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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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2020



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Prepared by the Finance Department

2020



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# TOWN OF SAHUARITA, ARIZONA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



Introductory Section

2020



375 W. Sahuarita Center Way  
Sahuarita, AZ 85629  
[sahuaritaAZ.gov](http://sahuaritaAZ.gov)

December 17, 2020

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

State law §9-481 requires that towns have an audit performed on their financial statements at least once for every two fiscal years and shall include all financial transactions during that period. The audit shall be completed and the final audit report shall be submitted within six months after the close of the fiscal year or years audited. The Town exceeds the State mandated requirement by issuing an audited report annually. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified opinion on the Town of Sahuarita's financial statements for the year ended June 30, 2020. 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 32,232. As of the latest U.S. Census reports, our median age is 36 years, and our median household income is \$78,697. Sahuarita is an educated population, with 39% 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 14 Town departments and 154.4 full-time equivalent employees (FTE). Our residents voice a positive affirmation of the Town's

reputation for providing core services such as public safety, well-maintained roadways and parks and recreation facilities.

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

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

### **CURRENT CONDITION & INITIATIVES**

This year brings with it a new framework for looking at our priorities with Strategic Plan 2020-2025. A 2019 staff/council retreat resulted in this five-year blueprint that paves the way for bold endeavors. This new plan focuses on the following areas: Economic Expansion and Placemaking, Outreach and Communication, Infrastructure, Community Well-being, and Highly Performing Organization. Additionally, our new strategic plan calls for more specific, action plans to be implemented annually. Although 2020 has thrown us some curveballs, most especially with the COVID-19 global pandemic, our years of careful planning and a renewed focus on long-term goals have prepared us to face this challenge as we have others before it. We weathered the storm of the economic downturn in 2008, and looking at our present trajectory, we’re in a favorable position to weather the global pandemic as well.

When COVID-19 hit us with unexpected shutdowns in March and April, we were prepared to cut the more robust budget we had planned and set aside some of the benchmarks of the new strategic plan, but in late May we received notice from the Governor’s office that we would be receiving \$3.6 million in AZCares funding. This allowed us to free up some money we’d have used on SPD payroll, and set aside \$1.1 million to go to businesses and residents, and we have been able to keep many of our original budget plans in place. This is wonderful news in a time when so much has seemed uncertain.

### **Economic Expansion and Placemaking**

**NEW BUILDS AND CONSTRUCTION:** In fiscal year 2020, we broke ground on the Sahuarita Advanced Manufacturing and Technology Center (SAMTEC). That project, paid for in part by a \$3 million grant from the Economic Development Administration, is now coming close to completion. The completed project will serve as a business incubator to draw tech firms and well-paying jobs to Sahuarita. This year’s budget allocates \$175 thousand to help find tenants and pay brokerage fees for any leases. Northwest Healthcare is also nearing completion with the Sahuarita Medical Center at the corner of Sahuarita Road and Rancho Sahuarita Boulevard. The facility is comprised of 70,000 square feet with 18 beds, an emergency room, and

two operating rooms. The second floor will house medical offices for primary care, cardiology, orthopedics and general surgery. This development is projected to bring 150 full-time jobs and \$37 million in capital investment to Sahuarita.

**LOCAL BUSINESS SUPPORT AND DEVELOPMENT:** With the arrival of COVID-19 in the spring of 2020, our reaction to the governor’s shutdowns was swift, and provided the framework for some of our priorities in the FY 2021 budget. We established a website to serve as a hub for communications resources and information, and to help connect Sahuarita businesses with our economic development department. Our employees dedicated time to helping our businesses one-on-one with navigating through the process of PPP and CARES Act applications. Six-hundred thousand dollars is going into the establishment of a business recovery program, which provides up to \$10,000 aid to qualifying businesses to help mitigate some of the damages of the pandemic.

With \$67,000 projected grant funding from Freeport McMoRan, our economic development department will continue to assist existing and emerging businesses. This includes BizEDGE (Sahuarita’s Shark Tank), and BizLaunch where we partner with UArizona, and ACCION to provide mentorship for startups.

**WORKFORCE HOUSING:** A concern that is vital to a healthy economy is making sure development is beneficial to the needs of our existing residents and those of the future. In FY 2020 we began a workforce housing study that is projected to conclude in 2021. Our Strategic Plan 2020-2025 calls for the addition of 200 workforce housing units by 2025. The workforce housing study will help us to determine current and future demands, and what types of homes and pricing are most compatible with them. This is meant to help give our policy makers a better understanding of Sahuarita’s evolving market as it expands.

## **Outreach and Communication**

As you look at budget 2021, you will see that we are guided by the focus areas and goals of our strategic plan, and that we have created an entirely new focus area with Outreach and Communication. In an age of ever-expanding technological advancement that brings with it 24-hour connectivity between families and friends, so have the needs of local governments grown to maintain connections with our populations, to provide avenues for two-way communication, to listen to our constituents, and also to provide timely and accurate information wherever it is needed as a public service. This focus area intends to ensure accountability and transparency—to build public trust and regional recognition. We aim to be an innovator and leader as we form partnerships toward mutual success in all that we do. The 2021 budget sets aside \$309,480 for our communications division. I would encourage you to look at the Department Summaries and Performance Measures to see what our communications division has accomplished in 2020 and see what kinds of things are in store for 2021.

## Infrastructure

**A FOUNDATION FOR THE FUTURE:** Budget 2021 allows for us to continue our pavement preservation program. This, coupled with our traffic signal maintenance program, will ensure that our roads continue to be maintained in tiptop condition. We continue to strive for excellence with our roadways and making sure that our town remains a leader in the region for its vigilant attention to infrastructure as the literal foundation for economic development and maintaining the well-being of our community. In total, \$1.6 million of the 2021 budget is set aside for maintenance of our roads and related infrastructure.

Many major infrastructure projects have been put on hold due to COVID-19, but we are proceeding as planned with Quail Crossing Boulevard Extension, with \$550 thousand dedicated to the design and bidding process; we expect to see construction begin on that early in the 2022 fiscal year. We are also proceeding with the design phase for construction of a new wastewater lab, and \$63 thousand of FY 2021's budget is set aside for that.

## Community Well-Being

**RECREATION PROGRAMS AND SPECIAL EVENTS:** This budget reflects our council's priorities with initiatives for increasing events and attendance as well as meeting the leisure needs of residents. Each year we strive to enhance existing activities in small ways, such as more lights during Winter Fest, and also by adding new events such as the Creative Arts Festival and Lake Fest (to be implemented when the time is right for large-group gatherings). We've become creative and flexible as needed with the threat of COVID-19; therefore, the budget supports virtual and digital programs when in-person programs are not feasible.

**PARK MAINTENANCE:** Our budget sustains recent improvements in turf management and supports new amenities for families, young singles, and older adults alike, with the addition of a nature trail, disc golf, and pollinator garden at Anamax Park. We plan to install a pedestrian bridge over a drainage swale at Sahuarita Lake Park, and a pump track at Parque los Arroyos. We are also pursuing health and safety initiatives such as the first year of a multi-year program to replace park drinking fountains with models that better accommodate the bottle filling needs of our energetic and active residents.

**STABILIZING WASTEWATER COSTS:** Amid the threat of COVID-19, we have also prioritized the needs of our wastewater customers. The AZCares funding frees up existing town resources, which has allowed us to allocate \$500 thousand to the Wastewater Enterprise Fund, reducing the Fund's deficit. This helps to stabilize our wastewater customers' rates—effectively delaying the need for future rate increases and/or reducing the severity of them. This also frees up money in the general fund that has been covering the aforementioned deficits, which can then be used for projects that benefit the entire community.

## Highly Performing Organization

**MAINTAINING AN ORGANIZATIONAL CLIMATE FOR SUCCESS:** With public safety as one of the most important concerns of our residents, our police department must be well-staffed. This year's budget provides money to add two full-time officers to SPD staff by way of COPS grant funding. Providing the tools our police need to do their jobs well keeps them safe and in the best position to protect and serve our community. A well-staffed, trained and supplied police force is the foundation for a department that performs at its peak. Additionally, the 2021 budget provides a cost-of-living increase for all town employees of 2% to ensure that our salaries and compensation provide living wages for all our public servants.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Sahuarita for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 18th consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "L. Kelly Udall".

L. Kelly Udall  
Town Manager

A handwritten signature in black ink that reads "A.C. Marriotti".

