council was notified of each allocation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Final budget compared to actual results. Total actual revenues exceeded budgeted revenues by \$1,004 or 3.3%. The most significant differences were as follows:

<u>Revenue Sources</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Charges for services	714	277	(437)
Investment earnings	1,596	1,990	394
	<u>\$ 30,226</u>	<u>\$ 31,230</u>	<u>\$ 1,004</u>

- Charges for services came in 61% below budget. Of this shortfall, \$410 was attributable to Parks & Recreation. The Department had anticipated fee increases that were ultimately not implemented. In addition, an unexpected incident temporarily closed several fields for repairs, reducing routine field rental revenue for several months.
- Investment earnings exceeded budget projections by 25%, driven by higher-than-expected average investment balances as well as stronger investment yields.
- Other variances were immaterial or fell within normal and acceptable budget ranges.

Total actual expenditures were less than appropriations (excluding contingency reserves) by \$1,500 or 5.3%, as follows:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Personnel	\$ 20,140	\$ 18,982	\$ 1,158
Services	5,285	4,814	471
Supplies and equipment	1,984	1,691	293
Other	1,962	1,789	173
Capital outlay	122	693	(571)
Debt service	-	326	(326)
Inter-org charges	(1,302)	(1,604)	302
	<u>\$ 28,191</u>	<u>\$ 26,691</u>	<u>\$ 1,500</u>

- Personnel expenditures were less than budget by 6%. Much of this was due to personnel vacancies and some due to variances between budget assumptions and actual results.
- The differences in capital outlay and debt service were due to newly executed lease and subscription-based information technology agreements. The accounting treatment specified in GASB Statements Nos. 87 and 96 was not anticipated in the budget for these agreements. Rather, the equipment, software licenses, or software support costs were budgeted as departmental operating costs.
- 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 \$2,504. None of the negative line-item budget variances significantly affect future service levels or liquidity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounted to \$189,682 (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.

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 12,927	\$ 12,927	\$ 2,640	\$ 2,640	\$ 15,567	\$ 15,567
Buildings & improvements	29,138	25,240	27,443	28,268	56,581	53,508
Sewer conveyance system	-	-	23,143	14,387	23,143	14,387
Infrastructure	87,298	85,199	-	-	87,298	85,199
Vehicles	3,197	2,426	66	6	3,263	2,432
Equipment and software	1,039	1,123	-	-	1,039	1,123
Intangibles	1,166	1,210	-	30	1,166	1,240
Construction in progress	1,439	2,387	186	2,559	1,625	4,946
Total capital assets	<u>\$136,204</u>	<u>\$130,512</u>	<u>\$ 53,478</u>	<u>\$ 47,890</u>	<u>\$189,682</u>	<u>\$178,402</u>

Total capital assets increased by \$11,280 (6%) during the year, which is the net difference between new capital acquisitions, disposals, depreciation and amortization. Major capital asset activity during the fiscal year included the following:

- Governmental activities recorded the acquisition of \$8,176 in developer-constructed roads and sewer mains. Of this amount, sewer mains valued at \$1,379 were transferred to business-type activities.
- Governmental activities incurred \$1,057 in final expenses to complete the Anamax Park Splashpad Project, bringing the multi-year project's total cost to \$2,478.
- Governmental activities invested \$869 in improvements to the SAMTEC facility. Tenants contributed an additional \$759 in enhancements, resulting in a combined \$1,628 increase to buildings and improvements.
- Governmental activities purchased and equipped 24 vehicles at a total cost of \$1,517.
- Business-type activities spent \$5,302 to complete the Wastewater Treatment Plant Re-rating Project, bringing the multi-year project's total cost to \$7,504.
- Depreciation decreased the Town's capital asset balances by \$7,931 for governmental activities and \$1,329 for business-type activities. Due to the Town's strong pavement management program, the useful lives of many streets were reassessed and extended, resulting in lower depreciation expense compared with prior years.

Additional information on the Town's capital assets can be found in note 5 on pages 51-52 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Long-term debt. At the end of the current fiscal year, the Town had outstanding debt totaling \$52,254. Of this amount, \$31,865 (61%) 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.

LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
	Quail Creek CFD G.O. bonds	\$ 5,125	\$ 5,895	\$ -	\$ -	\$ 5,125
Rancho Sahuarita CFD G.O. bonds	26,740	27,483	-	-	26,740	27,483
Loans payable	5,944	8,269	13,487	10,366	19,431	18,635
Leases	507	655	-	-	507	655
Subscriptions	451	320	-	8	451	328
Total long-term debt	<u>\$ 38,767</u>	<u>\$ 42,622</u>	<u>\$ 13,487</u>	<u>\$ 10,374</u>	<u>\$ 52,254</u>	<u>\$ 52,996</u>

Major debt activity during the year included the following:

- Principal payments reduced the governmental activities and business-type activities debt liabilities by \$4,406 and \$1,628, respectively.
- The governmental activities entered into new leases and subscription-based technology agreements totaling \$550.
- The Wastewater Enterprise Fund received \$4,741 of debt proceeds on its WIFA 2022 System Revenues loan.

State statutes limit the amount of general obligation debt a governmental entity may issue. In 2025, the Town's debt capacity was \$132,093. 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 65-69 of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

The current estimated population of 38,442 is 2.7% larger than last year's revised estimated population of 37,448. The Town uses a growth rate of approximately 2.4% for planning purposes.

The Town's taxable net assessed property valuation for 2025 was \$372,788, an increase of 9.5% over 2024. The total full cash property value increased 9.8% to \$3,782,766.

The Town's budget for fiscal year 2026 totals \$109,788. Expenditures are expected to exceed revenues and other sources by \$13,556, mostly due to planned capital project activity, where previously accumulated resources (e.g., debt proceeds) are being spent on major infrastructure projects and acquisitions. Ending fund balances are expected to be \$41,032 by the end of 2026.

No significant rate or fee adjustments are expected in 2026.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

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 FY2025



Town of Sahuarita, Arizona

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 45,667,997	\$ 7,096,689	\$ 52,764,686
Receivables, net of allowances for doubtful accounts	5,129,058	766,229	5,895,287
Internal balances	4,450,000	(4,450,000)	-
Prepaid items	146,174	-	146,174
Restricted assets	10,742,163	1,222,951	11,965,114
Capital assets:			
Not being depreciated/amortized	14,365,631	2,825,514	17,191,145
Being depreciated/amortized, net	121,837,916	50,652,335	172,490,251
Total capital assets	136,203,547	53,477,849	189,681,396
Total assets	202,338,939	58,113,718	260,452,657
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	102,945	-	102,945
Deferred outflows related to pensions and other postemployment benefits	4,743,650	144,213	4,887,863
Total deferred outflows of resources	4,846,595	144,213	4,990,808
LIABILITIES			
Accrued payroll and benefits	864,531	40,180	904,711
Payables:			
Accounts	2,094,886	795,416	2,890,302
Interest	638,153	172,876	811,029
Deposits	70,800	-	70,800
Unearned revenues	706,536	28,753	735,289
Noncurrent liabilities:			
Due within one year	3,039,872	1,485,922	4,525,794
Due in more than one year	49,178,760	12,842,853	62,021,613
Total noncurrent liabilities	52,218,632	14,328,775	66,547,407
Total liabilities	56,593,538	15,366,000	71,959,538
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	1,045,539	65,782	1,111,321
Deferred inflows related to leases	2,230,607	-	2,230,607
Total deferred inflows of resources	3,276,146	65,782	3,341,928
NET POSITION			
Net investment in capital assets	104,552,349	39,913,522	144,465,871
Restricted for:			
Postemployment benefits	638,298	33,889	672,187
Transportation	221,330	-	221,330
Municipal Court	69,707	-	69,707
Law enforcement	450,193	-	450,193
Environmental, post-remediation care	639,728	-	639,728
CFD operations and maintenance	102,473	-	102,473
Debt service	215,142	1,095,000	1,310,142
Unrestricted	40,426,630	1,783,738	42,210,368
Total net position	\$ 147,315,850	\$ 42,826,149	\$ 190,141,999

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, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions & Restricted Interest	Capital Grants, Contributions & Restricted Interest	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 9,578,667	\$ 563,844	\$ 125,145	\$ 1,523,254	\$ (7,366,424)		\$ (7,366,424)
Public safety	16,395,409	2,551,019	1,308,626	-	(12,535,764)		(12,535,764)
Culture and recreation	5,463,145	274,621	35,600	-	(5,152,924)		(5,152,924)
Highways and streets	9,355,946	81,098	3,167,613	358,488	(5,748,747)		(5,748,747)
Interest and amortization on long-term debt	1,507,073	-	-	-	(1,507,073)		(1,507,073)
Total governmental activities	42,300,240	3,470,582	4,636,984	1,881,742	(32,310,932)		(32,310,932)
Business-type activities:							
Solid waste	80,195	-	-	-		\$ (80,195)	(80,195)
Sewer	4,218,905	5,392,585	-	160,000		1,333,680	1,333,680
Total business-type activities	4,299,100	5,392,585	-	160,000		1,253,485	1,253,485
Total primary government	\$ 46,599,340	\$8,863,167	\$ 4,636,984	\$ 2,041,742	(32,310,932)	1,253,485	(31,057,447)
General revenues:							
Property taxes					2,343,488	-	2,343,488
Sales taxes					16,849,896	-	16,849,896
Other taxes					705,009	-	705,009
Share of state income tax					7,733,937	-	7,733,937
Share of state sales tax					5,590,336	-	5,590,336
Share of state vehicle license tax					1,901,140	-	1,901,140
Grants and contributions not restricted to specific programs					1,245,898	55,180	1,301,078
Unrestricted investment earnings					2,244,236	291,155	2,535,391
Miscellaneous					230,520	85,204	315,724
Transfers					(1,379,416)	1,379,416	-
Net general revenues					37,465,044	1,810,955	39,275,999
Change in net position					5,154,112	3,064,440	8,218,552
Net position at beginning of year					142,161,738	39,761,709	181,923,447
Net position at end of year					\$ 147,315,850	\$ 42,826,149	\$ 190,141,999

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

Town of Sahuarita, Arizona

Balance Sheet Governmental Funds June 30, 2025

	General Fund	Transportation Fund	GARS Fund	Rancho Sahuarita CFD Fund	Capital Infrastructure Improvement Fund	Nonmajor Fund— Quail Creek CFD Fund	Total Governmental Funds
Assets							
Cash and investments	\$ 38,229,665	\$ 2,460,595	\$ 1,562,507	\$ 109,349	\$ 3,302,972	\$ 2,909	\$ 45,667,997
Receivables, net of allowances for doubtful accounts	2,035,910	421,625	2,557,963	85,833	-	27,727	5,129,058
Prepaid items	146,174	-	-	-	-	-	146,174
Restricted assets	-	-	527,153	8,596,230	-	980,482	10,103,865
Advances to other funds	6,504,026	-	-	-	-	-	6,504,026
Total assets	<u>\$46,915,775</u>	<u>\$ 2,882,220</u>	<u>\$4,647,623</u>	<u>\$ 8,791,412</u>	<u>\$ 3,302,972</u>	<u>\$ 1,011,118</u>	<u>\$ 67,551,120</u>
Liabilities							
Accrued payroll and benefits	\$ 822,015	\$ 36,570	\$ -	\$ -	\$ 5,946	\$ -	\$ 864,531
Payables:							
Accounts	773,489	935,104	16,043	4,849	359,391	6,010	2,094,886
Bonds	-	-	-	771,000	-	795,000	1,566,000
Interest	-	-	-	559,572	-	78,581	638,153
Deposits	600	-	70,200	-	-	-	70,800
Unearned revenues	65,868	-	633,112	7,556	-	-	706,536
Advances from other funds	-	-	2,054,026	-	-	-	2,054,026
Total liabilities	<u>1,661,972</u>	<u>971,674</u>	<u>2,773,381</u>	<u>1,342,977</u>	<u>365,337</u>	<u>879,591</u>	<u>7,994,932</u>
Deferred inflows of resources							
Related to leases	29,733	-	2,200,874	-	-	-	2,230,607
Unavailable revenues	16,223	40,426	51,071	2,933	-	2,943	113,596
Total deferred inflows of resources	<u>45,956</u>	<u>40,426</u>	<u>2,251,945</u>	<u>2,933</u>	<u>-</u>	<u>2,943</u>	<u>2,344,203</u>
Fund balances							
Nonspendable:							
Prepaid items	146,174	-	-	-	-	-	146,174
Advance to other funds	6,504,026	-	-	-	-	-	6,504,026
Restricted for:							
Transportation	-	180,904	-	-	-	-	180,904
Municipal Court	-	-	69,707	-	-	-	69,707
Law enforcement	-	-	399,122	-	-	-	399,122
Environmental, post-remediation care	-	-	639,728	-	-	-	639,728
CFD operations and maintenance	-	-	-	101,928	-	-	101,928
Debt service	-	-	-	81,227	-	128,584	209,811
Capital acquisition	-	-	-	7,262,347	-	-	7,262,347
Committed to stabilization reserves	6,000,000	-	-	-	-	-	6,000,000
Assigned to:							
Streets	-	1,689,216	-	-	-	-	1,689,216
Capital projects	-	-	-	-	2,937,635	-	2,937,635
Unassigned	32,557,647	-	(1,486,260)	-	-	-	31,071,387
Total fund balances	<u>45,207,847</u>	<u>1,870,120</u>	<u>(377,703)</u>	<u>7,445,502</u>	<u>2,937,635</u>	<u>128,584</u>	<u>57,211,985</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$46,915,775</u>	<u>\$ 2,882,220</u>	<u>\$4,647,623</u>	<u>\$ 8,791,412</u>	<u>\$ 3,302,972</u>	<u>\$ 1,011,118</u>	<u>\$ 67,551,120</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, 2025

Total fund balances—governmental funds \$ 57,211,985

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

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

Land	12,926,812	
Construction in progress	1,438,819	
Buildings and improvements	39,297,344	
Infrastructure	211,600,346	
Vehicles	6,509,430	
Equipment and software	4,574,699	
Intangibles	2,792,391	
Accumulated depreciation/amortization	<u>(142,936,294)</u>	
Total		136,203,547

Net postemployment benefits assets held in trust for future benefits are not available for Town operations and are not reported in the funds. 638,298

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.