A.C. Marriotti, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Sahuarita  
Arizona**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# Mayor and Council



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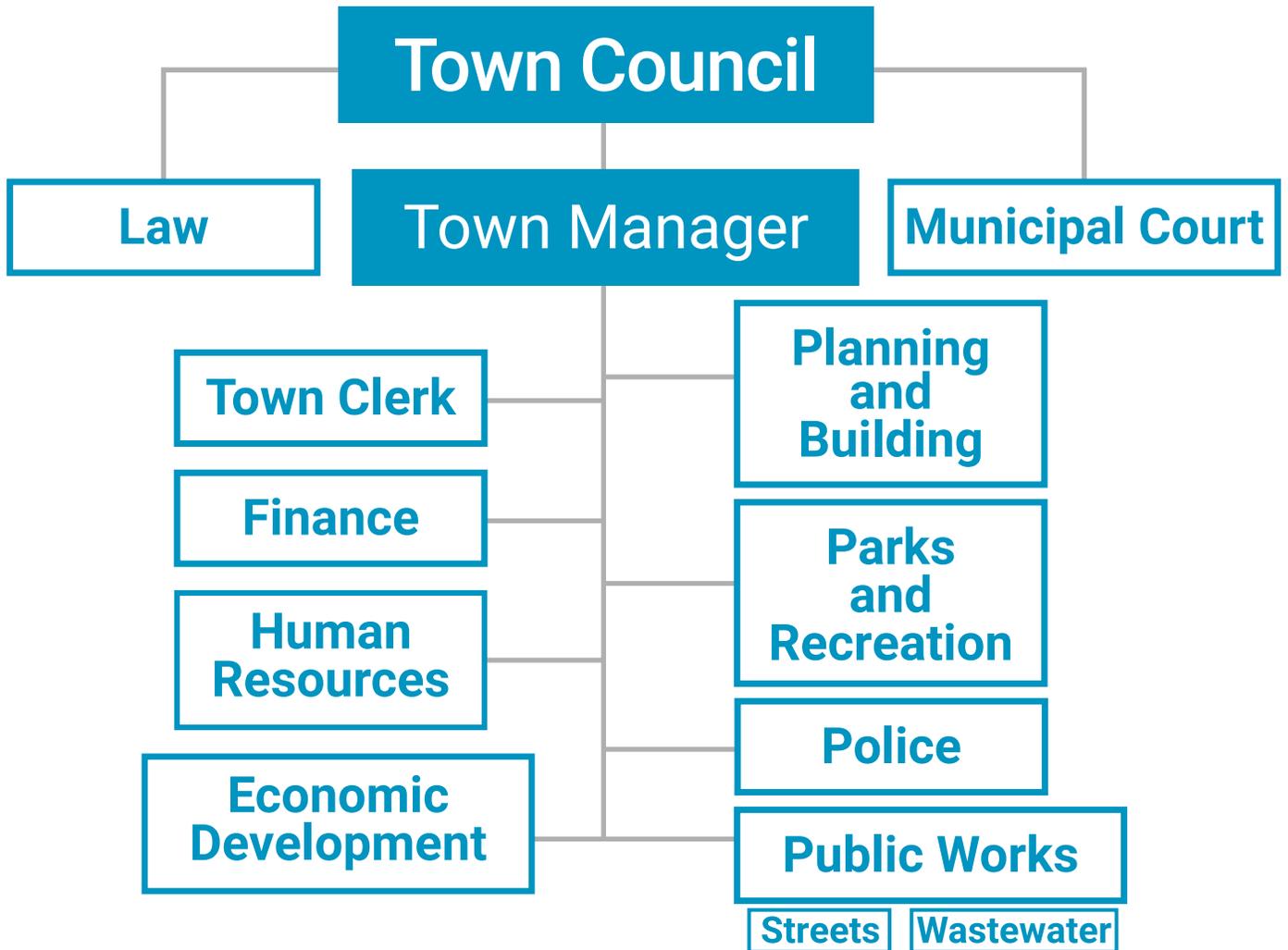


Deborah Morales  
Council Member  
dmorales@sahuaritaaz.gov  
520-344-7140



# Organization Chart

## Citizens



# Sahuarita at a Glance

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2020

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—to be the longest continuously inhabited place in all of 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 Rita 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 30,000. The Town of Sahuarita’s population increased 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 Prospector. For approximations of statistics at the time of this publication see the numbers below.



## AGE DISTRIBUTION

0-9	4,468	40-49	2,988
10-19	3,545	50-59	2,732
20-29	3,803	60-64	1,811
30-39	4,471	65+	6,152

## TOTAL POPULATION

32,232  
48.45% Male  
51.55% Female

## MEDIAN AGE

36

## EDUCATIONAL ATTAINMENT

High School	18.2%	Associates Degree	10.9%
Some College	27.5%	Bachelor’s or Higher	25.7%

## MEDIAN HOUSEHOLD INCOME

\$78,697

## MEDIAN EXPENDITURES

\$62,006



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Financial Section

2020



## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Sahuarita, Arizona  
Sahuarita, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sahuarita, Arizona (Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sahuarita, Arizona as of June 30, 2020, 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.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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

Town Council  
Town of Sahuarita, Arizona

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, 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 the Town's 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.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 17, 2020

# 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, 2020. Please read it in conjunction with the transmittal letter on pages 2-6 and the Town's basic financial statements, which begin on page 28.

## FINANCIAL HIGHLIGHTS

- At June 30, 2020 net position totaled \$148,320, an increase of \$685 over last year. Of this amount, \$13,376 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Capital asset balances totaled \$174,918, a decrease of \$3,533 compared to last year. Construction in progress accounted for \$5,164, a little less than 3% of the total balance.
- Long-term liabilities decreased \$1,723 from last year to a total of \$57,666 at June 30, 2020. Liabilities related to employee expenses (pension, other postemployment benefits, and compensated absences) accounted for \$13,146, approximately 23% of the total balance.
- As of the close of the current fiscal year, the governmental funds combined ending fund balances had increased \$4,162 to a new balance of \$28,264. Of this amount, \$3,374 is in a nonspendable form, \$4,236 is restricted for specific purposes due to agreements or laws, \$5,000 is committed for reserves, \$2,330 is assigned to specific purposes by the Town Council, and \$13,324 is unassigned.
- The Town received a \$3,607 AZCares grant, a state pass-through of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, to help offset the impact of COVID-19 pandemic costs. \$1,668 was used to pay for certain payroll costs in the Police Department in fiscal year 2020. The balance will be spent in 2021.
- The Wastewater Enterprise Fund's net position increased by \$983 during the year, raising net position to \$26,201 at year end. The Fund's net investment in capital assets increased by \$3,294. The increase occurred because debt was refunded during the year and principal is being retired at a faster rate than capital asset depreciation. Unrestricted net position and restricted net position decreased by \$572 and \$1,739, respectively, to a balance of (\$2,962) and \$1,121, respectively.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the Town include a sewer treatment operation. The government-wide financial statements can be found on pages 28-29 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories, governmental funds and a proprietary fund.

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

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

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

The Town adopts an annual appropriated budget for its funds. Budgetary comparison 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 30 and 32 of this report.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-64 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, including (1) budgetary comparison schedules for the General Fund, Highway User Revenue Fund—Special Revenue Fund, and Grants and Restricted Sources Fund—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 66-76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and other funds budgetary comparison schedules can be found on pages 79-83 of this report.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 34,559	\$ 27,538	\$ (757)	\$ 1,755	\$ 33,802	\$ 29,293
Capital assets	131,586	134,208	43,332	44,243	174,918	178,451
Total assets	166,145	161,746	42,575	45,998	208,720	207,744
Deferred outflows	3,410	3,454	94	114	3,504	3,568
Liabilities:						
Current	4,581	1,889	399	613	4,980	2,502
Long-term	41,651	39,196	16,015	20,193	57,666	59,389
Total liabilities	46,232	41,085	16,414	20,806	62,646	61,891
Deferred inflows	1,204	1,698	54	88	1,258	1,786
Net position:						
Net investment in capital assets	105,509	106,646	28,042	24,748	133,551	131,394
Restricted	1,392	1,829	1,121	2,860	2,513	4,689
Unrestricted	15,218	13,942	(2,962)	(2,390)	12,256	11,552
Total net position	\$ 122,119	\$ 122,417	\$ 26,201	\$ 25,218	\$ 148,320	\$ 147,635

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 \$148,320 at the close of the most recent fiscal year, an increase of \$685 over last year.

The largest portion (90%) 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 portion (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 \$12,256 (8%) 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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,615	\$ 2,393	\$ 4,795	\$ 4,370	\$ 7,410	\$ 6,763
Operating grants and contributions	5,105	3,153	-	-	5,105	3,153
Capital grants and contributions	3,444	2,289	-	367	3,444	2,656
General revenues:						
Property taxes	805	657	-	-	805	657
Sales taxes	10,767	9,789	-	-	10,767	9,789
Franchise taxes	367	369	-	-	367	369
Share of state income tax	3,916	3,550	-	-	3,916	3,550
Share of state sales tax	3,138	2,957	-	-	3,138	2,957
Share of state vehicle license tax	1,383	1,349	-	-	1,383	1,349
Unrestricted grants and contributions	-	171	-	-	-	171
Contributions restricted for debt service	524	710	-	-	524	710
Investment earnings	647	716	(54)	(7)	593	709
Miscellaneous	183	174	17	17	200	191
Total revenues	<u>32,894</u>	<u>28,277</u>	<u>4,758</u>	<u>4,747</u>	<u>37,652</u>	<u>33,024</u>
<b>EXPENSES</b>						
Program expenses:						
Governmental activities:						
General government	6,531	5,994	-	-	6,531	5,994
Public safety	10,511	8,876	-	-	10,511	8,876
Culture and recreation	3,167	3,029	-	-	3,167	3,029
Highways and streets	11,729	11,441	-	-	11,729	11,441
Interest and amortization on long-term debt	1,267	946	-	-	1,267	946
Business-type activities:						
Sewer	-	-	3,762	3,606	3,762	3,606
Total expenses	<u>33,205</u>	<u>30,286</u>	<u>3,762</u>	<u>3,606</u>	<u>36,967</u>	<u>33,892</u>
Increase (decrease) in net position before losses and transfers	(311)	(2,009)	996	1,141	685	(868)
Special item-impairment loss	-	(3,168)	-	-	-	(3,168)
Transfers	13	(4,917)	(13)	4,917	-	-
Change in net position	<u>(298)</u>	<u>(10,094)</u>	<u>983</u>	<u>6,058</u>	<u>685</u>	<u>(4,036)</u>
Net position at beginning of year	122,417	132,511	25,218	19,160	147,635	151,671
Net position at end of year	<u>\$122,119</u>	<u>\$122,417</u>	<u>\$26,201</u>	<u>\$25,218</u>	<u>\$148,320</u>	<u>\$147,635</u>

**Governmental Activities**

The \$298 decrease in net position for governmental activities was \$9,796 higher than last year's change in net position. Significant variances between fiscal year 2020 and 2019 are explained below:

**Revenues and Other Sources**

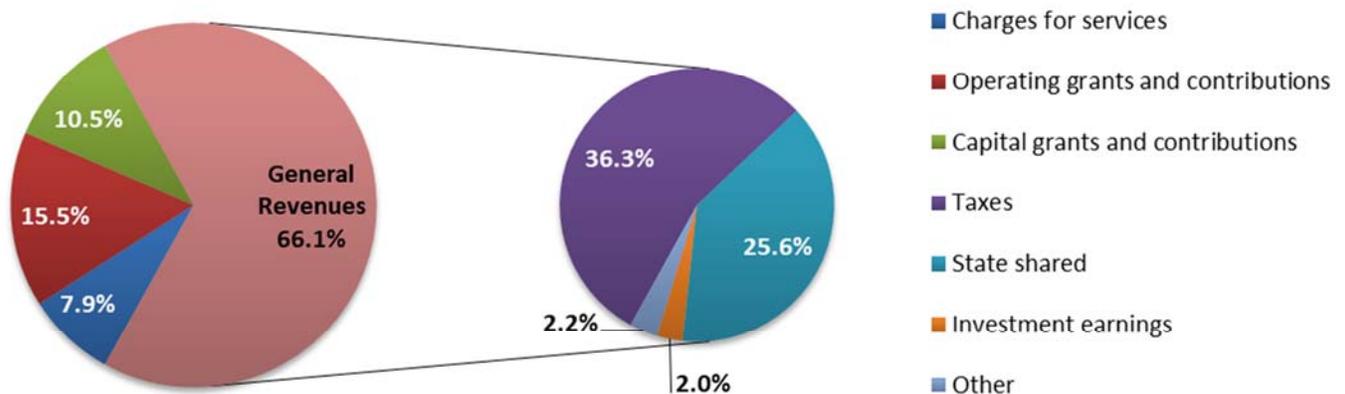
- Capital grants and contributions increased by \$1,155. In 2020, the Town received \$2,954 in grant reimbursements from the Economic Development Administration for the construction of the Sahuarita Advance Manufacturing and Technology Center (SAMTEC) facility. Developer infrastructure contributions, however, were valued \$1,395 less in 2020 than the prior year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- Sales taxes were \$978 higher. Increased residential and commercial development produced \$174 more in contracting taxes. General transaction privilege taxes increased by \$804. The Town's population continues to grow and new stores and business have opened. Also, statewide a greater portion of on-line retail activity is being reported and taxed.
- Operating grants and contributions increased by \$1,952. \$1,668 of this increase came from the AZCares grant, part of the federal CARES Act funding passed through the Governor's Office, to help offset the impact of the COVID-19 pandemic costs.

## Governmental Activities Revenues by Source



### Expenses and Other Uses

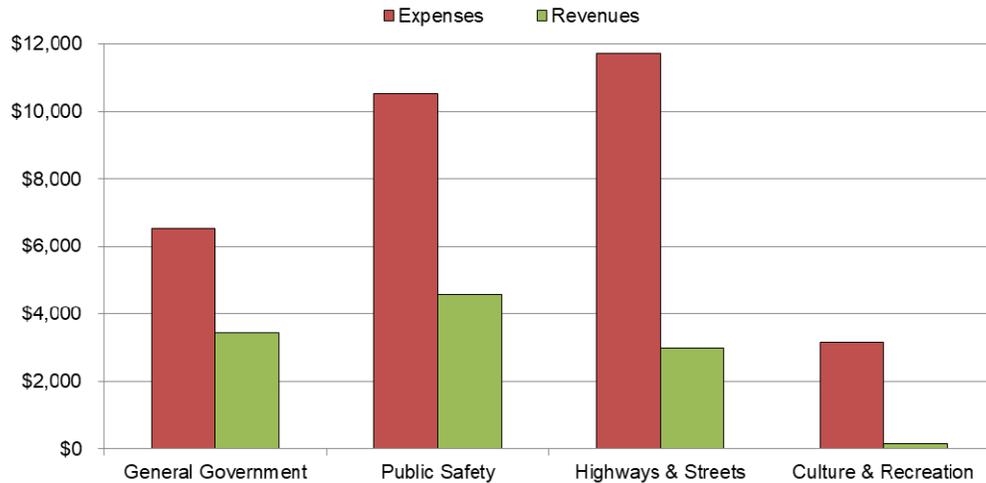
- Public safety program expenses increased by \$1,635. Of this amount, \$890 was related to pension and other postemployment benefit costs due to a variety of pension and OPEB plan impacts as discussed in the notes to the financial statements (note 6). Other personnel costs increased by \$305 due to additional staffing (+2.6 FTEs) and medical insurance premium increases. Another \$230 increase was for supplies and equipment, mostly grant funded and for the Police Department; commensurate with staffing increases and a growing community.
- In 2019, there were impairment losses (special item) of \$3,168 and \$4,917 of net transfers from governmental activities to business-type. The unusual circumstances necessitating this activity in 2019 did not apply in 2020.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

As shown on the chart below, all functions had greater program expenses than program revenues. Accordingly, general revenues and available net position was used to help pay the costs of these functions.

## Governmental Activities Program Revenues and Expenses

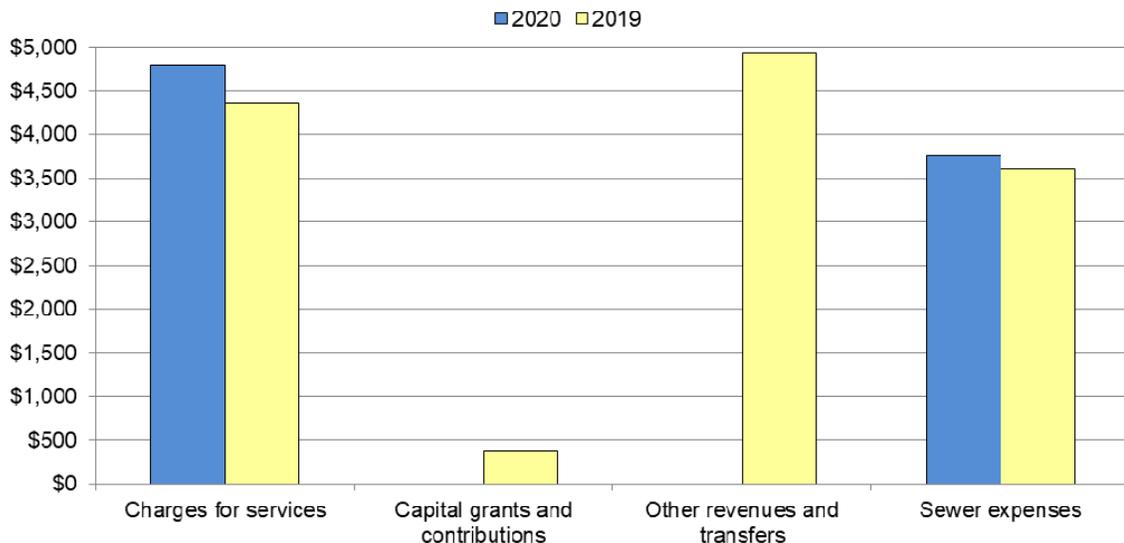


### Business-type Activities

The \$983 increase in net position for business-type activities was \$5,075 less than last year's change in net position. Significant variances between fiscal year 2020 and 2019 are explained below:

- Charges for services increased \$425. Sewer connection fees were \$243 more than the prior year as more homes connected to the wastewater system in 2020 than in 2019. User charges increased by \$252 due to an increase in customer accounts and higher average user consumption.
- In 2019, there were significant items that did not apply to 2020. Developer contributions of sewer lines valued at \$367 were received in 2019. Also in 2019, \$4,692 was transferred to the Business-type Activities to account for a partial write-off of the interfund advance that covers the Wastewater Fund's cash deficits.

## Business-type Activities Revenues and Expenses



# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At June 30, 2020, the Town's governmental funds reported combined ending fund balances of \$28,264, an increase of \$4,162 from last year. Of the total, \$24,890 constitutes spendable fund balances, which includes the unassigned, assigned, committed, and restricted fund balances. The remaining \$3,374 is non-spendable to indicate that it is not available because it has already been spent on prepaid items or associated with long-term notes receivable and advances to other funds.

### 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, it may be useful to compare spendable fund balances to total fund expenditures. Spendable fund balances were 119% of total General Fund expenditures. Compared to last year, total fund balance increased by \$1,745 and the spendable portion increased by \$638. Revenues exceeded expenditures by \$4,548 but was offset in part by \$2,806 in transfers to other funds to pay for all or a portion of certain capital project costs. The Town's budget called for revenues to exceed expenditures. Actual results for the year, however, were even more favorable than the budget plan. Most local revenue sources came in higher than anticipated as development and economic growth outpaced expectations (see General Fund Budget Highlights below). For expenditures, Police Department costs were lower than expected as the AZCares grant in the GARS fund paid for \$1,668 of the department's payroll costs which normally would have been paid by the General Fund. Cost savings in other departments were also realized and were mostly due to the temporary hiring freeze that was enacted in response to the COVID-19 pandemic.

The HURF fund balances, which are restricted but spendable, increased by \$115. This increase was mostly attributable to collections on receivables related to expenditures from the prior year; revenues that were deferred last year but recognized in 2020.

The CIIF fund balances, which are all spendable, decreased by \$561, which was not unexpected. The budget and Capital Improvement Plan called for the CIIF to spend previously accumulated resources to acquire or construct capital assets and infrastructure in the Town. Fund balances would have declined by a lesser amount but for revenue deferrals of \$444 for uncollected grant receivables, which will be recognized next fiscal year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

The GARS fund balances, which are restricted but spendable, decreased by \$2. Most of the activity in this fund accounts for expenditure driven grants, where revenues and expenditures match. As such, changes to fund balances are typically small.