Deferred outflows of resources related to pensions and OPEB	4,743,650
Deferred inflows of resources related to pensions and OPEB	(1,045,539)

Some receivables are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds. 113,596

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

Deferred charge on debt refundings	102,945	
Bonds payable	(30,299,000)	
Loans payable	(5,944,000)	
Unamortized discount on long-term debt	18,898	
Leases and subscriptions payable	(957,351)	
Net pension and OPEB liabilities	(11,130,584)	
Compensated absences	<u>(2,340,595)</u>	
Total		<u>(50,549,687)</u>

Net position of governmental activities \$ 147,315,850

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, 2025

	General Fund	Transportation Fund	GARS Fund	Rancho Sahuarita CFD Fund	Capital Infrastructure Improvement Fund	Nonmajor Fund— Quail Creek CFD Fund	Total Governmental Funds
Revenues							
Taxes	\$10,779,820	\$ 1,243,287	\$ -	\$ 1,211,443	\$ 5,531,798	\$1,128,966	\$ 19,895,314
Licenses and permits	2,568,204	-	-	-	1,200	-	2,569,404
Intergovernmental	15,225,428	3,091,012	1,563,118	-	1,551,817	-	21,431,375
Charges for services	276,938	-	83,498	-	-	-	360,436
Fines and forfeitures	186,141	-	4,546	-	-	-	190,687
Investment earnings	1,990,083	76,601	131,914	733,745	254,153	22,829	3,209,325
Miscellaneous	203,741	25,079	129,573	30,786	65,918	-	455,097
Total revenues	<u>31,230,355</u>	<u>4,435,979</u>	<u>1,912,649</u>	<u>1,975,974</u>	<u>7,404,886</u>	<u>1,151,795</u>	<u>48,111,638</u>
Expenditures							
Current:							
General government	8,110,512	-	74,123	9,573	-	10,000	8,204,208
Public safety	13,457,425	-	1,023,310	-	-	-	14,480,735
Culture and recreation	4,104,114	-	35,600	-	-	103,797	4,243,511
Highways and streets	-	4,150,820	77,560	33,050	-	26,311	4,287,741
Capital outlay	692,860	106,632	186,660	8,176,743	6,064,780	-	15,227,675
Debt service:							
Principal	305,799	-	-	771,000	2,586,720	795,000	4,458,519
Interest	20,372	-	-	1,119,145	151,152	157,163	1,447,832
Fiscal charges	-	-	-	5,850	2,690	4,820	13,360
Total expenditures	<u>26,691,082</u>	<u>4,257,452</u>	<u>1,397,253</u>	<u>10,115,361</u>	<u>8,805,342</u>	<u>1,097,091</u>	<u>52,363,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,539,273</u>	<u>178,527</u>	<u>515,396</u>	<u>(8,139,387)</u>	<u>(1,400,456)</u>	<u>54,704</u>	<u>(4,251,943)</u>
Other financing sources (uses)							
Lease agreements	177,925	-	-	-	-	-	177,925
Subscription-based information technology arrangements	372,032	-	-	-	-	-	372,032
Proceeds on asset sales	-	-	-	-	15,496	-	15,496
Transfers in	868,202	200,000	-	-	868,202	-	1,936,404
Transfers out	(1,068,202)	-	(868,202)	-	-	-	(1,936,404)
Total other financing sources (uses)	<u>349,957</u>	<u>200,000</u>	<u>(868,202)</u>	<u>-</u>	<u>883,698</u>	<u>-</u>	<u>565,453</u>
Net change in fund balances	4,889,230	378,527	(352,806)	(8,139,387)	(516,758)	54,704	(3,686,490)
Fund balance at beginning of year	40,318,617	1,491,593	(24,897)	15,584,889	3,454,393	73,880	60,898,475
Fund balance at end of year	<u>\$45,207,847</u>	<u>\$ 1,870,120</u>	<u>\$ (377,703)</u>	<u>\$ 7,445,502</u>	<u>\$ 2,937,635</u>	<u>\$ 128,584</u>	<u>\$ 57,211,985</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, 2025

Net change in fund balances—governmental funds		\$ (3,686,490)
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	\$ 14,260,256	
Depreciation/amortization expense	<u>(7,930,753)</u>	
Excess of depreciation/amortization expense over capitalized expenditures		6,329,503
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.		
		758,723
Some capital assets of the governmental activities were transferred to the business-type activities during the year. This activity is not reported in governmental funds.		
		(1,379,416)
Some revenues reported in the statement of activities do not represent the collection of current financial resources and are not reported as revenues in the governmental funds. Conversely, some revenues reported in the governmental funds are collections of current financial resources that relate to other periods and are not reported as revenues in the statement of activities. These revenues consist of:		
Increase (Decrease) in unavailable deferred inflows of resources		(56,171)
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		1,946,023
Town proportionate share of State's appropriation to EORP		4,082
Pension/OPEB expense		(2,958,019)
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.		
Leases incurred	\$ (177,925)	
Subscription-based information technology arrangements incurred	(372,032)	
Principal repaid	4,458,520	
Net amortization of discounts, premiums, and deferred amounts	<u>(45,882)</u>	
Net effect of long-term debt and related items		3,862,681
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		(17,659)
(Increase) Decrease in compensated absences		<u>350,855</u>
Change in net position of governmental activities		<u><u>\$ 5,154,112</u></u>

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

Town of Sahuarita, Arizona

Statement of Net Position

Proprietary Funds

June 30, 2025

	Solid Waste Enterprise Fund	Wastewater Enterprise Fund	Total Enterprise Funds
Assets			
Current:			
Cash and cash equivalents	\$ 1,977,823	\$ 5,118,866	\$ 7,096,689
Accounts receivable (net of allowance for doubtful accounts of \$158,919)	-	766,229	766,229
Restricted cash and cash equivalents	-	1,189,062	1,189,062
Total current assets	<u>1,977,823</u>	<u>7,074,157</u>	<u>9,051,980</u>
Noncurrent assets:			
Net other postemployment benefits asset	-	33,889	33,889
Capital assets:			
Land	-	2,640,000	2,640,000
Construction in progress	-	185,514	185,514
Plant and buildings	-	39,935,417	39,935,417
Sewage conveyance system	-	28,089,670	28,089,670
Vehicles and equipment	38,571	374,486	413,057
Accumulated depreciation and amortization	-	(17,785,809)	(17,785,809)
Capital assets, net of accumulated depreciation	<u>38,571</u>	<u>53,439,278</u>	<u>53,477,849</u>
Total noncurrent assets	<u>38,571</u>	<u>53,473,167</u>	<u>53,511,738</u>
Total assets	<u>2,016,394</u>	<u>60,547,324</u>	<u>62,563,718</u>
Deferred outflows of resources			
Deferred outflows related to pensions and other postemployment benefits			
Total deferred outflows of resources	<u>3,712</u>	<u>140,501</u>	<u>144,213</u>
Total deferred outflows of resources	<u>3,712</u>	<u>140,501</u>	<u>144,213</u>
Liabilities			
Current:			
Accrued payroll and benefits	5,432	34,748	40,180
Accounts payable	2,133	793,283	795,416
Unearned revenue	-	28,753	28,753
Interest payable	-	172,876	172,876
Loans payable-current	-	1,485,922	1,485,922
Total current liabilities	<u>7,565</u>	<u>2,515,582</u>	<u>2,523,147</u>
Noncurrent liabilities:			
Accrued compensated absences	8,201	46,217	54,418
Advances from other funds	2,050,000	2,400,000	4,450,000
Net pension and other postemployment benefits liability	-	787,416	787,416
Loans payable	-	12,001,019	12,001,019
Total noncurrent liabilities	<u>2,058,201</u>	<u>15,234,652</u>	<u>17,292,853</u>
Total liabilities	<u>2,065,766</u>	<u>17,750,234</u>	<u>19,816,000</u>
Deferred inflows of resources			
Deferred inflows related to pensions and other postemployment benefits			
Total deferred inflows of resources	<u>-</u>	<u>65,782</u>	<u>65,782</u>
Total deferred inflows of resources	<u>-</u>	<u>65,782</u>	<u>65,782</u>
Net position			
Net investment in capital assets	38,571	39,874,951	39,913,522
Restricted for:			
Debt service	-	1,095,000	1,095,000
Other postemployment benefits	-	33,889	33,889
Unrestricted	(84,231)	1,867,969	1,783,738
Total net position	<u>\$ (45,660)</u>	<u>\$ 42,871,809</u>	<u>\$ 42,826,149</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 Funds For the Fiscal Year Ended June 30, 2025

	Solid Waste Enterprise Fund	Wastewater Enterprise Fund	Total Enterprise Funds
Operating revenues			
Charges for services	\$ -	\$ 4,645,357	\$ 4,645,357
Other	-	96,886	96,886
Total operating revenues	-	4,742,243	4,742,243
Operating expenses			
Personnel services	48,767	906,198	954,965
Operating supplies and services	2,061	851,032	853,093
Utilities	-	257,347	257,347
General and administrative	7,968	500,378	508,346
Depreciation and amortization	-	1,328,763	1,328,763
Total operating expenses	58,796	3,843,718	3,902,514
Operating income	(58,796)	898,525	839,729
Nonoperating revenues (expenses)			
Sewer connection fees	-	650,342	650,342
Intergovernmental revenues	-	55,180	55,180
Investment earnings	34,535	256,620	291,155
Miscellaneous revenue	-	85,204	85,204
Interest expense	(21,399)	(375,187)	(396,586)
Total nonoperating revenues (expenses)	13,136	672,159	685,295
Net income (loss) before contributions	(45,660)	1,570,684	1,525,024
Capital contributions	-	1,539,416	1,539,416
Change in net position	(45,660)	3,110,100	3,064,440
Net position at beginning of year	-	39,761,709	39,761,709
Net position at end of year	\$ (45,660)	\$ 42,871,809	\$ 42,826,149

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

Town of Sahuarita, Arizona

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2025

	Solid Waste Enterprise Fund	Wastewater Enterprise Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers	\$ -	\$ 4,643,573	\$ 4,643,573
Receipts from interfund charges	-	27,770	27,770
Payments to suppliers and service providers	(403)	(744,547)	(744,950)
Payments for employee wages and benefits	(38,371)	(941,765)	(980,136)
Payments to other funds for central support charges	(7,968)	(475,447)	(483,415)
Miscellaneous receipts	-	67,944	67,944
Net cash provided by (used for) operating activities	(46,742)	2,577,528	2,530,786
Cash Flows From Noncapital Financing Activities			
Interfund advance	2,050,000	-	2,050,000
Interest payment on interfund advance	(21,399)	(76,800)	(98,199)
Net cash provided by (used for) noncapital financing activities	2,028,601	(76,800)	1,951,801
Cash Flows From Capital and Related Financing Activities			
Sewer connection fees	-	650,342	650,342
Debt proceeds	-	4,740,616	4,740,616
Capital grants	-	574,484	574,484
Acquisition and construction of capital assets	(38,571)	(6,266,523)	(6,305,094)
Principal paid on capital debt	-	(1,456,666)	(1,456,666)
Interest paid on capital debt	-	(251,948)	(251,948)
Net cash used for capital and related financing activities	(38,571)	(2,009,695)	(2,048,266)
Cash Flows From Investing Activities			
Interest on investments	34,535	256,620	291,155
Net cash provided by investing activities	34,535	256,620	291,155
Net change in cash and cash equivalents	1,977,823	747,653	2,725,476
Cash and cash equivalents at beginning of year	-	5,560,275	5,560,275
Cash and cash equivalents at end of year	\$ 1,977,823	\$ 6,307,928	\$ 8,285,751
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (58,796)	\$ 898,525	\$ 839,729
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Miscellaneous revenue	-	85,204	85,204
Depreciation and amortization	-	1,328,763	1,328,763
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable	-	(69,631)	(69,631)
Prepaid items related to operations	-	11,637	11,637
Net other postemployment benefit (OPEB) asset	-	(4,008)	(4,008)
Deferred outflows related to pensions and OPEB	(3,712)	(37,547)	(41,259)
Accrued payroll and benefits	5,907	7,576	13,483
Accounts payable related to operations	1,658	377,126	378,784
Accrued compensated absences	8,201	(36,958)	(28,757)
Unearned revenues	-	(18,529)	(18,529)
Net pension and OPEB liability	-	15,337	15,337
Deferred inflows related to pensions	-	20,033	20,033
Net cash provided by (used for) operating activities	\$ (46,742)	\$ 2,577,528	\$ 2,530,786
NONCASH ITEMS			
Infrastructure contributions	\$ -	\$ 1,379,416	\$ 1,379,416
Capital acquisition and construction made on account	-	77,386	77,386

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, 2025

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).