Fund balance in the Rancho Sahuarita CFD fund, a nonmajor fund, increased by \$2,853. The CFD issued \$3,475 of General Obligation Bonds during the year, most of which was unspent by year-end. The residual proceeds are expected to be spent next fiscal year.

**Proprietary fund.** The Town's Wastewater Enterprise Fund provides the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the wastewater treatment operation at the end of the year amounted to a deficit balance of \$2,962, which was a \$572 lower than last year. Restricted net position was \$1,121 for other postemployment benefits assets and assets held in trust to pay debt service. A significant portion of the fund's debt was refunded during the year. The refunding debt does not require a debt service reserve like the old debt, which accounts the significant drop in restricted net position. These debt reserves were used to pay down the principal on the new, refunding debt, which explains most of the increase in the net investment in capital assets. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

## Wastewater Enterprise Fund Net Position



### GENERAL FUND BUDGETARY HIGHLIGHTS

**Original budget compared to final budget.** During the year, the Town Council authorized two budget amendments, totaling \$1,849, increasing operating transfers out to the CIIF:

- \$549 was authorized for the purchase 93 acres of vacant land on the westside of the Town, and
- \$1,300 was authorized to pay for some of the SAMTEC project costs, which were initially going to be financed by debt in the CIIF. Project costs, however, came in significantly under budget and debt was deemed unnecessary.

One other minor budget transfer in the Parks & Recreation Department, reduced the department's General Fund budget by \$9 and increased it in the in the CIIF by \$9 to cover specific project costs.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

**Final budget compared to actual results.** Total actual revenues exceeded estimated revenues by \$1,424. The most significant differences were as follows:

<u>Revenue Sources</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 6,711	\$ 7,419	\$ 708
Licenses and permits	1,589	2,120	531
Intergovernmental	8,653	8,437	(216)
Investment earnings	381	506	125
Miscellaneous	52	296	244

- Taxes exceeded budget. Sales taxes, the largest component, accounted for \$718 of the excess. Interestingly, the COVID-19 pandemic had a positive impact on our local sales taxes as residents were travelling less and doing more shopping on the internet and close to home.
- Building and development permit revenues exceeded expectations. There was more actual commercial and residential development in the Town than the budget anticipated. There were 464 single-family residential permits and 63 commercial permits issued during the year. This is the highest volume of permit activity in each category dating back to 2009 and more than anticipated in the budget.
- Intergovernmental revenues lower than expected. State shared sales taxes, income taxes, and vehicle license taxes were lower by \$50, \$66, and \$100, respectively. These revenues were on pace to meet or exceed budget until the last three to four months of the year, when the COVID-19 pandemic impacts materialized.
- Investment earnings exceeded the budget as more funds were available to invest and rates of returns were higher than anticipated in the budget.
- Miscellaneous revenues exceeded budget because the Town received a one-time, unanticipated dividend of \$159 from the Arizona Municipal Risk Retention Pool and \$25 in insurance recoveries.

Total actual expenditures were less than appropriations by \$2,556 (excluding contingency reserves), as follows:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Personnel	\$ 12,735	\$ 10,623	\$ 2,112
Services	3,077	2,718	359
Supplies and equipment	954	913	41
Other	1,148	1,069	79
Capital outlay	92	127	(35)

- Personnel expenditures were less than budget. The Town instituted a temporary hiring freeze in response to the COVID-19 pandemic and \$1,668 of the Police Department's payroll costs were covered by the AZCares grant which was accounted for the in GARS fund.
- Service expenditures were less than budget. The budget included \$175 for commercial brokerage fees that will not be paid until the SAMTEC facility is leased, which did not occur during the year. Other professional and management consulting services amounting to \$148 went unused primarily in response to the COVID-19 pandemic.
- Actual capital outlay included the unanticipated purchase of court security equipment and the completion of Police Department building improvements that carried over from the previous year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- Other differences noted above are either immaterial or fell within a normal and/or acceptable range about the budget amount.

Total revenue and expenditures had a favorable budget variance. None of the negative line-item budget variances had or have a significant effect on future service levels or liquidity.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$174,918 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer conveyance systems, machinery and equipment, vehicles, park facilities, roads, highways, and bridges.

## CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 10,134	\$ 9,564	\$ 2,640	\$ 2,640	\$ 12,774	\$ 12,204
Buildings & improvements	18,242	17,437	30,316	30,881	48,558	48,318
Sewer conveyance system	-	-	10,259	10,528	10,259	10,528
Infrastructure	95,835	103,696	-	-	95,835	103,696
Vehicles	1,753	1,795	44	57	1,797	1,852
Equipment and software	531	312	-	-	531	312
Construction in progress	5,091	1,404	73	137	5,164	1,541
Total capital assets	<u>\$131,586</u>	<u>\$134,208</u>	<u>\$ 43,332</u>	<u>\$ 44,243</u>	<u>\$174,918</u>	<u>\$178,451</u>

Total capital assets decreased by \$3,533 (-2%) during the year, which is the net difference between new capital acquisitions, disposals, and depreciation. Major capital asset events during the fiscal year included the following:

- Governmental activities added \$4,154 to construction in progress for the Sahuarita Advanced Manufacturing and Technology Center (SAMTEC) project, which was mostly complete but still under construction at year-end. Construction in progress was reduced by \$1,265 for projects that were completed during the year, most notably the Anamax Park maintenance building for \$739 and intersection improvements at La Posada for \$339.
- Governmental activities purchased 93 acres of vacant land on the westside of Town for \$547.
- Developer right-of-way and road contributions added another \$22 and \$424 to governmental activities land and infrastructure, respectively.
- Governmental activities purchased 10 vehicles costing \$465. Eight of those were acquired for \$399 through capital lease financing.
- Depreciation reduced the Town's investment in capital assets for governmental activities and business-type activities by \$9,910 and \$1,065, respectively.

Additional information on the Town's capital assets can be found in note 5 on pages 45-46 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 \$44,519 of total debt outstanding. Of this amount, \$17,998 comprises debt backed by the full faith and credit of the 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	
	2020	2019	2020	2019	2020	2019
Quail Creek CFD G.O. bonds	\$ 8,743	\$ 9,429	\$ -	\$ -	\$ 8,743	\$ 9,429
Rancho Sahuarita CFD G.O. bonds	9,255	5,780	-	-	9,255	5,780
Loans payable	9,928	11,438	15,290	19,317	25,218	30,755
Capital leases	1,303	1,267	-	178	1,303	1,445
Total long-term debt	<u>\$ 29,229</u>	<u>\$ 27,914</u>	<u>\$ 15,290</u>	<u>\$ 19,495</u>	<u>\$ 44,519</u>	<u>\$ 47,409</u>

Major debt activity during the year included the following:

- Principal payments reduced the governmental activities and business-type activities debt liabilities by \$2,558 and \$1,808, respectively. The business-type activities amount includes an early payoff of the Wastewater Modular Building capital lease in the amount of \$178.
- The business-type activities issued \$13,477 in wastewater system revenue obligations and used \$2,858 of restricted cash to entirely refund the outstanding 2008 WIFA System Revenues Loan principal balance of \$15,874.
- The Rancho Sahuarita Community Facilities District (CFD) issued \$3,475 in general obligation bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue. In 2020, the Town's debt capacity was \$66,380. 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 57-61 of this report.

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

The current estimated population of 32,232 is 2.6% larger than last year's estimated population of 31,421. The Town uses a growth rate of approximately 2.0% for planning purposes.

The Town's taxable net assessed property valuation for 2021 is \$273,891, an increase of 7.3% over 2020. The total full cash property value increased 9.7% over 2020, to \$3,020,422.

The Town's budget for fiscal year 2021 totals \$59,660. Expenditures are expected to exceed revenues and other sources by \$3,439, mostly due to planned capital project activity, where previously accumulated resources are being spent on major infrastructure projects in the Town. Ending fund balances are still expected to be \$22,822 by the end of 2021.

The impacts of COVID-19 pandemic are uncertain. In response, the Town reduced most revenues expectations in 2021 by 10%. Commensurate with this reduction, however, contingencies were added to the affected funds budgets to provide capacity, and the potential to amend the budget, in case impacts were not as severe. For expenditures, many capital projects were placed on hold and pushed out to future years; but for the Police Department and

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Municipal Court, new position requests were denied; and merit increases, typically up to 4% a year, were replaced with a 2% cost of living adjustment.

The first year of the five-year Capital Improvement Plan is incorporated into the 2021 budget and amounts to \$2,867. Significant projects and acquisitions include the Pavement Preservation program, the Quail Crossing Boulevard Extension, the Streets Equipment Purchase program, and Technology upgrades and replacements. The Town intends to finance a majority of the projects of the 2021 capital budget with Town revenues and sources accumulated in prior years.

The AZCares funding the Town received at the end of fiscal year 2020, which must be used to pay for Police Department personnel costs, freed up General Fund resources that otherwise would have been consumed by these payroll costs. This provided an opportunity for the Town to allocate \$1,100 of the freed resources to the Community Investment Program in the 2021 budget:

- \$600 for the Business Safety Recovery Program, which was established to assist the local business community that were negatively impacted by the COVID-19 pandemic, and
- \$500 transferred to the Wastewater Enterprise Fund to reduce fund deficits and offset the need for and severity of sewer user rate increases in 2021 and beyond.

## REQUESTS FOR INFORMATION

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Basic Financial Statements

2020

# Town of Sahuarita, Arizona

## Statement of Net Position

June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and investments	\$ 22,880,718	\$ 259	\$ 22,880,977
Receivables, net of allowances for doubtful accounts	3,893,440	1,250,296	5,143,736
Internal balances	3,282,233	(3,282,233)	-
Prepaid items	82,303	-	82,303
Restricted assets	4,420,336	1,275,203	5,695,539
Capital assets:			
Land and construction in progress	15,225,484	2,712,868	17,938,352
Other capital assets, net of depreciation	116,360,513	40,619,145	156,979,658
Total capital assets	131,585,997	43,332,013	174,918,010
Total assets	166,145,027	42,575,538	208,720,565
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding	310,120	-	310,120
Deferred outflows related to pensions and other postemployment benefits	3,099,803	93,692	3,193,495
Total deferred outflows of resources	3,409,923	93,692	3,503,615
<b>LIABILITIES</b>			
Accrued payroll and benefits	384,453	23,404	407,857
Payables:			
Accounts	1,367,438	186,942	1,554,380
Interest	303,867	188,066	491,933
Contract retention	284,667	-	284,667
Deposits	198,342	431	198,773
Unearned revenues	2,042,063	-	2,042,063
Noncurrent liabilities:			
Due within one year	3,487,150	1,327,184	4,814,334
Due in more than one year	38,163,739	14,687,704	52,851,443
Total noncurrent liabilities	41,650,889	16,014,888	57,665,777
Total liabilities	46,231,719	16,413,731	62,645,450
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions and other postemployment benefits	1,203,870	54,414	1,258,284
Total deferred inflows of resources	1,203,870	54,414	1,258,284
<b>NET POSITION</b>			
Net investment in capital assets	105,508,871	28,041,739	133,550,610
Restricted for:			
Other postemployment benefits	198,526	1,297	199,823
Municipal court	53,752	-	53,752
Law enforcement	180,759	-	180,759
Economic development	61,261	-	61,261
Transportation	844,302	-	844,302
CFD operations and maintenance	3,085	-	3,085
Debt service	50,791	1,119,594	1,170,385
Unrestricted	15,218,014	(2,961,545)	12,256,469
Total net position	\$ 122,119,361	\$ 26,201,085	\$ 148,320,446

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 6,531,342	\$ 338,288	\$ 99,447	\$ 2,998,146	\$ (3,095,461)		\$ (3,095,461)
Public safety	10,511,173	2,117,021	2,472,508	-	(5,921,644)		(5,921,644)
Culture and recreation	3,167,428	156,994	-	-	(3,010,434)		(3,010,434)
Highways and streets	11,728,696	2,536	2,533,133	445,718	(8,747,309)		(8,747,309)
Interest, amortization, and issuance costs of long-term debt	1,266,838	-	-	-	(1,266,838)		(1,266,838)
Total governmental activities	33,205,477	2,614,839	5,105,088	3,443,864	(22,041,686)		(22,041,686)
Business-type activities:							
Sewer	3,762,261	4,795,971	-	-		\$ 1,033,710	1,033,710
Total business-type activities	3,762,261	4,795,971	-	-		1,033,710	1,033,710
Total primary government	\$ 36,967,738	\$ 7,410,810	\$ 5,105,088	\$ 3,443,864	(22,041,686)	1,033,710	(21,007,976)
General revenues:							
Property taxes					805,403	-	805,403
Sales taxes					10,766,869	-	10,766,869
Franchise taxes					366,966	-	366,966
Share of state income tax					3,915,901	-	3,915,901
Share of state sales tax					3,137,766	-	3,137,766
Share of state vehicle license tax					1,383,205	-	1,383,205
Contributions restricted for debt service					524,614	-	524,614
Investment earnings (losses)					646,904	(54,480)	592,424
Miscellaneous					183,536	17,260	200,796
Transfers					12,952	(12,952)	-
Net general revenues, special item, and transfers					21,744,116	(50,172)	21,693,944
Change in net position					(297,570)	983,538	685,968
Net position at beginning of year					122,416,931	25,217,547	147,634,478
Net position at end of year					\$ 122,119,361	\$ 26,201,085	\$ 148,320,446

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

# Town of Sahuarita, Arizona

## Balance Sheet Governmental Funds June 30, 2020

	General Fund	Highway User Revenue Fund	GARS Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 17,777,004	\$ 945,850	\$ 1,961,874	\$ 2,185,285	\$ 10,705	\$ 22,880,718
Receivables, net of allowances for doubtful accounts	1,961,438	224,251	309,151	1,241,618	156,982	3,893,440
Prepaid items	82,303	-	-	-	-	82,303
Restricted assets	-	-	107,427	-	4,114,383	4,221,810
Advances to other funds	3,282,233	-	-	-	-	3,282,233
Total assets	<u>\$ 23,102,978</u>	<u>\$ 1,170,101</u>	<u>\$ 2,378,452</u>	<u>\$ 3,426,903</u>	<u>\$ 4,282,070</u>	<u>\$ 34,360,504</u>
<b>Liabilities</b>						
Accrued payroll and benefits	\$ 352,213	\$ 20,987	\$ 6,551	\$ 4,702	\$ -	\$ 384,453
Payables:						
Accounts	614,792	304,812	81,850	363,818	2,166	1,367,438
Bonds	-	-	-	-	814,000	814,000
Interest	-	-	-	-	278,976	278,976
Contract retention	-	-	-	284,667	-	284,667
Deposits	198,342	-	-	-	-	198,342
Unearned revenues	40,228	-	1,994,279	-	7,556	2,042,063
Total liabilities	<u>1,205,575</u>	<u>325,799</u>	<u>2,082,680</u>	<u>653,187</u>	<u>1,102,698</u>	<u>5,369,939</u>
<b>Deferred inflows of resources</b>						
Unavailable revenues	153,528	1,986	121,059	444,056	5,892	726,521
Total deferred inflows of resources	<u>153,528</u>	<u>1,986</u>	<u>121,059</u>	<u>444,056</u>	<u>5,892</u>	<u>726,521</u>
<b>Fund balances</b>						
Nonspendable:						
Long-term notes receivable	9,870	-	-	-	-	9,870
Prepaid items	82,303	-	-	-	-	82,303
Advance to Wastewater	3,282,233	-	-	-	-	3,282,233
Restricted:						
Transportation	-	842,316	-	-	-	842,316
Municipal Court	-	-	53,752	-	-	53,752
Law enforcement	-	-	103,925	-	-	103,925
Economic development	-	-	61,261	-	-	61,261
CFD operations and maintenance	-	-	-	-	3,085	3,085
Debt service	-	-	-	-	44,899	44,899
Capital acquisition	-	-	-	-	3,127,046	3,127,046
Committed to stabilization reserves	5,000,000	-	-	-	-	5,000,000
Assigned to capital projects	-	-	-	2,329,660	-	2,329,660
Unassigned	13,369,469	-	(44,225)	-	(1,550)	13,323,694
Total fund balances	<u>21,743,875</u>	<u>842,316</u>	<u>174,713</u>	<u>2,329,660</u>	<u>3,173,480</u>	<u>28,264,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,102,978</u>	<u>\$ 1,170,101</u>	<u>\$ 2,378,452</u>	<u>\$ 3,426,903</u>	<u>\$ 4,282,070</u>	<u>\$ 34,360,504</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, 2020

Total fund balances—governmental funds		\$ 28,264,044
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	\$ 10,133,928	
Construction in progress	5,091,556	
Buildings and improvements	24,653,608	
Infrastructure	177,721,078	
Vehicles	4,389,838	
Equipment and software	2,998,003	
Accumulated depreciation	<u>(93,402,014)</u>	
Total		131,585,997
<p>Net postemployment benefits (OPEB) assets held in trust for future benefits are not available for Town operations and are not reported in the funds.</p>		
		198,526
<p>Deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions and OPEB		3,099,803
Deferred inflows of resources related to pensions and OPEB		<u>(1,203,870)</u>
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds.</p>		
		726,521
<p>Some items are not due and payable in the current period and therefore are not reported in the funds. Those items consist of:</p>		
Deferred charge on debt refundings	310,120	
Interest payable	(24,891)	
Bonds payable	(17,196,000)	
Loans payable	(9,928,000)	
Unamortized premium on long-term debt	(34,361)	
Unamortized discount on long-term debt	45,921	
Capital leases	(1,303,185)	
Net pension and OPEB liabilities	(11,141,662)	
Compensated absences	<u>(1,279,602)</u>	
Total		<u>(40,551,660)</u>
Net position of governmental activities		<u><u>\$ 122,119,361</u></u>