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.

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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 *Transportation Fund—Special Revenue Fund* accounts for the Town's share of the State's motor fuel tax and other revenues assigned for use of the Town's streets and roadways.

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 funds:

The *Wastewater Enterprise Fund* accounts for the operations, maintenance, and capital improvements of the Town's wastewater collection, treatment, disposal system, and water reclamation.

The *Solid Waste Enterprise Fund* accounts for the activities related to the collection, disposal, and recycling of solid waste within the Town.

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.

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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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 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, 2025, the Town had 12,180.06 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.

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 cost equal to or exceeding a capitalization threshold (see below) and an estimated useful life of a year or more. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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 tangible assets is provided on a straight-line basis over the following estimated useful lives. Land is not depreciated.

	Capitalization <u>threshold</u>	Estimated <u>useful life</u>
Land	\$10,000	n/a
Building and improvements	\$10,000	10 to 50 years
Infrastructure	\$10,000	16 to 50 years
Sewage conveyance system	\$10,000	50 years
Vehicles	\$10,000	3 to 20 years
Equipment and software	\$10,000	4 to 15 years
Intangibles:		
Right-to-use lease assets—vehicles	\$100,000	5 to 6 years
Right-to-use lease assets—equipment	\$100,000	5 years
Right-to-use subscription assets	\$100,000	2 to 5 years

Capitalization Threshold Change—Effective for fiscal year 2025, the Town increased its capitalization threshold from \$5,000 to \$10,000 for tangible capital assets and \$100,000 for intangibles. This change was made to better align with industry standards and to improve administrative efficiency. As a result, assets with an individual costs less than these amounts are expensed rather than capitalized. This change is applied prospectively and does not affect previously reported capital assets.

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. Generally, for governmental activities, net pension and OPEB liabilities are liquidated by the General Fund.

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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.

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 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, Transportation 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 24, 2024, the Town Council adopted Resolution No. 2024-0793 to maintain a \$6 million stabilization reserve in the General Fund. 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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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.

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 \$100,000 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 \$100,000 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.

Lease Threshold Change—Effective for fiscal year 2025, the Town increased its threshold for lease reporting from to \$100,000. This change was made to better align with industry standards and to improve administrative efficiency. This change is applied prospectively and does not affect previously reported leases.

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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

- 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.

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, 2025, the carrying amount of the Town's cash in bank was \$1,286,818 and the bank balance was \$1,204,137. 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 \$62,762,641 at June 30, 2025. 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	\$ 1,587,495	\$ -	\$ -	\$ 1,587,495
Corporate bonds	1,772,123	-	-	1,772,123
Municipal bonds	1,338,652	-	-	1,338,652
U.S. agency bonds	759,724	-	-	759,724
Total investments by fair value level	<u>\$ 5,457,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,457,994</u>

The Town also had investments of \$43,700,256 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 \$13,568,391 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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

Lower of Standard & Poor's (S&P) and Moody's composit rating:

Investment type:	Rating	Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	S&P	\$21,315,555
Corporate bonds	A+	S&P	250,233
Corporate bonds	A	S&P	951,033
Corporate bonds	A-	S&P	472,403
Corporate bonds	N/A	S&P	98,454
Municipal bonds	AA+	S&P	167,685
Municipal bonds	AA-	S&P	50,920
Municipal bonds	N/A	S&P	1,120,047
U.S. agency bonds	AA+	S&P	759,724

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, 2025.

	Maturities (in Months)				Amount	%
	< 6	6 to < 12	12 to < 18	18 to < 24		
Deposits:						
Cash on hand	\$ 4,087	\$ -	\$ -	\$ -	\$ 4,087	0.0%
Cash in bank	1,286,818	-	-	-	1,286,818	2.0%
Cash held by fiduciary	40,067	-	-	-	40,067	0.1%
Investments:						
Government money market fund	13,568,391	-	-	-	13,568,391	21.2%
State Treasurer's investment pool 5	21,315,555	-	-	-	21,315,555	33.3%
State Treasurer's investment pool 500	-	22,099,042	-	-	22,099,042	34.5%
State Treasurer's investment pool 700	285,659	-	-	-	285,659	0.4%
Negotiable certificates of deposit	848,257	246,458	-	492,780	1,587,495	2.5%
Corporate bonds	803,751	220,463	453,484	294,425	1,772,123	2.8%
Municipal bonds	250,705	279,118	808,829	-	1,338,652	2.1%
U.S. agency bonds	-	759,724	-	-	759,724	1.2%
Total composite portfolio	\$ 38,403,290	\$ 23,604,805	\$ 1,262,313	\$ 787,205	64,057,613	100.1%
Less: Restricted cash and investments					(11,292,927)	
Total non-restricted cash and investments					\$ 52,764,686	

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 3—RESTRICTED ASSETS

At June 30, 2025, restricted assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deposits:			
Amounts held by fiduciary	\$ 40,067	\$ -	\$ 40,067
Amount held in joint custodial account	487,086	-	487,086
Investments:			
Government money market fund	9,576,712	1,189,062	10,765,774
Total restricted cash and investments	10,103,865	1,189,062	11,292,927
Pension and other postemployment benefits asset	638,298	33,889	672,187
Total restricted assets	<u>\$ 10,742,163</u>	<u>\$ 1,222,951</u>	<u>\$ 11,965,114</u>

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:	\$ 980,482
Rancho Sahuarita CFD general obligation bonds, debt service:	1,333,883
Rancho Sahuarita CFD unspent bond proceeds, capital acquisition:	<u>7,262,347</u>
Total for governmental activities	\$ 9,576,712
Wastewater (BTA) system revenues obligations, debt service:	<u>1,189,062</u>
Total government money market funds	<u>\$10,765,774</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:

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>GARS Funds</u>	<u>RSCFD Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Taxes	\$ 1,620,727	\$ 82,713	\$ -	\$ 85,833	\$ 27,727	\$ 1,817,000
Intergovernmental	363,788	298,486	193,484	-	-	855,758
Accounts	18,854	40,426	14,102	-	-	73,382
Leases	32,541	-	2,350,377	-	-	2,382,918
Total receivables	<u>\$ 2,035,910</u>	<u>\$ 421,625</u>	<u>\$ 2,557,963</u>	<u>\$ 85,833</u>	<u>\$ 27,727</u>	<u>\$ 5,129,058</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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 initial terms of 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 one year, with an option to extend 5 years.

The Town recognized \$285,230 in lease revenue and \$91,749 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, 2025, the balance of the deferred inflow of resources was \$2,230,607.

NOTE 5—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, follows:

Governmental Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 12,926,812	\$ -	\$ -	\$ 12,926,812
Construction in progress	2,386,995	3,905,826	(4,854,002)	1,438,819
Total	15,313,807	3,905,826	(4,854,002)	14,365,631
Capital assets being depreciated/amortized:				
Buildings and improvements	34,465,964	4,831,380		39,297,344
Infrastructure	203,977,418	9,002,344	(1,379,416)	211,600,346
Vehicles	5,179,560	1,371,948	(42,078)	6,509,430
Equipment and software	4,363,173	211,526		4,574,699
Intangibles:				
Right-to-use lease assets, vehicles	1,719,741		(175,748)	1,543,993
Right-to-use lease assets, equipment	188,027	177,925	(26,350)	339,602
Right-to-use subscription assets	606,178	372,032	(69,414)	908,796
Total	250,500,061	15,967,155	(1,693,006)	264,774,210
Less accumulated depreciation/amortization for:				
Buildings and improvements	(9,225,801)	(932,824)		(10,158,625)
Infrastructure	(118,778,334)	(5,524,244)		(124,302,578)
Vehicles	(2,754,458)	(599,385)	42,078	(3,311,765)
Equipment and software	(3,239,843)	(296,481)		(3,536,324)
Intangibles:				
Right-to-use lease assets, vehicles	(987,178)	(284,305)	161,857	(1,109,626)
Right-to-use lease assets, equipment	(71,325)	(59,586)	26,350	(104,561)
Right-to-use subscription assets	(244,533)	(233,928)	65,646	(412,815)
Total	(135,301,472)	(7,930,753)	295,931	(142,936,294)
Total capital assets being depreciated/amortized, net	115,198,589	8,036,402	(1,397,075)	121,837,916
Governmental activities capital assets, net	\$ 130,512,396	\$11,942,228	\$(6,251,077)	\$136,203,547

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

Business-type Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ -	\$ 2,640,000
Construction in progress	2,559,257	5,472,438	(7,846,181)	185,514
Total capital assets not being depreciated	<u>5,199,257</u>	<u>5,472,438</u>	<u>(7,846,181)</u>	<u>2,825,514</u>
Capital assets being depreciated:				
Buildings and improvements	39,935,417		-	39,935,417
Sewer conveyance system	18,864,073	9,225,597	-	28,089,670
Vehicles	323,129	64,971	-	388,100
Equipment and software	24,957	-	-	24,957
Intangibles: Right-to-use subscription assets	39,352	-	(39,352)	-
Total capital assets being depreciated	<u>59,186,928</u>	<u>9,290,568</u>	<u>(39,352)</u>	<u>68,438,144</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,668,069)	(824,399)	-	(12,492,468)
Sewer conveyance system	(4,476,691)	(469,539)	-	(4,946,230)
Vehicles	(316,843)	(5,311)	-	(322,154)
Equipment and software	(24,957)	-	-	(24,957)
Intangibles: Right-to-use subscription assets	(9,838)	(29,514)	39,352	-
Total accumulated depreciation	<u>(16,496,398)</u>	<u>(1,328,763)</u>	<u>39,352</u>	<u>(17,785,809)</u>
Total capital assets being depreciated, net	<u>42,690,530</u>	<u>7,961,805</u>	<u>-</u>	<u>50,652,335</u>
Business-type activities capital assets, net	<u>\$ 47,889,787</u>	<u>\$13,434,243</u>	<u>\$(7,846,181)</u>	<u>\$ 53,477,849</u>

Depreciation/Amortization expense was charged to functions as follows:

Governmental activities:

General government	\$ 820,341
Public safety	998,362
Culture and recreation	1,161,814
Highways and streets	4,950,236
Total governmental activities depreciation	<u>\$ 7,930,753</u>

Business-type activities:

Sewer	\$ 1,328,763
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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, 2025, 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	\$ 638,298	\$ 33,889	\$ 672,187
Net pension and OPEB liability	11,130,584	787,416	11,918,000
Deferred outflows of resources related to pensions and OPEB	4,743,650	144,213	4,887,863
Deferred inflows of resources related to pensions and OPEB	1,045,539	65,782	1,111,321
Pension and OPEB expense	3,213,873	75,158	3,289,031

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

The Town's accrued payroll and employee benefits include \$90,426 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2025. Also, the Town reported \$2,193,157 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:

	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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27 percent (12.12 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 12.27 percent (12.05 percent for retirement, 0.07 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 10.19 percent (10.14 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, 2025 were \$1,081,491, \$6,274 and \$13,390, respectively.

During fiscal year 2025, the Town paid for ASRS pension and OPEB contributions as follows: 84 percent from the General Fund and 16 percent from other major funds.

Liability—At June 30, 2025, 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	\$ 9,831,325
Health insurance premium benefit	(379,576)
Long-term disability	1,621

The net asset and net liabilities were measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The Town's proportions measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

	Proportion June 30, 2024	Increase (decrease) from June 30, 2023
Pension	0.06144%	0.00201%
Health insurance premium benefit	0.06282%	0.00258%
Long-term disability	0.06218%	0.00243%

Expense—For the year ended June 30, 2025, the Town recognized the following pension and OPEB expense:

	Pension/OPEB expense
Pension	\$ 1,033,219
Health insurance premium benefit	(56,858)
Long-term disability	6,665

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

Deferred outflows/inflows of resources—At June 30, 2025, 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	\$ 548,775	\$ -	\$ 10,984	\$ 91,653	\$ 5,960	\$ 4,317
Changes in assumptions or other inputs	-	-	-	3,937	1,173	9,704
Net difference between projected and actual earnings on plan investments	-	627,838	-	26,092	-	1,770
Changes in proportion and differences between Town contributions and proportionate share of contributions	261,196	-	952	9,928	1,297	657
Town contributions subsequent to the measurement date	1,081,520	-	6,274	-	13,390	-
Total	\$ 1,891,491	\$ 627,838	\$ 18,210	\$ 131,610	\$ 21,820	\$ 16,448

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, 2026. 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
2026	\$ (126,412)	\$ (72,419)	\$ (2,595)
2027	582,687	(18,165)	(150)
2028	(158,926)	(18,258)	(2,544)
2029	(115,216)	(8,899)	(2,512)
2030	-	(1,933)	(1,006)
Thereafter	-	-	789

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

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
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, 2023, 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:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	(0.45)%
Total	<u>100%</u>	

Discount rate— At June 30, 2024, 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.

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	\$ 15,053,769	\$ 9,831,325	\$ 5,478,874
Net insurance premium benefit liability (asset)	(275,949)	(379,576)	(467,680)
Net long-term disability liability	5,577	1,621	(2,271)

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) or the Elected Officials Defined Contribution Retirement System (EODCRS). 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:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

	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
<u>Benefit percent</u>		
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%.