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

**Town of Sahuarita, Arizona**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2020**

	<b>General Fund</b>	<b>Highway User Revenue Fund</b>	<b>GARS Fund</b>	<b>Capital Infrastructure Improvement Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 7,419,460	\$ -	\$ -	\$ 3,859,293	\$ 804,945	\$ 12,083,698
Licenses and permits	2,120,217	-	-	25,200	-	2,145,417
Intergovernmental	8,436,872	2,737,476	2,431,022	2,509,864	-	16,115,234
Charges for services	995,300	-	6,566	-	-	1,001,866
Fines and forfeitures	224,520	-	9,636	-	-	234,156
Investment earnings	506,086	34,807	2,812	93,159	10,040	646,904
Miscellaneous	295,927	45,150	122,798	-	365,667	829,542
Total revenues	<u>19,998,382</u>	<u>2,817,433</u>	<u>2,572,834</u>	<u>6,487,516</u>	<u>1,180,652</u>	<u>33,056,817</u>
<b>Expenditures</b>						
Current:						
General government	6,343,439	-	51,856	-	1,706	6,397,001
Public safety	7,013,145	-	2,519,310	-	-	9,532,455
Culture and recreation	2,093,453	-	1,214	-	51,728	2,146,395
Highways and streets	-	3,340,179	2,386	-	12,346	3,354,911
Capital outlay	-	-	-	7,483,531	-	7,483,531
Debt service:						
Principal	-	-	-	1,861,243	814,000	2,675,243
Interest	-	-	-	299,482	557,951	857,433
Fiscal charges	-	-	-	3,400	6,200	9,600
Debt issuance costs	-	-	-	-	347,250	347,250
Total expenditures	<u>15,450,037</u>	<u>3,340,179</u>	<u>2,574,766</u>	<u>9,647,656</u>	<u>1,791,181</u>	<u>32,803,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,548,345</u>	<u>(522,746)</u>	<u>(1,932)</u>	<u>(3,160,140)</u>	<u>(610,529)</u>	<u>252,998</u>
<b>Other financing sources (uses)</b>						
Capital leases	-	-	-	398,755	-	398,755
Face amount of long-term debt	-	-	-	-	3,475,000	3,475,000
Proceeds on the sale of assets	-	-	-	22,083	-	22,083
Transfers in	2,580	700,000	2,460	2,177,753	-	2,882,793
Transfers out	(2,805,598)	(61,663)	(2,580)	-	-	(2,869,841)
Total other financing sources (uses)	<u>(2,803,018)</u>	<u>638,337</u>	<u>(120)</u>	<u>2,598,591</u>	<u>3,475,000</u>	<u>3,908,790</u>
Net change in fund balances	1,745,327	115,591	(2,052)	(561,549)	2,864,471	4,161,788
Fund balance at beginning of year	19,998,548	726,725	176,765	2,891,209	309,009	24,102,256
Fund balance at end of year	<u>\$ 21,743,875</u>	<u>\$ 842,316</u>	<u>\$ 174,713</u>	<u>\$ 2,329,660</u>	<u>\$ 3,173,480</u>	<u>\$ 28,264,044</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, 2020

Net change in fund balances—governmental funds \$ 4,161,788

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capitalized expenditures	\$ 6,851,611	
Depreciation expense	(9,909,960)	
Excess of depreciation expense over capitalized expenditures		(3,058,349)

Some capital additions were acquired during the year without cost to the Town. These assets are not recognized in governmental funds, but in the statement of activities, the fair market values are reported as revenues. 445,718

Some revenues reported in the statement of activities do not represent the collection of current financial resources and are not reported as revenues in the governmental funds. Conversely, some revenues reported in the governmental funds are collections of current financial resources that relate to other periods and are not reported as revenues in the statement of activities. These revenues consist of:

Increase in unavailable deferred inflows of resources	17,276
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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	1,402,853
Town proportionate share of State's appropriation to EORP	(10,219)
Pension/OPEB expense	(1,908,040)

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.

Capital leases	\$ (398,755)	
Face amount of long-term debt	(3,475,000)	
Debt service - principal payments	2,675,243	
Net amortization of discounts, premiums, and deferred amounts	(27,664)	
Net effect of long-term debt and related items		(1,226,176)

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:

Net gain on the sale and disposal of capital assets	3,078
Increase in interest payable	(24,891)
Increase in compensated absences	(100,608)

Change in net position of governmental activities	\$ (297,570)
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The accompanying notes to financial statements are an integral part of this statement.

# Town of Sahuarita, Arizona

## Statement of Net Position

### Proprietary Fund

June 30, 2020

	<b>Wastewater Enterprise Fund</b>
<b>Assets</b>	
Current:	
Cash and cash equivalents	\$ 259
Accounts receivable (net of allowance for doubtful accounts of \$518,352)	1,250,296
Restricted cash and cash equivalents	1,273,906
Total current	2,524,461
Noncurrent assets:	
Net other postemployment benefits asset	1,297
Capital assets:	
Land	2,640,000
Construction in progress	72,868
Plant and buildings	38,787,163
Sewage conveyance system	13,456,528
Vehicles and equipment	338,365
Accumulated depreciation	(11,962,911)
Capital assets, net of accumulated depreciation	43,332,013
Total noncurrent assets	43,333,310
Total assets	45,857,771
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions and other postemployment benefits	93,692
Total deferred outflows of resources	93,692
<b>Liabilities</b>	
Current:	
Accrued payroll and benefits	23,404
Accounts payable	186,942
Deposits payable	431
Accrued compensated absences	34,888
Interest payable-current	188,066
Loans and capital leases payable-current	1,292,296
Total current liabilities	1,726,027
Noncurrent liabilities:	
Accrued compensated absences	23,104
Advances from other funds	3,282,233
Net pension and other postemployment benefits liability	666,622
Loans payable	13,997,978
Total noncurrent liabilities	17,969,937
Total liabilities	19,695,964
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions and other postemployment benefits	54,414
Total deferred inflows of resources	54,414
<b>Net position</b>	
Net investment in capital assets	28,041,739
Restricted for:	
Debt service	1,119,594
Other postemployment benefits	1,297
Unrestricted	(2,961,545)
Total net position	\$ 26,201,085

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

Town of Sahuarita, Arizona  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2020

	<b>Wastewater Enterprise Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 3,881,287
Other	135,256
Total operating revenues	4,016,543
<b>Operating expenses</b>	
Personal services and employee benefits	850,932
Operating supplies and services	588,897
Utilities	226,791
General and administrative	331,450
Depreciation	1,065,203
Total operating expenses	3,063,273
Operating income	953,270
<b>Nonoperating revenues (expenses)</b>	
Sewer connection fees	779,428
Investment earnings (losses)	(54,480)
Miscellaneous revenue	17,260
Interest expense	(532,161)
Debt issuance costs	(166,827)
Total nonoperating revenues (expenses)	43,220
Net income before transfers	996,490
Transfers out	(12,952)
Change in net position	983,538
Net position at beginning of year	25,217,547
Net position at end of year	\$ 26,201,085

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

# Town of Sahuarita, Arizona

## Statement of Cash Flows

### Proprietary Fund

For the Fiscal Year Ended June 30, 2020

	<b>Wastewater Enterprise Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 3,583,188
Payments to suppliers and providers of goods and services	(1,115,921)
Payments for employee wages and benefits	(826,500)
Net cash provided by operating activities	1,640,767
<b>Cash Flows from Noncapital Financing Activities</b>	
Net interfund advance proceeds	1,043,932
Cash transfers to other funds	(12,952)
Interest paid to other funds	(54,480)
Miscellaneous receipts	17,260
Net cash provided by noncapital financing activities	993,760
<b>Cash Flows From Capital and Related Financing Activities</b>	
Sewer connection fees	1,092,039
Refunding debt proceeds	13,477,000
Acquisition and construction of capital assets	(228,351)
Debt principal payments	(17,681,524)
Interest payments on debt	(710,781)
Debt issuance costs	(166,827)
Net cash used for capital and related financing activities	(4,218,444)
Net change in cash and cash equivalents	(1,583,917)
Cash and cash equivalents at beginning of year	2,858,082
Cash and cash equivalents at end of year	\$ 1,274,165
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 953,270
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,065,203
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	(429,385)
Net other postemployment benefit (OPEB) asset	438
Deferred outflows related to pensions	20,085
Accrued payroll and benefits	10,985
Accounts payable related to operations	31,217
Deposits payable	(3,970)
Accrued compensated absences	4,805
Net pension and OPEB liability	21,235
Deferred inflows related to pensions	(33,116)
Net cash provided by operating activities	\$ 1,640,767

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, 2020

#### **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 considered to be 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, 2020

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 services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The Town reports the following major governmental funds:

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

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

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

The *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 major enterprise fund:

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

#### **C. Basis of Accounting**

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

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

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

#### **E. Cash and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer in short-term investment pools, and 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. With the exception of 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. Intangible Assets**

Long-Term Storage Credits (LTSCs)—At June 30, 2020, the Town had 6,617.91 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, individual cost of more than \$5,000 and an estimated useful life in excess of one year. General infrastructure assets acquired prior to July 1, 2004 are not reported in the basic financial statements.

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

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

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

#### **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 position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

#### **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 using the straight-line method. Debt is reported along with applicable unamortized amounts.

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

#### **L. Pension and Postemployment Benefits**

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

#### **M. Net Position**

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

#### **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). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be 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.

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

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

**Stabilization arrangement**—In accordance with Sahuarita Town Code §3.20, on June 24, 2019, the Town Council adopted a resolution to establish an amount to maintain in the General Fund's stabilization reserve. The reserve is funded with available (i.e., unrestricted) cash and investments. Other resources may be directed for inclusion in the reserve through the Council's adoption of an ordinance or resolution, which are equally binding. Expenditure of the amounts in the stabilization reserve may occur only when specific circumstances exist. The Town Code directs that these resources may only be used to temporarily divest monies to avoid negative cash balances. This situation can only occur when disbursements would cause unreserved cash balances to fall below \$0. To allow for the withdrawal of the resources, their use must first be approved by the Town Council.

#### **O. Investment Earnings**

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

#### **P. Compensated Absences**

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

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

#### **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.

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated “A” or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody’s investors service and Standard and Poor’s rating service. If only one of the above-mentioned 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, 2020, the carrying amount of the Town’s cash in bank was \$5,309,363 and the bank balance was \$5,307,152. 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 \$22,955,203 at June 30, 2020. The Town categorizes certain investments measures at fair value within the fair value hierarchy established by the generally accepted accounting principles as follows:

	<b>Fair Value Measurement Using</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Amount</b>
Investments by fair value level:				
Negotiable certificates of deposit	\$ 2,485,960	\$ -	\$ -	\$ 2,485,960
Corporate bonds	2,266,198	-	-	2,266,198
Total investments by fair value level	\$ 4,752,158	\$ -	\$ -	\$ 4,752,158

The Town also had investments of \$12,523,158 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 \$5,679,887 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.

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

The State Treasurer's investment pool 5 had a credit rating of AAf/S1+ by Standard and Poor's. 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-2 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. The certificates of deposit were entirely insured by the FDIC.