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, 2025, 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 70.44 percent of all active EORP members' annual covered payroll. Also, statute required the Town to contribute 46.62 percent to EORP of the annual covered payroll of elected officials who were EODCRS members, in addition to the Town's required contributions to EODCRS for these elected officials.

During fiscal year 2025, the Town's contributions to the EORP pension plan were \$44,909 paid entirely from the General Fund.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

Liability—At June 30, 2025, 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	\$620,143
State's proportionate share of the EORP net pension liability associated with the Town	<u>265,351</u>
Total	<u>\$885,494</u>

The Town also reported an asset of \$50,908 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2024, 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, 2024. 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, 2024. The Town's proportion measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

	Proportion June 30, 2024	Increase (decrease) from June 30, 2023
Pension	0.103816%	0.05608%
Health insurance premium benefit	0.338329%	-0.00314%

Expense—For the year ended June 30, 2025, the Town recognized pension and OPEB expense for EORP of \$364,650 and -\$2,576, respectively, and revenue of \$4,082 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, 2025, 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	\$ -	\$ -	\$ -	\$ 151
Changes in assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	6,538	-	1,208
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-	-	311
Town contributions subsequent to the measurement date	<u>44,909</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 44,909</u>	<u>\$ 6,538</u>	<u>\$ -</u>	<u>\$ 1,670</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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, 2026. 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
2026	\$ (6,012)	\$ (1,914)
2027	4,949	1,444
2028	(3,028)	(670)
2029	(2,447)	(530)
2030	-	-
Thereafter	-	-

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

Actuarial valuation date	June 30, 2024
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, 2024 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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash – Mellon	2%	0.89%
Total	<u>100%</u>	

Discount rates—At June 30, 2024, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.2 percent. 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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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	\$ 721,058	\$ 620,143	\$ 53,347
Town's proportionate share of the net OPEB (asset)	(47,372)	(50,908)	(54,002)

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

EODCRS plan—Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the Town's financial statements.

For the year ended June 30, 2025, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the Town was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the Town's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2025, the County recognized pension expense of \$2,492.

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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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:

	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, 2025, 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	14	14
Inactive employees entitled to but not yet receiving benefits	7	2
Active employees	29	29
Total	<u>50</u>	<u>45</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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, 2025, 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	7.65%%	17.21%	0.00%

The Town's contributions to the plans for the year ended June 30, 2025, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
Police	\$881,374	\$-

During fiscal year 2025, 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, 2025, the Town reported the following assets and liabilities.

	<u>Net pension (asset) liability</u>	<u>Net OPEB (asset) liability</u>
Police	\$1,464,911	(\$241,703)

The net assets and net liabilities were measured as of June 30, 2024, 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, 2024
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, 2024 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 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:

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash – Mellon	2%	0.89%
Total	<u>100%</u>	

Discount rate—At June 30, 2024, 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:

	<u>Pension</u>			<u>Health insurance premium benefit</u>		
	<u>Total pension liability</u>	<u>Plan fiduciary net position</u>	<u>Net pension (asset) liability</u>	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net pension (asset) liability</u>
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balance at June 30, 2024	\$ 22,930,719	\$ 21,709,796	\$ 1,220,923	\$ 316,468	\$ 510,362	\$ (193,894)
Adjustment to beginning of year	-	-	-	-	-	-
Changes for the year:						
Service cost	849,532	-	849,532	11,071	-	11,071
Interest on the total liability	1,680,605	-	1,680,605	23,322	-	23,322
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement	784,022	-	784,022	(31,423)	-	(31,423)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions-employer	-	578,661	(578,661)	-	-	-
Contributions-employee	-	285,490	(285,490)	-	-	-
Net investment income	-	2,221,224	(2,221,224)	-	51,092	(51,092)
Benefit payments, including refunds of employee contributions	(877,023)	(877,023)	-	(7,247)	(7,247)	-
Administrative expenses	-	(15,204)	15,204	-	(313)	313
Other (net transfer)	-	-	-	-	-	-
Net changes	<u>2,437,136</u>	<u>2,193,148</u>	<u>243,988</u>	<u>(4,277)</u>	<u>43,532</u>	<u>(47,809)</u>
Balance at June 30, 2025	<u>\$ 25,367,855</u>	<u>\$ 23,902,944</u>	<u>\$ 1,464,911</u>	<u>\$ 312,191</u>	<u>\$ 553,894</u>	<u>\$ (241,703)</u>

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:

<u>Police</u>	<u>1% Decrease (6.20%)</u>	<u>Current discount rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net pension (asset) liability	\$ 5,401,636	\$ 1,464,911	\$ (1,711,018)
Net OPEB (asset) liability	(201,106)	(241,703)	(275,594)

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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, 2025, the Town recognized the following pension and OPEB expense:

	Net pension expense	Net OPEB expense
Police	\$1,817,415	(\$39,174)

Deferred outflows/inflows of resources—At June 30, 2025, 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	\$ 1,825,917	\$ 43,491	\$ 7,095	\$ 99,279
Changes of assumptions or other inputs	188,058	-	8,989	151
Net difference between projected and actual earnings on plan investments	-	178,070	-	6,226
Town contributions subsequent to the measurement date	881,374	-	-	-
Total	\$ 2,895,349	\$ 221,561	\$ 16,084	\$ 105,656

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
2026	\$ 339,169	\$ (31,014)
2027	848,330	(14,708)
2028	376,736	(16,579)
2029	228,179	(15,696)
2030	-	(7,086)
Thereafter	-	(4,489)

PSPDCRP plan—Town police employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2025, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the Town was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the Town's contributions each year as set forth in statute. The plan retains nonvested Town contributions when forfeited because of employment terminations. For the year ended June 30, 2025, the Town recognized pension expense of \$163,198.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 7—LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due within 1 year</u>
Direct borrowings and direct placements of debt					
Rancho Sahuarita CFD GO bonds	\$ 27,483,000	\$ -	\$ (743,000)	\$ 26,740,000	\$ 771,000
Loans payable	8,269,000	-	(2,325,000)	5,944,000	1,112,000
Leases payable	654,658	177,925	(325,783)	506,800	206,193
Subscriptions liability	320,256	372,032	(241,737)	450,551	161,084
Total direct borrowings and direct placements of debt	<u>36,726,914</u>	<u>549,957</u>	<u>(3,635,520)</u>	<u>33,641,351</u>	<u>2,250,277</u>
Other debt and liabilities					
Quail Creek CFD GO bonds	5,895,000	-	(770,000)	5,125,000	795,000
Unamortized premiums	935	-	(935)	-	-
Unamortized discounts	(24,303)	-	5,405	(18,898)	(5,405)
Net pension and OPEB liability	10,372,489	763,845	(5,750)	11,130,584	-
Compensated absences, net	2,691,450	-	(350,855)	2,340,595	-
Total other debt and liabilities	<u>18,935,571</u>	<u>763,845</u>	<u>(1,122,135)</u>	<u>18,577,281</u>	<u>789,595</u>
Total long-term liabilities	<u>\$ 55,662,485</u>	<u>\$ 1,313,802</u>	<u>\$ (4,757,655)</u>	<u>\$ 52,218,632</u>	<u>\$ 3,039,872</u>
Business-type Activities					
Direct borrowings and direct placements of debt					
Loans payable	\$ 10,366,410	\$ 4,740,616	\$ (1,620,085)	\$ 13,486,941	\$ 1,485,922
Subscriptions liability	8,021	-	(8,021)	-	-
Total direct borrowings and direct placements of debt	<u>10,374,431</u>	<u>4,740,616</u>	<u>(1,628,106)</u>	<u>13,486,941</u>	<u>1,485,922</u>
Other liabilities					
Net pension and OPEB liability	772,079	15,795	(458)	787,416	-
Compensated absences, net	83,175	-	(28,757)	54,418	-
Total other liabilities	<u>855,254</u>	<u>15,795</u>	<u>(29,215)</u>	<u>841,834</u>	<u>-</u>
Total long-term liabilities	<u>\$ 11,229,685</u>	<u>\$ 4,756,411</u>	<u>\$ (1,657,321)</u>	<u>\$ 14,328,775</u>	<u>\$ 1,485,922</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2025 follows.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2025</u>
G.O. Bonds Series 2020	\$ 3,475,000	3.15%	2046	\$ 3,105,000
G.O. and Refunding Bonds Series 2022	25,004,000	4.29 - 4.33%	2048	23,635,000
		Total bonds outstanding		<u>\$ 26,740,000</u>

The following schedule provides the debt service requirements to maturity at June 30, 2025.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 771,000	\$ 1,087,072
2027	805,000	1,053,589
2028	839,000	1,018,696
2029	871,000	982,421
2030	909,000	944,563
2031-2035	5,146,000	4,096,775
2036-2040	6,313,000	2,881,287
2041-2045	7,341,000	1,404,374
2046-2048	3,745,000	157,829
Total	<u>\$ 26,740,000</u>	<u>\$ 13,626,606</u>

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, 2025 follows.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2025</u>
G.O. Refunding Series 2016	\$9,940,000	3.00 - 3.25%	2031	\$ 5,125,000
		Unamortized amounts		(18,898)
		Total bonds outstanding		<u>\$ 5,106,102</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

The following schedule provides the debt service requirements to maturity at June 30, 2025.

Year Ending June 30	Principal	Interest
2026	\$ 795,000	\$ 133,313
2027	815,000	108,863
2028	840,000	83,663
2029	865,000	57,713
2030	890,000	29,900
2031	920,000	-
Total	\$ 5,125,000	\$ 413,452

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 7% 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, 2025
2017 Refunding Obligation	\$ 4,213,000	2.06%	2028	\$ 1,875,000
2021 Excise Tax Revenue Obligation	6,378,000	1.28%	2031	4,069,000
		Loans payable outstanding		\$ 5,944,000

The following schedule provides the debt service requirements to maturity at June 30, 2025.

Year Ending June 30	Principal	Interest
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	691,000	17,805
2031	700,000	8,960
	\$ 5,944,000	\$ 281,800

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 \$6,225,800. In the current year, total principal and interest paid was \$2,457,565 and total revenue subject to pledge was \$35,812,801.

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

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 \$35,812,801.

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 60% of pledged system revenues. In the current year, total principal and interest paid was \$1,610,103 and total pledged system revenues were \$5,734,409.

Issue	Issue Amount	Interest Rates	Final Maturity	Outstanding June 30, 2025
2008 WIFA Non-System Revenues Loan	\$3,516,528	3.723%	2029	\$ 879,830
2019 System Revenues Refunding Obligations	\$13,477,000	2.290%	2032	8,215,000
2022 WIFA System Revenues Loan	\$4,740,616	3.281%	2043	4,392,111
Total loans payable				<u>\$ 13,486,941</u>

The following schedule estimates total debt service requirements to maturity at June 30, 2025.

Year Ending June 30	Principal	Interest
2026	\$ 1,485,922	\$ 326,164
2027	1,525,668	286,262
2028	1,564,899	245,285
2029	1,605,632	203,192
2030	1,407,082	168,908
2031-2035	3,629,409	478,581
2036-2040	1,348,405	242,251
2041-2043	919,924	30,832
	<u>\$ 13,486,941</u>	<u>\$ 1,981,475</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:

	Governmental Activities
Total intangible right-to-use lease assets	\$ 1,883,595
Less: accumulated amortization	<u>(1,214,187)</u>
Carrying value	<u>\$ 669,408</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

The following schedule details minimum lease payments to maturity for the Town's leases payable at June 30, 2025:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 206,193	\$ 16,428
2027	184,572	9,572
2028	74,709	963
2029	41,326	600
	<u>\$ 506,800</u>	<u>\$ 27,563</u>

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, financial and accounting, Microsoft business products, and cloud storage.

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

	<u>Governmental</u> <u>Activities</u>
Total intangible right-to-use subscription assets	\$ 908,796
Less: accumulated amortization	<u>(412,815)</u>
Carrying value	<u>\$ 495,981</u>

The following schedule details minimum payments to maturity for the Town's subscriptions liability at June 30, 2025:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 161,084	\$ 11,417
2027	148,748	5,921
2028	87,839	2,273
2029	52,880	-
Total	<u>\$ 450,551</u>	<u>\$ 19,611</u>

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 \$2,054,026 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 eight 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 nine years.

The General Fund provided \$2,050,000 to the Solid Waste Enterprise Fund to help finance the start-up costs of the solid waste operation. The Solid Waste Fund will repay the advance from excess system revenues over the next ten years.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

Outstanding balances as of June 30, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	GARS Fund	\$2,054,026
General Fund	Solid Waste Enterprise Fund	2,050,000
General Fund	Wastewater Enterprise Fund	<u>2,400,000</u>
	Total Business-type Activities	<u>\$4,450,000</u>
		<u>\$6,504,026</u>

Interfund transfers

The General Fund transferred cash to the Transportation Fund to augment the Pavement Preservation Program; and cash to the CIIF Fund to pay for SAMTEC facility tenant improvements. The GARS fund transferred advances to the General Fund to record amounts to be repaid from future SAMTEC lease (federal program) revenues.

		Transfers to				Total
		General Fund	Transportation Fund	GARS Fund	CIIF Fund	
Transfers from	General Fund	\$ -	\$ 200,000	\$ -	\$ 868,202	\$ 1,068,202
	GARS Fund	868,202	-	-	-	868,202
	Total governmental funds	<u>\$ 868,202</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 868,202</u>	<u>\$ 1,936,404</u>

Also, during the year ended June 30, 2025, the Town's governmental activities transferred sewer lines valued at \$1,379,416 to the Town's business-type activities.