<i>Lower of Standard &amp; Poor's &amp; Moody's Composite Rating</i>	AA-	A+	A	A-	BBB+	Exempt from Disclosure	Amount
Investments:							
Government money market fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,679,887	\$ 5,679,887
State Treasurer's investment pools	-	-	-	-	-	12,523,158	12,523,158
Negotiable certificates of deposit	-	-	-	-	-	2,485,960	2,485,960
Corporate bonds	647,573	-	499,704	502,747	616,174	-	2,266,198
Total Investments	<u>\$ 647,573</u>	<u>\$ -</u>	<u>\$ 499,704</u>	<u>\$ 502,747</u>	<u>\$ 616,174</u>	<u>\$ 20,689,005</u>	<u>\$ 22,955,203</u>

**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. With the exception of U.S. Treasury securities, U.S. Agency securities, and authorized investment pools, the Town's investment policy does not allow for more than 30% of the total portfolio to be invested in corporate or municipal obligations. Additionally, no more than 10% may be invested in the corporate or municipal holdings of any one issuer.

**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, 2020.

	<b>Maturities (in Months)</b>				<b>Amount</b>	<b>%</b>
	<b>&lt; 6</b>	<b>6 to &lt; 12</b>	<b>12 to &lt; 18</b>	<b>18 to &lt; 27</b>		
Deposits:						
Cash on hand	\$ 4,700	\$ -	\$ -	\$ -	\$ 4,700	0.0%
Cash in bank	5,309,363	-	-	-	5,309,363	18.7%
Cash held by fiduciary	107,427	-	-	-	107,427	0.4%
Investments:						
Government money market fund	5,679,887	-	-	-	5,679,887	20.0%
State Treasurer's investment pool 5	1,045,234	-	-	-	1,045,234	3.7%
State Treasurer's investment pool 500	-	-	-	11,219,861	11,219,861	39.5%
State Treasurer's investment pool 700	-	-	258,063	-	258,063	0.9%
Negotiable certificates of deposit	841,406	1,515,466	129,088	-	2,485,960	8.8%
Corporate bonds	1,650,024	616,174	-	-	2,266,198	8.0%
Total composite portfolio	<u>\$ 14,638,041</u>	<u>\$ 2,131,640</u>	<u>\$ 387,151</u>	<u>\$ 11,219,861</u>	<u>28,376,693</u>	<u>100.0%</u>
Less: Restricted cash and investments					(5,495,716)	
Total non-restricted cash and investments					<u>\$ 22,880,977</u>	

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3—RESTRICTED ASSETS**

At June 30, 2020, restricted assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deposits:			
Amounts held by fiduciary	\$ 107,427	\$ -	\$ 107,427
Investments:			
Government money market fund	4,114,383	1,273,906	5,388,289
Total restricted cash and investments	4,221,810	1,273,906	5,495,716
Other postemployment benefits asset	198,526	1,297	199,823
Total restricted assets	<u>\$ 4,420,336</u>	<u>\$ 1,275,203</u>	<u>\$ 5,695,539</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 government money market funds were held in various trust accounts for the following purposes:

Quail Creek CFD general obligation bonds, debt service:	\$ 685,906
Rancho Sahuarita CFD general obligation bonds, debt service:	301,431
Rancho Sahuarita CFD unspent bond proceeds, capital acquisition:	<u>3,127,046</u>
Total for governmental activities	\$4,114,383
Wastewater (BTA) system revenues obligations, debt service:	<u>1,273,906</u>
Total government money market funds	<u>\$5,388,289</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>HURF Fund</u>	<u>GARS Funds</u>	<u>CIIF Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Taxes	\$ 1,544,882	\$ -	\$ -	\$ -	\$ 12,020	\$ 1,556,902
Accounts	165,404	39,144	3,528	-	144,962	353,038
Intergovernmental	241,282	185,107	305,623	1,241,618	-	1,973,630
Notes	9,870	-	-	-	-	9,870
Total receivables	<u>\$ 1,961,438</u>	<u>\$ 224,251</u>	<u>\$ 309,151</u>	<u>\$ 1,241,618</u>	<u>\$ 156,982</u>	<u>\$ 3,893,440</u>

The only receivables not expected to be collected within one year are the \$9,870 notes receivable reported in the General Fund.

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 5—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, follows:

	<b>Balance July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,564,358	\$ 569,570	\$ -	\$ 10,133,928
Construction in progress	1,404,498	4,952,069	(1,265,011)	5,091,556
Total capital assets not being depreciated	<u>10,968,856</u>	<u>5,521,639</u>	<u>(1,265,011)</u>	<u>15,225,484</u>
Capital assets being depreciated:				
Buildings and improvements	23,290,210	1,363,398	-	24,653,608
Infrastructure	176,898,577	822,501	-	177,721,078
Vehicles	4,104,808	465,485	(180,455)	4,389,838
Equipment and software	2,821,989	389,317	(213,303)	2,998,003
Total capital assets being depreciated	<u>207,115,584</u>	<u>3,040,701</u>	<u>(393,758)</u>	<u>209,762,527</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,852,620)	(559,439)	-	(6,412,059)
Infrastructure	(73,203,486)	(8,682,428)	-	(81,885,914)
Vehicles	(2,309,705)	(501,732)	174,796	(2,636,641)
Equipment and software	(2,510,432)	(166,361)	209,393	(2,467,400)
Total accumulated depreciation	<u>(83,876,243)</u>	<u>(9,909,960)</u>	<u>384,189</u>	<u>(93,402,014)</u>
Total capital assets being depreciated, net	<u>123,239,341</u>	<u>(6,869,259)</u>	<u>(9,569)</u>	<u>116,360,513</u>
Governmental activities capital assets, net	<u>\$ 134,208,197</u>	<u>\$ (1,347,620)</u>	<u>\$ (1,274,580)</u>	<u>\$ 131,585,997</u>
	<b>Balance July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ -	\$ 2,640,000
Construction in progress	136,706	145,216	(209,054)	72,868
Total capital assets not being depreciated	<u>2,776,706</u>	<u>145,216</u>	<u>(209,054)</u>	<u>2,712,868</u>
Capital assets being depreciated:				
Buildings and improvements	38,578,109	209,054	-	38,787,163
Sewer conveyance system	13,456,528	-	-	13,456,528
Vehicles	304,466	8,942	-	313,408
Equipment and software	24,957	-	-	24,957
Total capital assets being depreciated	<u>52,364,060</u>	<u>217,996</u>	<u>-</u>	<u>52,582,056</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,696,551)	(774,096)	-	(8,470,647)
Sewer conveyance system	(2,928,682)	(269,133)	-	(3,197,815)
Vehicles	(247,518)	(21,974)	-	(269,492)
Equipment and software	(24,957)	-	-	(24,957)
Total accumulated depreciation	<u>(10,897,708)</u>	<u>(1,065,203)</u>	<u>-</u>	<u>(11,962,911)</u>
Total capital assets being depreciated, net	<u>41,466,352</u>	<u>(847,207)</u>	<u>-</u>	<u>40,619,145</u>
Business-type activities capital assets, net	<u>\$ 44,243,058</u>	<u>\$ (701,991)</u>	<u>\$ (209,054)</u>	<u>\$ 43,332,013</u>

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

Depreciation Expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 574,089
Public safety	402,440
Culture and recreation	873,907
Highways and streets	8,059,524
Total governmental activities depreciation	\$ 9,909,960
<b>Business-type activities:</b>	
Sewer	\$ 1,065,203

#### **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, 2020, 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 OPEB asset	\$ 198,526	\$ 1,297	\$ 199,823
Net pension and OPEB liability	11,141,662	666,622	11,808,284
Deferred outflows of resources related to pensions and OPEB	3,099,803	93,692	3,193,495
Deferred inflows of resources related to pensions and OPEB	1,203,870	54,414	1,258,284
Pension and OPEB expense	1,908,040	80,214	1,988,254

The Town's accrued payroll and employee benefits includes \$40,772 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2020. Also, the Town reported \$1,402,853 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](http://www.azasrs.gov).

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

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

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

\*With actuarially reduced benefits.

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

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

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

**Contributions**—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for the health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020 were \$745,853, \$31,912 and \$11,071, respectively.

During fiscal year 2020, the Town paid for ASRS pension and OPEB contributions as follows: 81% from the General Fund and 19% from other major funds.

**Liability**—At June 30, 2020, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPB asset or liability:

	Net pension/OPEB <u>(asset) liability</u>
Pension	\$ 8,361,099
Health insurance premium benefit	(16,272)
Long-term disability	38,005

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

The net asset and net liabilities were measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The Town's proportions measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.05746%	-0.00077%
Health insurance premium benefit	0.05888%	-0.00046%
Long-term disability	0.05834%	-0.00002%

**Expense**—For the year ended June 30, 2020, the Town recognized the following pension and OPEB expense:

	Pension/OPEB expense
Pension	\$ 902,488
Health insurance premium benefit	20,391
Long-term disability	12,324

**Deferred outflows/inflows of resources**—At June 30, 2020, 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	\$ 151,045	\$ 1,572	\$ -	\$ 19,451	\$ 4,490	\$ -
Changes in assumptions or other inputs	35,343	332,955	32,000	-	5,685	-
Net difference between projected and actual earnings on plan investments	-	187,929	-	21,160	-	811
Changes in proportion and differences between Town contributions and proportionate share of contributions	51,448	75,581	31	42	252	15
Town contributions subsequent to the measurement date	745,853	-	31,912	-	11,071	-
Total	\$ 983,689	\$ 598,037	\$ 63,943	\$ 40,653	\$ 21,498	\$ 826

The amounts reported as deferred outflows of resources related to ASRS 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, 2021. 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
2021	\$ (115,909)	\$ (7,046)	\$ 958
2022	(258,534)	(7,046)	959
2023	(36,090)	1,981	1,750
2024	50,332	3,949	1,895
2025	-	(460)	1,595
Thereafter	-	-	2,444

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% 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, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 and by adding expected inflation. 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>
Equity	50%	6.09%
Fixed income	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	<u>20%</u>	5.85%
Total	<u>100%</u>	

**Discount rate**—The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability	\$ 11,899,780	\$ 8,361,099	\$ 5,403,672
Net insurance premium benefit liability (asset)	82,424	(16,272)	(100,365)
Net long-term disability liability	42,061	38,005	34,072

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

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

#### **Elected Officials Retirement Plan (EORP)**

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

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

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

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

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, 2020, 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 61.43 percent of all active EORP

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

members' annual covered payroll. Also, statute required the Town to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials who were EODCRS members, in addition to the Town's required contributions to ASRS and EODCRS for these elected officials.