NOTE 9—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 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.

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10—SIGNIFICANT COMMITMENTS

As of June 30, 2025, the Town had outstanding purchase and contractual commitments. The most significant individual commitments include:

<u>Governmental Activities</u>			
<u>Fund/Description</u>	<u>Term Through</u>	<u>Spent to date</u>	<u>Remaining Balance</u>
CIIF Fund:			
Police vehicle purchases and outfitting	6/30/2026	\$ -	\$ 451,345
Walden Grove High School traffic signals	6/30/2026	-	399,533
Police Department building expansion	3/31/2026	40,957	368,043
Town Hall safety upgrades	6/30/2026	41,175	271,057
Total		<u>\$ 82,132</u>	<u>\$ 1,489,978</u>

<u>Business-type Activities</u>			
<u>Fund/Description</u>	<u>Term Through</u>	<u>Spent to date</u>	<u>Remaining Balance</u>
Solid Waste Enterprise Fund:			
Residential solid waste, recycling, and bulk waste collection, processing, and disposal services	8/31/2032	\$ -	\$27,000,000
Wastewater Enterprise Fund:			
Solar energy services	12/31/2040	676,537	2,523,463
Total		<u>\$676,537</u>	<u>\$29,523,463</u>

NOTE 11—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following major funds reported deficit fund balances as of June 30, 2025:

GARS Fund—Special Revenue Fund	\$(377,703)
Solid Waste Enterprise Fund	\$ (45,600)

The GARS Fund deficit stems from its obligation to reimburse the General Fund for investments made in tenant improvements at the SAMTEC facility. This obligation is scheduled to be repaid over time using revenues generated from tenant leases.

The Solid Waste Fund deficit is a result of its liability to the General Fund, which provided initial seed money for the solid waste operations. This obligation will be satisfied over time using revenues generated from solid waste user charges.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 12—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:

	<u>Unavailable Receipts</u>	<u>Unearned Revenues</u>
<u>General Fund</u>		
Advances received for future services	\$ -	\$ 65,868
Restitution due	16,223	-
Total General Fund	<u>16,223</u>	<u>65,868</u>
<u>Transportation Fund</u>		
Restitution and claims due	40,426	-
Total HURF Fund	<u>40,426</u>	<u>-</u>
<u>GARS Fund</u>		
Intergovernmental grant reimbursements due	51,071	-
State grant advance	-	633,112
Total GARS Fund	<u>51,071</u>	<u>633,112</u>
<u>RSCFD Fund</u>		
Deposits for future charges	-	7,556
Delinquent property taxes	2,933	-
Total HURF Fund	<u>2,933</u>	<u>7,556</u>
<u>Nonmajor Governmental Fund</u>		
Delinquent property taxes	2,943	-
Total Nonmajor Governmental Funds	<u>2,943</u>	<u>-</u>
Total for governmental funds	<u>\$ 113,596</u>	<u>\$706,536</u>
<u>Wastewater Fund</u>		
Credit balances on customer accounts		\$ 28,753

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A



ACFR FY2025



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, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 10,203,040	\$ 10,203,040	\$ 10,779,820	\$ 576,780
Licenses and permits	2,398,410	2,398,410	2,568,204	169,794
Intergovernmental	15,046,410	15,046,410	15,225,428	179,018
Charges for services	713,790	713,790	276,938	(436,852)
Fines and forfeitures	106,260	106,260	186,141	79,881
Investment earnings	1,595,830	1,595,830	1,990,083	394,253
Miscellaneous	162,990	162,990	203,741	40,751
Total revenues	<u>30,226,730</u>	<u>30,226,730</u>	<u>31,230,355</u>	<u>1,003,625</u>
Expenditures				
General government:				
Mayor and Council	260,990	260,990	224,513	36,477
Town Manager	721,260	722,390	679,252	43,138
Economic Development & Public Affairs	796,000	796,000	742,816	53,184
Law	557,780	557,780	554,524	3,256
Town Clerk	703,760	703,760	638,025	65,735
Finance & Technology	2,562,120	2,562,120	2,235,851	326,269
Human Resources	709,680	709,680	637,355	72,325
Municipal Court	957,640	957,640	824,683	132,957
Community Development-Zoning	833,430	833,430	899,722	(66,292)
Public Works-Facilities & Fleet	1,221,890	1,244,890	1,017,304	227,586
Total general government	<u>9,324,550</u>	<u>9,348,680</u>	<u>8,454,045</u>	<u>894,635</u>
Public safety:				
Community Development-Building Safety	1,317,060	1,317,060	1,207,508	109,552
Public Works-Engineering	824,440	815,940	618,920	197,020
Police	12,481,630	12,481,630	11,945,512	536,118
Total public safety	<u>14,623,130</u>	<u>14,614,630</u>	<u>13,771,940</u>	<u>842,690</u>
Culture and recreation:				
Parks & Recreation	4,112,510	4,067,510	4,138,926	(71,416)
Total culture and recreation	<u>4,112,510</u>	<u>4,067,510</u>	<u>4,138,926</u>	<u>(71,416)</u>
Debt service	160,270	160,270	326,171	(165,901)
Contingency reserves	38,706,670	36,276,640	-	36,276,640
Total expenditures	<u>66,927,130</u>	<u>64,467,730</u>	<u>26,691,082</u>	<u>37,776,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,700,400)</u>	<u>(34,241,000)</u>	<u>4,539,273</u>	<u>38,780,273</u>
Other financing sources (uses)				
Contingency carryforwards	(1,100,000)	(1,100,000)	-	1,100,000
Lease agreements	-	-	177,925	177,925
Subscription-based information technology arrangements	-	-	372,032	372,032
Transfers in	653,560	653,560	868,202	214,642
Transfers out	(2,628,560)	(5,087,960)	(1,068,202)	4,019,758
Total other financing sources (uses)	<u>(3,075,000)</u>	<u>(5,534,400)</u>	<u>349,957</u>	<u>5,884,357</u>
Net change in fund balance	(39,775,400)	(39,775,400)	4,889,230	44,664,630
Fund balance at beginning of year	39,775,400	39,775,400	40,318,617	543,217
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,207,847</u>	<u>\$ 45,207,847</u>

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Transportation Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,175,590	\$ 1,175,590	\$ 1,243,287	\$ 67,697
Licenses and permits	25,800	25,800	-	(25,800)
Intergovernmental	3,240,170	3,240,170	3,091,012	(149,158)
Investment earnings	57,980	57,980	76,601	18,621
Miscellaneous	50,000	50,000	25,079	(24,921)
Total revenues	<u>4,549,540</u>	<u>4,549,540</u>	<u>4,435,979</u>	<u>(113,561)</u>
Expenditures				
Public Works-Streets	4,745,650	4,745,650	4,257,452	488,198
Contingency reserves	1,365,050	1,365,050	-	1,365,050
Total expenditures	<u>6,110,700</u>	<u>6,110,700</u>	<u>4,257,452</u>	<u>1,853,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,561,160)</u>	<u>(1,561,160)</u>	<u>178,527</u>	<u>1,739,687</u>
Other financing sources (uses)				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(1,361,160)	(1,361,160)	378,527	1,739,687
Fund balance at beginning of year	1,361,160	1,361,160	1,491,593	130,433
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,120</u>	<u>\$ 1,870,120</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, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 1,245,960	\$ 1,445,960	\$ 1,563,118	\$ 117,158
Charges for services	14,120	14,120	83,498	69,378
Fines and forfeitures	5,600	5,600	4,546	(1,054)
Investment earnings	32,060	32,060	131,914	99,854
Miscellaneous	48,000	48,000	129,573	81,573
Total revenues	<u>1,345,740</u>	<u>1,545,740</u>	<u>1,912,649</u>	<u>366,909</u>
Expenditures				
General government:				
Human Resources	20,000	20,000	5,985	14,015
Municipal Court	2,620	2,620	-	2,620
Public Works-Facilities	68,230	76,730	68,138	8,592
Total general government	<u>90,850</u>	<u>99,350</u>	<u>74,123</u>	<u>25,227</u>
Public safety:				
Police	1,086,910	1,286,910	1,209,970	76,940
Total public safety	<u>1,086,910</u>	<u>1,286,910</u>	<u>1,209,970</u>	<u>76,940</u>
Culture and recreation:				
Parks & Recreation	20,000	20,000	35,600	(15,600)
Total culture and recreation	<u>20,000</u>	<u>20,000</u>	<u>35,600</u>	<u>(15,600)</u>
Highways and streets				
Public Works-Streets	11,120	11,120	77,560	(66,440)
Total highways and streets	<u>11,120</u>	<u>11,120</u>	<u>77,560</u>	<u>(66,440)</u>
Total expenditures	1,208,880	1,417,380	1,397,253	20,127
Excess (deficiency) of revenues over (under) expenditures	<u>136,860</u>	<u>128,360</u>	<u>515,396</u>	<u>387,036</u>
Other financing sources (uses)				
Transfers out	(678,560)	(678,560)	(868,202)	(189,642)
Total other financing sources (uses)	<u>(678,560)</u>	<u>(678,560)</u>	<u>(868,202)</u>	<u>(189,642)</u>
Net change in fund balance	(541,700)	(550,200)	(352,806)	197,394
Fund balance at beginning of year	(116,930)	(116,930)	(24,897)	92,033
Fund balance at end of year	<u>\$ (658,630)</u>	<u>\$ (667,130)</u>	<u>\$ (377,703)</u>	<u>\$ 289,427</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, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,154,910	\$ 1,154,910	\$ 1,211,443	\$ 56,533
Investment earnings	200,000	200,000	733,745	533,745
Miscellaneous	593,230	593,230	30,786	(562,444)
Total revenues	<u>1,948,140</u>	<u>1,948,140</u>	<u>1,975,974</u>	<u>27,834</u>
Expenditures				
Current:				
General government	10,840	10,840	9,573	1,267
Highways and streets	42,150	42,150	33,050	9,100
Total current	<u>52,990</u>	<u>52,990</u>	<u>42,623</u>	<u>10,367</u>
Capital outlay:				
Highways and streets	14,216,680	14,216,680	6,797,327	7,419,353
Sewer	1,243,950	1,243,950	1,379,416	(135,466)
Total capital outlay	<u>15,460,630</u>	<u>15,460,630</u>	<u>8,176,743</u>	<u>7,283,887</u>
Debt service:				
Principal	771,000	771,000	771,000	-
Interest	1,119,150	1,119,150	1,119,145	5
Fiscal charges	5,000	5,000	5,850	(850)
Total debt service	<u>1,895,150</u>	<u>1,895,150</u>	<u>1,895,995</u>	<u>(845)</u>
Total expenditures	<u>17,408,770</u>	<u>17,408,770</u>	<u>10,115,361</u>	<u>7,293,409</u>
Excess (deficiency) of revenues over (under) expenditures	(15,460,630)	(15,460,630)	(8,139,387)	7,321,243
Fund balance at beginning of year	15,460,630	15,460,630	15,584,889	124,259
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,445,502</u>	<u>\$ 7,445,502</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)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Pension										
Town's proportion of the net pension liability	0.06144%	0.05943%	0.05840%	0.05822%	0.05960%	0.05746%	0.05823%	0.05728%	0.05708%	0.05361%
Town's proportionate share of the net pension liability	\$ 9,831,325	\$ 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
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 proportionate share of the net pension liability as a percentage of its covered payroll	119.40%	125.18%	140.77%	119.96%	158.53%	137.97%	140.31%	154.06%	172.99%	169.16%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2016 (2016-2015)	
Health insurance premium benefit										
Town's proportion of the net OPEB (asset) liability	0.06282%	0.06024%	0.05829%	0.05957%	0.06104%	0.05888%	0.05934%	0.05812%	Information	not available
Town's proportionate share of the net OPEB (asset) liability	\$ (379,576)	\$ (325,252)	\$ (325,315)	\$ (290,230)	\$ (43,216)	\$ (16,272)	\$ (21,368)	\$ (31,641)	not available	not available
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	not available	not available
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-4.61%	-4.23%	-4.80%	-4.55%	-0.66%	-0.27%	-0.37%	-0.55%	not available	not available
Plan fiduciary net position as a percentage of the total OPEB liability	137.51%	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%	not available	not available
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2016 (2016-2015)	
Long-term disability										
Town's proportion of the net OPEB (asset) liability	0.06218%	0.05975%	0.05826%	0.05891%	0.06040%	0.05834%	0.05836%	0.05751%	Information	not available
Town's proportionate share of the net OPEB (asset) liability	\$ 1,621	\$ 7,829	\$ 5,381	\$ 12,160	\$ 45,820	\$ 38,005	\$ 30,493	\$ 20,846	not available	not available
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	not available	not available
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	0.02%	0.10%	0.08%	0.19%	0.70%	0.63%	0.53%	0.36%	not available	not available
Plan fiduciary net position as a percentage of the total OPEB liability	98.77%	93.70%	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%	not available	not available

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>2025</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>
Statutorily required contribution	\$ 1,081,520	\$ 960,421	\$ 930,951	\$ 839,099	\$ 766,257	\$ 745,853	\$ 677,228	\$ 630,731	\$ 602,259	\$ 577,305
Town's actual contributions	<u>1,081,520</u>	<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>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Town's covered payroll	\$ 8,975,270	\$ 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
Town's contribution as a percentage of covered payroll	12.05%	11.66%	12.12%	12.39%	12.02%	11.45%	11.18%	10.90%	10.40%	10.84%
<hr/>										
<u>Health insurance premium benefit</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2016</u>	
Statutorily required contribution	\$ 6,274	\$ 8,745	\$ 8,349	\$ 14,223	\$ 25,049	\$ 31,912	\$ 27,864	\$ 25,452	Information	
Town's actual contributions	<u>6,274</u>	<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	\$ 8,975,270	\$ 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	0.07%	0.11%	0.11%	0.21%	0.39%	0.49%	0.46%	0.44%		
<hr/>										
<u>Long-term disability</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2016</u>	
Statutorily required contribution	\$ 13,390	\$ 11,970	\$ 10,692	\$ 12,955	\$ 11,839	\$ 11,071	\$ 9,691	\$ 9,258	Information	
Town's actual contributions	<u>13,390</u>	<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	\$ 8,975,270	\$ 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%	0.15%	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>2025</u> <u>(2024)</u>	<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>Pension liability</u>										
Town's proportion of the net pension liability	0.10382%	0.04774%	0.05877%	0.06278%	0.05869%	0.06267%	0.04938%	0.05966%	0.0590467%	0.0527520%
Town's proportionate share of the net pension liability	\$ 620,143	\$ 299,183	\$ 396,783	\$ 382,042	\$ 396,137	\$ 415,613	\$ 311,168	\$ 727,030	\$ 557,845	\$ 353,740
State's proportionate share of the net pension liability associated with the Town	<u>265,351</u>	<u>41,166</u>	<u>136,953</u>	<u>124,550</u>	<u>102,896</u>	<u>77,857</u>	<u>53,317</u>	<u>150,892</u>	<u>115,181</u>	<u>58,491</u>
Total	<u>\$ 885,494</u>	<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>
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 proportionate share of the net pension liability as a percentage of its covered payroll	703.12%	422.51%	903.05%	819.97%	892.20%	871.03%	656.47%	1477.70%	1176.89%	749.85%
Plan fiduciary net position as a percentage of the total pension liability	42.22%	38.63%	32.01%	36.28%	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%
<hr/>										
Reporting fiscal year ending June 30, (Measurement Date)	<u>2025</u> <u>(2024)</u>	<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>2017-2016</u> <u>(2016-2015)</u>	
<u>Health insurance premium benefit (asset) liability</u>										
Town's proportion of the net OPEB (asset) liability	0.33833%	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	\$ (50,908)	\$ (44,782)	\$ (43,915)	\$ (81,207)	\$ (42,673)	\$ (31,256)	\$ (43,638)	\$ (33,665)	Not Available	
Town's covered payroll	\$ 88,199	\$ 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	-57.72%	-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	212.95%	199.83%	198.38%	231.29%	169.89%	169.72%	177.16%	164.84%		
<hr/>										
<u>Pension contributions</u>										
Statutorily required contribution	\$ 44,909	\$ 63,210	\$ 51,073	\$ 27,103	\$ 28,698	\$ 26,735	\$ 28,969	\$ 11,139	\$ 11,162	\$ 10,501
Town's actual contributions	<u>44,909</u>	<u>63,210</u>	<u>51,073</u>	<u>27,103</u>	<u>28,698</u>	<u>26,735</u>	<u>28,969</u>	<u>16,879</u>	<u>11,162</u>	<u>10,501</u>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (5,740)</u>	<u>\$ -</u>	<u>\$ -</u>						
Town's covered payroll	\$ 63,755	\$ 88,199	\$ 70,811	\$ 43,938	\$ 46,592	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400
Town's contribution as a percentage of covered payroll	70.44%	71.67%	72.13%	61.68%	61.59%	60.21%	60.71%	35.61%	22.69%	22.15%

The Town was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2025 through 2016. 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)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Total pension liability										
Service cost	\$ 849,532	\$ 717,121	\$ 698,040	\$ 680,617	\$ 700,070	\$ 639,742	\$ 591,771	\$ 700,269	\$ 599,492	\$ 499,231
Interest on the total pension liability	1,680,605	1,481,108	1,337,228	1,235,351	1,145,686	1,060,952	945,250	896,911	664,509	600,242
Changes of benefit terms	-	-	-	-	-	-	-	41,004	1,262,877	-
Difference between expected and actual experience	784,022	1,202,086	659,906	22,827	88,083	(130,469)	234,805	(290,902)	709,724	(251,049)
Changes of assumptions or other inputs	-	-	143,599	-	-	348,775	-	100,958	495,755	-
Benefit payments, including refunds of employee contributions	<u>(877,023)</u>	<u>(646,846)</u>	<u>(563,362)</u>	<u>(557,923)</u>	<u>(814,252)</u>	<u>(430,126)</u>	<u>(674,158)</u>	<u>(484,161)</u>	<u>(93,858)</u>	<u>(65,881)</u>
Net change in total pension liability	2,437,136	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
Total pension liability-beginning	<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>
Total pension liability-ending (a)	<u>\$25,367,855</u>	<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>
Plan fiduciary net position										
Employer contributions	\$ 578,661	\$ 576,855	\$ 483,606	\$ 4,678,731	\$ 604,459	\$ 625,333	\$ 1,056,768	\$ 390,243	\$ 390,062	\$ 468,919
Employee contributions	285,490	271,614	293,257	307,831	266,339	260,673	284,875	418,290	344,000	285,067
Net investment income	2,221,224	1,557,542	(836,473)	3,740,539	162,343	643,977	739,857	1,107,368	49,360	273,195
Benefit payments, including refunds of employee contributions	(877,023)	(646,846)	(563,362)	(557,923)	(814,252)	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)
Administrative expenses	(15,204)	(11,249)	(15,092)	(17,463)	(13,238)	(12,186)	(11,960)	(10,198)	(7,503)	(7,054)
Other changes	-	(143,098)	-	-	-	(301,467)	(315,609)	121,902	146,598	(5,560)
Net change in plan fiduciary net position	2,193,148	1,604,818	(638,064)	8,151,715	205,651	786,204	1,079,773	1,543,444	828,659	948,686
Plan fiduciary net position-beginning*	<u>21,709,796</u>	<u>20,104,978</u>	<u>20,743,042</u>	<u>12,591,327</u>	<u>12,385,676</u>	<u>11,621,609</u>	<u>10,546,533</u>	<u>9,003,089</u>	<u>8,174,430</u>	<u>7,225,744</u>
Plan fiduciary net position-ending (b)	<u>\$23,902,944</u>	<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>
Town's net pension (asset) liability-ending (a) - (b)	\$ 1,464,911	\$ 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
Plan fiduciary net position as a percentage of the total pension liability	94.23%	94.68%	99.64%	115.87%	76.21%	80.56%	83.57%	82.30%	75.97%	99.54%
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 net pension (asset) liability as a percentage of covered payroll	27.04%	25.05%	1.70%	-69.91%	110.05%	89.78%	72.00%	68.53%	94.84%	1.44%

*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)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2016 (2016-2015)
<u>Total health insurance premium subsidy liability</u>									
Service cost	\$ 11,071	\$ 11,098	\$ 12,415	\$ 13,907	\$ 14,020	\$ 8,942	\$ 9,484	\$ 11,802	Information not available
Interest on the total OPEB liability	23,322	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	(31,423)	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>(7,247)</u>	<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	(4,277)	36,564	32,153	(13,186)	19,719	(19,158)	(56,913)	(62,592)	
Total OPEB liability-beginning	<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>	<u>379,881</u>	
Total OPEB liability-ending (a)	<u>\$ 312,191</u>	<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>	
<u>Plan fiduciary net position</u>									
Employer contributions	\$ -	\$ -	\$ 926	\$ 3,929	\$ 1,488	\$ 7,152	\$ 12,023	\$ 15,648	
Net investment income	51,092	36,266	(19,745)	108,424	4,959	19,761	23,179	34,001	
Benefit payments	(7,247)	(5,228)	(4,712)	(4,512)	(3,468)	(1,767)	(652)	(1,812)	
Administrative expenses	(313)	(278)	(351)	(446)	(403)	(341)	(353)	(301)	
Other changes	-	-	-	-	-	-	(1)	-	
Net change in plan fiduciary net position	43,532	30,760	(23,882)	107,395	2,576	24,805	34,196	47,536	
Plan fiduciary net position-beginning*	<u>510,362</u>	<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>\$ 553,894</u>	<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)	\$ (241,703)	\$ (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	177.42%	161.27%	171.35%	203.22%	151.79%	163.14%	139.80%	103.95%	
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 net OPEB (asset) liability as a percentage of covered payroll	-4.83%	-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>2025</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>Pension contributions</u>										
Actuarially determined contribution	\$ 848,355	\$ 674,452	\$ 619,578	\$ 572,219	\$ 838,862	\$ 655,997	\$ 625,333	\$ 633,912	\$ 390,243	\$ 390,062
Town's actual contributions	<u>881,374</u>	<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>
Town's contribution deficiency (excess)	<u>\$ (33,019)</u>	<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>
Town's covered payroll	\$ 4,929,431	\$ 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
Town's contribution as a percentage of covered payroll	17.88%	21.68%	14.27%	14.05%	116.79%	18.37%	18.75%	33.28%	11.79%	12.99%
Actuarial determined contribution as % of covered payroll	17.21%	12.45%	12.71%	13.44%	20.64%	18.37%	18.75%	19.97%	11.79%	12.99%
<u>Health insurance premium subsidy contributions</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>-</u>	<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>	<u>\$ -</u>	
Town's covered payroll	\$ 4,929,431	\$ 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	0.00%	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, 2025

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 2023 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
<u>Actuarial assumptions:</u> 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, 2025

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.

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, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,844,490	\$ 3,844,490	\$ 5,531,798	\$ 1,687,308
Licenses and permits	5,000	5,000	1,200	(3,800)
Intergovernmental	2,703,900	4,010,953	1,551,817	(2,459,136)
Investment earnings	72,170	72,170	254,153	181,983
Miscellaneous	-	-	65,918	65,918
Total revenues	<u>6,625,560</u>	<u>7,932,613</u>	<u>7,404,886</u>	<u>(527,727)</u>
Expenditures				
Capital outlay:				
General government	4,035,560	4,271,560	1,852,023	2,419,537
Public safety	1,339,290	1,339,290	1,183,000	156,290
Culture and recreation	2,025,000	2,150,000	1,893,617	256,383
Highways and streets	3,256,340	3,417,240	1,136,140	2,281,100
Total capital outlay	<u>10,656,190</u>	<u>11,178,090</u>	<u>6,064,780</u>	<u>5,113,310</u>
Debt service:				
Principal	2,586,720	2,586,720	2,586,720	-
Interest	103,320	103,320	151,152	(47,832)
Fiscal charges	5,000	5,000	2,690	2,310
Total debt service	<u>2,695,040</u>	<u>2,695,040</u>	<u>2,740,562</u>	<u>(45,522)</u>
Contingency reserves	<u>260,850</u>	<u>215,850</u>	<u>-</u>	<u>215,850</u>
Total expenditures	<u>13,612,080</u>	<u>14,088,980</u>	<u>8,805,342</u>	<u>5,283,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,986,520)</u>	<u>(6,156,367)</u>	<u>(1,400,456)</u>	<u>4,755,911</u>
Other financing sources (uses)				
Contingency carryforwards	1,450,000	210,447	-	(210,447)
Proceeds on the sale of assets	50,000	50,000	15,496	(34,504)
Transfers in	2,453,560	2,862,960	868,202	(1,994,758)
Total other financing sources (uses)	<u>3,953,560</u>	<u>3,123,407</u>	<u>883,698</u>	<u>(2,239,709)</u>
Net change in fund balance	<u>(3,032,960)</u>	<u>(3,032,960)</u>	<u>(516,758)</u>	<u>2,516,202</u>
Fund balance at beginning of year	<u>3,032,960</u>	<u>3,032,960</u>	<u>3,454,393</u>	<u>421,433</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,937,635</u>	<u>\$ 2,937,635</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, 2025

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,052,100	\$ 1,052,100	\$ 1,128,966	\$ 76,866
Investment earnings	7,500	7,500	22,829	15,329
Total revenues	<u>1,059,600</u>	<u>1,059,600</u>	<u>1,151,795</u>	<u>92,195</u>
Expenditures				
Current:				
General government	18,700	18,700	10,000	8,700
Culture and recreation	85,690	85,690	103,797	(18,107)
Highways and streets	43,090	43,090	26,311	16,779
Total current	<u>147,480</u>	<u>147,480</u>	<u>140,108</u>	<u>7,372</u>
Debt service:				
Principal	795,000	795,000	795,000	-
Interest	157,170	157,170	157,163	7
Fiscal charges	5,000	5,000	4,820	180
Total debt service	<u>957,170</u>	<u>957,170</u>	<u>956,983</u>	<u>187</u>
Total expenditures	<u>1,104,650</u>	<u>1,104,650</u>	<u>1,097,091</u>	<u>7,559</u>
Excess (deficiency) of revenues over (under) expenditures	(45,050)	(45,050)	54,704	99,754
Fund balance at beginning of year	45,050	45,050	73,880	28,830
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,584</u>	<u>\$ 128,584</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									
	2016	2017 [^]	2018 ^{**}	2019	2020	2021	2022 ^{**}	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$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	\$104,552,349
Restricted	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	2,336,871
Unrestricted	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	40,426,630
Total governmental activities net position	<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>	<u>\$147,315,850</u>
Business-type activities										
Net investment in capital assets	\$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	\$39,913,522
Restricted	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	1,128,889
Unrestricted	(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	1,783,738
Total business-type activities net position	<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>	<u>\$42,826,149</u>
Primary government										
Net investment in capital assets	\$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	\$144,465,871
Restricted	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	3,465,760
Unrestricted	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	42,210,368
Total primary government net position	<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>	<u>\$190,141,999</u>

[^] 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 75, the reported balance of net position at the beginning of the year was restated.

** 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>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>	<u>2025</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 9,578,667
Public safety	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	16,395,409
Culture and recreation	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	5,463,145
Highways and streets	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	9,355,946
Interest, amortization, and issuance costs of long-term debt	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	1,507,073
Total governmental activities expenses	<u>24,213,352</u>	<u>28,830,167</u>	<u>28,872,502</u>	<u>30,287,506</u>	<u>33,205,477</u>	<u>33,830,791</u>	<u>36,112,587</u>	<u>40,487,613</u>	<u>44,541,652</u>	<u>42,300,240</u>
Business-type activities:										
Solid waste	-	-	-	-	-	-	-	-	-	80,195
Sewer	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	4,218,905
Total business-type activities expenses	<u>3,957,491</u>	<u>3,872,306</u>	<u>3,563,686</u>	<u>3,606,201</u>	<u>3,762,261</u>	<u>3,574,085</u>	<u>3,513,477</u>	<u>4,002,406</u>	<u>4,123,958</u>	<u>4,299,100</u>
Total primary government expenses	<u>\$ 28,170,843</u>	<u>\$ 32,702,473</u>	<u>\$ 32,436,188</u>	<u>\$ 33,893,707</u>	<u>\$ 36,967,738</u>	<u>\$ 37,404,876</u>	<u>\$ 39,626,064</u>	<u>\$ 44,490,019</u>	<u>\$ 48,665,610</u>	<u>\$ 46,599,340</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 419,942	\$ 350,842	\$ 429,723	\$ 399,847	\$ 338,288	\$ 518,811	\$ 457,721	\$ 401,902	\$ 502,437	\$ 563,844
Public safety	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	2,551,019
Culture and recreation	121,980	134,009	178,665	162,617	156,994	213,222	189,888	257,260	280,500	274,621
Highways and streets	-	-	-	-	2,536	15,721	31,964	43,626	46,914	81,098
Operating grants and contributions	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	4,636,984
Capital grants and contributions*	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	1,881,742
Total governmental activities program revenues	<u>8,951,399</u>	<u>7,152,228</u>	<u>8,877,357</u>	<u>8,544,847</u>	<u>11,688,405</u>	<u>12,777,045</u>	<u>10,395,047</u>	<u>15,042,915</u>	<u>11,144,145</u>	<u>9,989,308</u>
Business-type activities:										
Charges for services:										
Solid waste	-	-	-	-	-	-	-	-	-	-
Sewer	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	5,392,585
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	160,000
Total business-type activities program revenues	<u>3,643,582</u>	<u>3,407,229</u>	<u>4,188,955</u>	<u>4,737,350</u>	<u>4,795,971</u>	<u>5,790,087</u>	<u>6,295,648</u>	<u>8,046,172</u>	<u>6,404,986</u>	<u>5,552,585</u>
Total primary government program revenues	<u>\$ 12,594,981</u>	<u>\$ 10,559,457</u>	<u>\$ 13,066,312</u>	<u>\$ 13,282,197</u>	<u>\$ 16,484,376</u>	<u>\$ 18,567,132</u>	<u>\$ 16,690,695</u>	<u>\$ 23,089,087</u>	<u>\$ 17,549,131</u>	<u>\$ 15,541,893</u>
Net (Expenses)/Revenues										
Governmental activities	\$(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)	\$(32,310,932)
Business-type activities	(313,909)	(465,077)	625,269	1,131,149	1,033,710	2,216,002	2,782,171	4,043,766	2,281,028	1,253,485
Total primary government (expense)/revenue	<u>\$(15,575,862)</u>	<u>\$(22,143,016)</u>	<u>\$(19,369,876)</u>	<u>\$(20,611,510)</u>	<u>\$(20,483,362)</u>	<u>\$(18,837,744)</u>	<u>\$(22,935,369)</u>	<u>\$(21,400,932)</u>	<u>\$(31,116,479)</u>	<u>\$(31,057,447)</u>

(continued)

Town of Sahuarita, Arizona

Changes in Net Position

Last 10 Fiscal Years

(accrual basis of accounting)

(Unaudited)

(concluded)

	Fiscal Year									
	<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>	<u>2025</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 411,260	\$ 468,496	\$ 523,940	\$ 657,199	\$ 805,403	\$ 1,041,778	\$ 1,375,535	\$ 1,679,510	\$ 1,874,915	\$ 2,343,488
Sales taxes	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	16,849,896
Other taxes	318,035	310,987	355,583	369,157	366,966	376,714	373,336	403,620	474,712	705,009
Share of state income taxes	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	7,733,937
Share of state sales taxes	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	5,590,336
Share of state vehicle license tax	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	1,901,140
Grants and contributions not restricted to specific programs	-	-	83,823	171,454	-	-	246,811	2,304,965	5,394,259	1,245,898
Unrestricted investment earnings	319,547	171,364	246,449	715,484	646,904	104,506	(474,225)	1,116,882	2,270,873	2,244,236
Miscellaneous	705,337	123,661	142,817	174,125	183,536	272,297	193,703	119,434	190,571	230,520
Extraordinary or special items	-	-	-	(3,168,076)	-	-	-	-	-	-
Transfers	(733,244)	(9,133)	3,390	(4,916,558)	12,952	(487,996)	(211,777)	(702,635)	-	(1,379,416)
Total governmental activities	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	37,465,044
Business-type activities										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	210,581	171,225	55,180
Investment earnings (losses)^	(42,924)	(23,617)	(40,204)	(7,436)	(54,480)	(7,469)	5,674	45,569	207,722	291,155
Miscellaneous	22,112	96,552	-	17,260	17,260	17,260	17,260	150,167	17,260	85,204
Extraordinary or special items	-	(1,840,453)	-	-	-	-	-	-	-	-
Transfers	733,244	9,133	(3,390)	4,916,558	(12,952)	487,996	211,777	702,635	-	1,379,416
Total business-type activities	712,432	(1,758,385)	(43,594)	4,926,382	(50,172)	497,787	234,711	1,108,952	396,207	1,810,955
Total primary government	\$ 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	\$ 39,275,999
Change in Net Position										
Governmental activities	\$ (654,843)	\$ (6,350,427)	\$ (2,173,378)	\$ (10,094,032)	\$ (297,570)	\$ 3,448,213	\$ 192,573	\$ 8,945,234	\$ 7,709,002	\$ 5,154,112
Business-type activities	398,523	(2,223,462)	581,675	6,057,531	983,538	2,713,789	3,016,882	5,152,718	2,677,235	3,064,440
Total primary government	\$ (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	\$ 8,218,552

* For years 2016 - 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>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>	<u>2025</u>
General Fund										
Non-spendable	\$ 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	\$ 6,650,200
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	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	6,000,000
Assigned	500,000	500,000	-	-	-	-	-	-	-	-
Unassigned	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	32,557,647
Total general fund	<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>	<u>\$ 45,207,847</u>
All Other Governmental Funds										
Non-spendable	\$ 4,250	\$ -	\$ 475	\$ -	\$ -	\$ -	\$ -	\$ 2,685	\$ -	\$ -
Restricted	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	8,863,547
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	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	4,626,851
Unassigned	(3,750)	-	(3,338)	-	(45,775)	-	-	(1,156,836)	(719,018)	(1,486,260)
Total all other governmental funds	<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>	<u>\$ 12,004,138</u>
Total governmental funds	<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>	<u>\$ 57,211,985</u>

Town of Sahuarita, Arizona

Changes in Fund Balances-Governmental Funds

Last 10 Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	<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>	<u>2025</u>
Revenues										
Taxes	\$ 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	\$ 19,895,314
Licenses and permits	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	2,569,404
Intergovernmental	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	21,431,375
Charges for services	188,916	166,698	231,830	217,307	235,266	367,289	368,527	324,981	314,874	360,436
Fines and forfeitures	284,850	220,717	228,990	233,294	234,156	351,497	235,561	305,521	156,141	190,687
Investment earnings (losses)	319,547	171,364	246,449	715,484	646,904	104,506	(468,427)	1,745,802	3,359,695	3,209,325
Miscellaneous	3,674,431	516,844	479,445	1,327,314	829,542	891,881	511,096	1,157,960	1,438,706	455,097
Total revenues	26,712,264	22,496,736	23,147,461	26,765,755	32,290,217	35,466,932	34,328,519	43,411,766	51,375,676	48,111,638
Expenditures										
General government	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	8,204,208
Public safety	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	14,480,735
Culture and recreation	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	4,243,511
Highways and streets	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	4,287,741
Capital outlay	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	15,227,675
Debt service:										
Principal	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	4,458,519
Interest	1,039,066	910,645	592,592	984,151	857,433	932,735	873,649	1,771,590	1,548,868	1,447,832
Fiscal charges	5,919	5,650	8,850	9,600	9,600	10,900	10,400	8,390	11,390	13,360
Debt issuance costs	-	492,273	425,853	-	347,250	-	433,264	-	-	-
Total expenditures	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	52,363,581
Excess (deficiency) of revenues over (under) expenditures	3,225,866	(528,485)	(2,631,639)	(2,416,063)	252,998	3,666,143	(3,678,218)	(1,315,126)	6,368,930	(4,251,943)
Other Financing Sources (Uses)										
Face amount of long-term debt	-	9,940,000	9,993,000	-	3,475,000	-	31,382,000	-	-	-
Payments to refunded debt escrow	-	(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	-	177,925
Subscription-based IT arrangements	-	-	-	-	-	-	-	600,002	87,671	372,032
Proceeds from the sale of assets	-	-	1,800	106,414	22,083	22,901	24,802	144,031	7,000	15,496
Transfers in	16,697	2,565,863	1,284,236	715,868	2,882,793	680,798	1,164,142	2,377,764	961,895	1,936,404
Transfers out	(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)	(1,936,404)
Net other financing sources (uses)	(446,917)	783,312	6,481,904	(3,965,144)	3,908,790	(45,137)	26,394,182	1,148,986	94,671	565,453
Net change in fund balances	\$ 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	\$ (3,686,490)
Debt service as a percentage of noncapital expenditures	14.3%	11.7%	10.8%	14.5%	14.0%	13.0%	14.8%	18.4%	16.7%	15.5%

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
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%
2025	314,777,090	94,511,753	36,500,353	372,788,490	7.3875	3,782,766,232	9.85%

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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
Quail Creek CFD-debt service	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	2.7300	2.3804	2.0975
Rancho Sahuarita CFD-operations & maintenance	0.3000	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	4.6900
Total Direct Rate	\$3.6000	\$3.6000	\$3.6000	\$8.2900	\$8.2900	\$8.2900	\$8.2900	\$8.0200	\$7.6704	\$7.3875
Overlapping Rates										
State of Arizona Education Assistance	\$0.5054	\$0.5010	\$0.4875	\$0.4741	\$0.4566	\$0.4426	\$0.4263	\$0.0000	\$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	5.0877	4.9896	5.1596	4.7596	4.6896	4.4420	4.3264	4.1964	4.2302	4.2240
Free Library District	0.5153	0.5153	0.5053	0.5153	0.5353	0.5353	0.5353	0.5453	0.5493	0.5537
Fire District Assistance	0.0467	0.0468	0.0459	0.0441	0.0430	0.0416	0.0394	0.0384	0.0376	0.0365
Flood Control District	0.3135	0.3335	0.3135	0.3335	0.3335	0.3335	0.3335	0.3235	0.3253	0.3271
Pima County Community College District	1.3689	1.3733	1.3890	1.3983	1.3758	1.3359	1.2733	1.2878	1.2802	1.2530
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	7.2847	7.3670	9.0399	8.4240	7.8712	7.4213	7.3042	7.1594	6.7020	6.3160
Continental School District #39	2.6512	2.4626	2.4991	2.5037	2.1280	2.3249	2.2488	2.1400	2.4825	1.6155
Santa Rita (formerly Green Valley) Fire District	2.3807	2.3804	2.5299	2.5299	2.5299	2.5298	2.7250	2.7151	2.7051	2.6577

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	Tax Levy ¹	Collections in Levy Year	%	Collections in Subsequent Years	Total Collections	%
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%	17,000	1,075,750	99.96%
2025	1,129,970	1,102,282	97.5%	N/A	1,102,282	97.55%

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended	Tax Levy ¹	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	818,816	809,445	98.9%	9,371	818,816	100.00%
2025	1,215,683	1,127,989	92.8%	N/A	1,127,989	92.79%

¹ Adjusted by the County Treasurer and Assessor's Office as necessary.

Source: Town Finance Department.

Town of Sahuarita, Arizona

Sales Tax Collections by Industry Group

Last 10 Fiscal Years

(Unaudited)

Industry	Fiscal Year									
	<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>	<u>2025</u>
Communications and utilities	\$ 821,809	\$ 782,871	\$ 889,527	\$ 865,519	\$ 889,208	\$ 955,654	\$ 975,676	\$ 1,032,955	\$ 1,398,847	\$ 2,016,874
Construction	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	5,653,867
Retail trade	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	6,959,683
Real estate, rental and leasing	299,969	335,178	332,545	425,461	441,743	581,914	536,412	639,535	663,007	752,764
Restaurant and bar	513,744	552,429	600,408	699,785	803,652	873,264	1,008,493	1,162,169	1,237,043	1,275,616
Other	94,771	98,611	150,136	118,021	111,584	76,969	95,176	95,176	113,679	191,092
Total	\$7,101,219	\$6,955,290	\$8,849,348	\$9,788,930	\$10,708,391	\$13,343,651	\$13,624,269	\$15,753,804	\$14,224,563	\$16,849,896
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Town of Sahuarita, Arizona

Direct and Overlapping Sales Tax Rates

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Town Direct Rates					State	Regional Transportation Authority
	General	Utility Services ¹	Construction Contracting	Transient Lodging			
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%
2025	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 2025 and 2016 (Unaudited)

Tax Remitter ¹	Fiscal Year 2025			Fiscal Year 2016		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 1,416,736	1	8.41%	\$ 1,027,308	1	14.47%
Business B	1,210,228	2	7.18%			
Business C	1,102,189	3	6.54%	345,591	4	4.87%
Business D	1,047,202	4	6.21%	708,510	2	9.98%
Business E	864,518	5	5.13%	352,281	5	4.96%
Business F	778,036	6	4.62%	226,017	6	3.18%
Business G	544,025	7	3.23%			
Business H	488,920	8	2.90%			
Business I	441,142	9	2.62%	327,658	7	4.61%
Business J	428,444	10	2.54%	365,636	3	5.15%
Business K				189,988	8	2.68%
Business L				144,841	9	2.04%
Business M				131,298	10	1.85%
	<u>\$ 8,321,440</u>		<u>49.38%</u>	<u>\$ 3,819,128</u>		<u>53.79%</u>

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

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

Town of Sahuarita, Arizona

Monthly Sewer User Rates

Last 10 Fiscal Years

(Unaudited)

Wastewater Flow Contribution Rate (per ccf)

User Classification

Fiscal Year	Average Household Bill	Admin Service Charge	Economy of Scale Factor	User Classification																
				General	3C	3K	3N	4E	4G	4H	5A	5C	5F	5G	5I	5J	5K	5L	5M	5S
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
2025	\$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)

Fiscal Year	Governmental Activities											Total
	2006 Series	2016 Refunding	2018 Series	2020 Series	2022 Series	2006A	2009B	2015	2017	2021	Leases &	
	QC CFD GO Bonds	QC CFD GO Bonds	RS CFD GO Bonds	RS CFD GO Bonds	RS CFD GO Bonds	GADA Loan	GADA Loan	Refunding Obligation	Refunding Obligation	Excise Tax Obligation	SBITAs	
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
2025	-	5,106,102	-	3,105,000	23,635,000	-	-	-	1,875,000	4,069,000	957,351	38,747,453

Fiscal Year	Business-type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita
	2008A	2008B	2019	2022	Leases &				
	WIFA Loans	WIFA Loans	Refunding Obligation	WIFA Loans	SBITAs	Total			
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	3.93%	1,605
2024	-	1,080,410	9,286,000		8,021	10,374,431	52,972,977	3.36%	1,415
2025	-	879,830	8,215,000	\$4,392,111	-	13,486,941	52,234,394	3.13%	1,359

¹ Personal income: US Census Bureau, American Fact Finder website for 2016-2023. Town estimates for 2024 and 2025.

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
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
2025	5,106,102	11%	2,175

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
2025	26,740,000	110%	8,860	1.10

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)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Pima County	\$ 34,246,000	3.31%	\$ 1,133,543
Pima County Community College	44,723,646	3.31%	1,480,353
Sahuarita Unified School District	82,932,295	45.5%	37,734,194
Continental School District	8,788,650	30.5%	2,680,538
Santa Rita Fire District	9,605,000	53.6%	5,148,280
Subtotal, overlapping debt	<u>\$ 180,295,591</u>		<u>48,176,908</u>
Town direct debt-governmental activities			<u>38,747,453</u>
Total direct and overlapping debt			<u>\$ 86,924,361</u>

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

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

Town of Sahuarita, Arizona

Legal Debt Margin Information Last 10 Fiscal Years (Unaudited)

Legal Debt Margin Calculation for 2025

Full Cash Net Assessed Value	\$508,048,992
Debt Limit:	
6% of assessed value ¹	30,482,940
20% of assessed value ²	101,609,798
Total debt limit	132,092,738
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	\$132,092,738

	Fiscal Year									
	<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>	<u>2025</u>
Debt Limit:	\$ 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	\$ 132,092,738
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 132,092,738
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		
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
2025	15,225,413	20,587,388	35,812,801	2,533,048	165,321	2,698,369	13.27	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 \$1,443,700, which occurs in fiscal year 2028.

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
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
2025	5,734,409	(2,514,956)	3,219,453	1,277,874	332,229	1,610,103	2.00	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 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
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	94.6%	42.4%	\$ 117,690	3.4%
2024	37,448	Information not available			
2025	38,442				

Sources: US Census Bureau, American Fact Finder or ACS 5-Year Estimates Data Profile.
2025 population is estimated by the Town.

Town of Sahuarita, Arizona

Principal Employers 2025 and 2016 (Unaudited)

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Percentage of Total Town Employment</u>
Sahuarita Unified School District	798	19.09%	812	19.40%
La Posada	600	14.35%		
Walmart	398	9.52%	326	7.79%
Fry's	220	5.26%	220	5.26%
Town of Sahuarita	229	5.48%	137	3.27%
Northwest Medical Center	166	3.97%		
Farmers Investment Company	125	2.99%	252	6.02%
Safeway	100	2.39%	115	2.75%
Sprouts	70	1.67%		
TJ Maxx	60	1.44%		
Jim Click Ford	*		54	1.29%
Ashley's Furniture	*		40	0.96%
Ross	*		34	0.81%
Pub22	*		30	0.72%
Total	<u>2,766</u>	<u>66.16%</u>	<u>2,020</u>	<u>48.27%</u>

* 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)

Function/Department-Division	Authorized Full-time Equivalent Employees as of June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Town Manager	6.0	6.0	6.0	4.0	6.0	6.0	6.0	4.0	4.0	4.0
Economic Development & Public Affairs	-	-	-	2.0	2.0	2.0	2.0	4.0	4.0	4.0
Law	4.0	5.0	5.0	5.0	5.0	5.0	4.0	3.0	3.0	3.0
Town Clerk	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance & Technology	9.0	9.0	9.0	9.0	9.0	9.0	11.0	13.0	13.0	15.0
Human Resources	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0
Community Development-Planning & Zoning	5.0	5.0	5.0	5.0	4.6	4.6	4.6	5.0	5.0	5.1
Public Works-Facilities & Fleet	1.0	1.0	1.0	1.0	2.0	1.8	2.9	3.2	5.6	4.7
Municipal Court	8.0	7.0	6.0	6.0	6.0	8.0	9.0	9.0	9.0	9.0
General Government Total	40.0	40.0	39.0	40.0	41.6	43.4	47.5	49.2	51.6	53.8
Public Safety										
Community Development-Building Safety	7.0	7.0	7.0	8.0	9.4	9.4	10.4	11.5	11.5	9.6
Public Works-Engineering	3.5	3.5	3.5	5.0	4.2	3.8	3.2	4.9	4.9	5.8
Police	51.0	53.0	55.0	58.0	60.0	62.0	68.0	74.0	79.0	82.0
Public Safety Total	61.5	63.5	65.5	71.0	73.6	75.2	81.6	90.4	95.4	97.4
Culture & Recreation										
Parks & Recreation	15.1	15.3	16.3	17.4	18.4	18.4	18.7	18.4	20.4	24.6
Highways & Streets										
Public Works-Streets	12.7	9.7	10.7	10.5	11.9	11.3	11.7	12.3	11.3	11.8
Sewer										
Public Works-Wastewater Utility	6.9	6.3	6.3	6.5	6.5	6.5	6.5	7.7	7.4	8.2
Public Works-Billing & Collections	1.0	2.0	2.0	2.0	2.5	2.7	2.8	3.4	3.3	3.3
Sewer Total	7.9	8.3	8.3	8.5	9.0	9.2	9.3	11.1	10.7	11.5
Total	137.2	136.8	139.8	147.4	154.4	157.4	168.7	181.4	189.4	199.0

Source: Town Finance Department

Town of Sahuarita, Arizona

Operating Indicators Last 10 Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021 ²	2022	2023	2024	2025
Town Clerk										
Business licenses issued	1,485	1,514	1,507	1,422	1,394	1,320	1,328	1,463	1,437	1,538
Building Safety										
Building permits-single family residential	277	248	370	324	464	559	554	301	390	337
Building permits-other	724	711	673	580	691	1,243	1,435	1,249	954	837
Police										
Traffic citations	1,221	1,183	807	1,765	1,203	1,273	1,113	731	698	947
Calls for service	8,429	8,129	8,416	8,504	8,136	7,299	7,386	7,928	8,106	9,156
Finance & Technology										
IT Work Orders Completed	N/A		1,327	1,398	1,218	1,052	1,625	1,549	1,898	2,286
Human Resources										
Number of job openings	25	40	42	50	44	45	56	45	56	54
Number of applicants	1,103	698	785	844	757	531	900	941	662	983
Turnover rate	11%	12%	18%	13%	15%	10%	18%	16%	17.9%	14.1%
Municipal Court										
Hearings/Court sessions	10,007	Note 1	4,794	5,532	5,841	5,544	5,390	7,316	2,776	2,707
Filings ¹	2,373	2,602	2,204	3,248	3,051	3,270	2,628	2,066	1,878	1,396
Public Works										
Street resurfacing (miles)	20.5	28.1	3.0	32.0	24.6	60.5	12.0	12.7	26.5	29.42
Potholes repaired	87	64	8	81	56	147	11	35	167	43
Road Overall Condition Index (OCI)	Information Not Available (N/A)				75	76	75	78	77.81	79
Parks and Recreation										
Number of recreation programs offered	43	43	181	114	191	58	736	630	552	427
Number of field bookings	127	114	67	84	105	Note 2	3,600	5,044	4,695	4,620
Number of ramada and other bookings	32	27	22	56	101		815	1,954	1,322	907
Number of recreation center bookings	158	166	141	130	133	117	995	1,020	1,519	1,424
Special event permits issued	57	55	29	29	25	48	16	18	28	49
Event attendance (Note 3)	26,400	31,919	42,878	53,546	31,135	12,100	43,700	80,200	40,000	54,800
Recreation program participants	17,189	15,630	10,881	11,005	8,461	5,938	4,961	5,251	3,888	4,416
Wastewater										
Average daily sewage treated (thousands of gallons)	777.0	802.0	828.4	867.0	887.5	890.7	876.5	959.2	974.0	963.0
Long-term storage credits (acre feet)	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	12,180.06
Estimated value of LTSCs, CAP rates	\$871,753	\$1,101,043	\$1,339,241	\$1,506,631	\$1,780,887	\$2,065,345	\$2,552,483	\$3,096,383	\$4,006,505	\$4,682,422
Estimated value of LTSCs, CAGR rates	\$2,538,667	\$3,131,556	\$3,903,692	\$4,270,537	\$4,919,882	\$5,716,984	\$6,629,444	\$7,215,223	\$7,962,323	\$9,522,426

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.

Note 3: In 2025, the Parks & Recreation Department adopted the use of event counting software to estimate event participation, which was then applied to 2024 also.

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)

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2025</u>
Planning & Building										
Vehicles	N/A	4	4	4	4	3	6	6	6	6
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (in service) ¹	46	50	50	56	75	81	83	95	98	94
Public Works										
Streets and highways (<i>miles</i>)	146	156	157	163	169	171	173	173	173	185
Streetlights	59	69	69	69	69	69	73	89	98	138
Traffic signals	16	16	16	16	17	17	18	19	24	25
Parks and Recreation										
Developed parks	9	9	9	9	9	9	9	9	10	10
Park acreage	107	107	107	107	114	208	208	208	275	275
Basketball courts	4	4	5	5	8	8	8	8	8	8
Playgrounds	5	5	5	5	6	6	6	6	6	6
Spashpads	-	-	-	-	-	-	-	-	-	1
Skate spots/parks	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds (lighted)	6	6	6	6	8	8	8	8	8	8
Soccer/football fields (lighted)	8	8	6	6	7	7	7	7	7	7
Soccer/football outfield overlays (lighted)	-	-	2	2	1	1	1	1	1	1
Pickleball courts	-	-	-	-	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	2	2
Parks maintenance buildings	1	1	1	1	1	1	1	1	2	2
Ramadas	22	22	21	22	25	25	25	25	25	25
Restroom facilities	8	8	9	9	10	10	10	10	10	11
Sand volleyball court	1	1	1	1	1	1	2	2	2	2
Off-leash dog area	2	2	2	2	2	2	2	2	2	2
Vehicles	8	8	8	8	9	9	9	9	17	18
Wastewater										
Permitted treatment capacity (<i>gallons in 1,000s</i>)	1,500	3,000	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 three wavy lines in blue, green, and yellow, representing water or a valley.

Sahuarita
ARIZONA