During fiscal year 2020, the Town's contributions to the EORP pension plan were \$26,735 paid entirely from the general fund.

**Liability**—At June 30, 2020, 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	\$415,613
State's proportionate share of the EORP net pension liability associated with the Town	<u>77,857</u>
<b>Total</b>	<b><u>\$493,470</u></b>

The Town also reported an asset of \$31,256 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2019, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

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, 2019. 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, 2019. The Town's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.062670%	0.01329%
Health insurance premium benefit	0.319121%	-0.10316%

**Expense**—For the year ended June 30, 2020, the Town recognized pension and OPEB expense for EORP of -\$124,744 and -\$766, respectively, and revenue of -\$10,219 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, 2020, 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	\$ 9,266	\$ 394	\$ 1,001	\$ 322
Changes in assumptions or other inputs	1,307	11,811	70	-
Net difference between projected and actual earnings on plan investments	2,828	-	104	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	59,328	4,496	6,501	547
Town contributions subsequent to the measurement date	26,735	-	-	-
<b>Total</b>	<b><u>\$ 99,464</u></b>	<b><u>\$ 16,701</u></b>	<b><u>\$ 7,676</u></b>	<b><u>\$ 869</u></b>

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

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, 2021. 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
2021	\$ 55,226	\$ 2,638
2022	(721)	3,509
2023	790	338
2024	733	322
2025	-	-
Thereafter	-	-

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

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP plan investments was determined to be 7.3 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>
Short term investments	2%	0.25%
Risk parity	4%	4.00%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

**Discount rates**—At June 30, 2019, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.3 percent, which was a decrease of 0.1 from the discount rates used as of June 30, 2018. 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, 2020

**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 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Town's proportionate share of the net pension liability	\$ 475,939	\$ 415,613	\$ 364,231
Town's proportionate share of the net OPEB (asset)	\$ (27,561)	\$ (31,256)	\$ (34,470)

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

### **Public Safety Personnel Retirement System (PSPRS)**

**Plan Description**—Town Police Department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2018, 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](http://www.psprs.com).

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

	Initial membership date:	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012 and before July 1, 2018</u>
<u>Retirement and disability</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	

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

Initial membership date:
--------------------------

Before January 1, 2012

On or after January 1, 2012  
and before July 1, 2018

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, 2020, the following employees were covered by the agent plans' benefit terms:

	Police	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to but not yet receiving benefits	6	2
Active employees	35	35
Total	48	44

**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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member <u>rate-pension</u>	Town rate- <u>pension</u>	Town rate- health insurance <u>premium benefit</u>
Police	7.65%-11.65%	15.00%-19.31%	0.05%-0.26%

Also, statute required the Town and active members to each contribute at the actuarially determined rate of 15.62% (15.20 percent for pension and 0.42 percent for health insurance premium benefit) of the annual covered payroll of Town police employees who were PSPRS Tier 3 Risk Pool members.

The Town's contributions to the plans for the year ended June 30, 2020, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
Police	\$655,997	\$2,857

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

During fiscal year 2020, the Town paid for PSPRS pension and OPEB contributions as follows: 90 percent from the general fund and 10 percent from other funds.

**Liability**—At June 30, 2020, the Town reported the following assets and liabilities.

	<u>Net pension (asset) liability</u>	<u>Net OPEB (asset) liability</u>
Police	\$2,993,567	(\$152,295)

The net assets and net liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

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

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

**Discount rate**—At June 30, 2019, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. 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.

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the PSPRS 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 for these plans to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability:

	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension (asset) liability	Total OPEB liability	Plan fiduciary net position	Net pension (asset) liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 13,912,506	\$ 11,626,306	\$ 2,286,200	\$ 260,376	\$ 364,010	\$ (103,634)
Adjustment to beginning of year	-	(4,697)	4,697	-	4,698	(4,698)
Changes for the year:						
Service cost	639,742	-	639,742	8,942	-	8,942
Interest on the total liability	1,060,952	-	1,060,952	19,864	-	19,864
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement	(130,469)	-	(130,469)	(49,105)	-	(49,105)
Changes of assumptions or other inputs	348,775	-	348,775	2,908	-	2,908
Contributions-employer	-	625,333	(625,333)	-	7,152	(7,152)
Contributions-employee	-	260,673	(260,673)	-	-	-
Net investment income	-	643,977	(643,977)	-	19,761	(19,761)
Benefit payments, including refunds of employee contributions	(430,126)	(430,126)	-	(1,767)	(1,767)	-
Administrative expenses	-	(12,186)	12,186	-	(341)	341
Other (net transfer)	-	(301,467)	301,467	-	-	-
Net changes	1,488,874	786,204	702,670	(19,158)	24,805	(43,963)
Balance at June 30, 2020	<u>\$ 15,401,380</u>	<u>\$ 12,407,813</u>	<u>\$ 2,993,567</u>	<u>\$ 241,218</u>	<u>\$ 393,513</u>	<u>\$ (152,295)</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 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Police			
Net pension (asset) liability	\$5,503,260	\$2,993,567	\$981,838
Net OPEB (asset) liability	(119,394)	(152,295)	(179,732)

**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, 2020, the Town recognized the following pension and OPEB expense:

	Pension <u>expense</u>	OPEB <u>expense</u>
Police	\$1,205,783	(\$27,221)

**Deferred outflows/inflows of resources**—At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

	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	\$ 512,089	\$ 421,600	\$ -	\$ 154,671
Changes of assumptions or other inputs	665,325	-	2,619	24,926
Net difference between projected and actual earnings on plan investments	176,397	-	1,941	-
Town contributions subsequent to the measurement date	655,997	-	2,857	-
<b>Total</b>	<b>\$ 2,009,808</b>	<b>\$ 421,600</b>	<b>\$ 7,417</b>	<b>\$ 179,597</b>

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, 2021. 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
2021	\$ 262,655	\$ (28,229)
2022	138,073	(28,227)
2023	217,013	(25,764)
2024	173,227	(26,091)
2025	45,560	(27,563)
Thereafter	95,683	(39,163)

**NOTE 7—LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2020, was as follows:

<b>Governmental Activities</b>	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Due within 1 year</b>
<b>Direct borrowings and direct placements of debt</b>					
Rancho Sahuarita CFD GO bonds	\$ 5,780,000	\$ 3,475,000	\$ -	\$ 9,255,000	\$ 129,000
Loans payable	11,439,000	-	(1,511,000)	9,928,000	1,547,000
Unamortized discounts	(1,482)	-	1,482	-	-
Capital leases	1,267,320	398,755	(362,890)	1,303,185	371,147
Total direct borrowings and direct placements of debt	<u>18,484,838</u>	<u>3,873,755</u>	<u>(1,872,408)</u>	<u>20,486,185</u>	<u>2,047,147</u>
<b>Other debt and liabilities</b>					
Quail Creek CFD GO bonds	9,425,000	-	(670,000)	8,755,000	685,000
Unamortized premiums	55,109	-	(20,748)	34,361	14,818
Unamortized discounts	(51,325)	-	5,404	(45,921)	(5,405)
Net pension and OPEB liability	10,103,510	1,038,152	-	11,141,662	-
Compensated absences	1,178,994	787,576	(686,968)	1,279,602	745,590
Total other debt and liabilities	<u>20,711,288</u>	<u>1,825,728</u>	<u>(1,372,312)</u>	<u>21,164,704</u>	<u>1,440,003</u>
Total long-term liabilities	<u>\$ 39,196,126</u>	<u>\$ 5,699,483</u>	<u>\$ (3,244,720)</u>	<u>\$ 41,650,889</u>	<u>\$ 3,487,150</u>

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

<b>Business-type Activities</b>	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Due within 1 year</b>
<b>Direct borrowings and direct placements of debt</b>					
Loans payable	\$ 19,316,742	\$13,477,000	\$ (17,503,468)	\$ 15,290,274	\$ 1,292,296
Capital lease	178,056	-	(178,056)	-	-
Total direct borrowings and direct placements of debt	<u>19,494,798</u>	<u>13,477,000</u>	<u>(17,681,524)</u>	<u>15,290,274</u>	<u>1,292,296</u>
<b>Other liabilities</b>					
Net pension and OPEB liability	645,387	21,235	-	666,622	-
Compensated absences	53,187	36,802	(31,997)	57,992	34,888
Total other debt and liabilities	<u>698,574</u>	<u>58,037</u>	<u>(31,997)</u>	<u>724,614</u>	<u>34,888</u>
Total long-term liabilities	<u>\$ 20,193,372</u>	<u>\$13,535,037</u>	<u>\$ (17,713,521)</u>	<u>\$ 16,014,888</u>	<u>\$ 1,327,184</u>

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**Governmental Activities**

The District issued general obligation bonds to acquire public infrastructure necessary for the development of a master-planned community within the District boundaries. During the year, the District issued general obligation bonds totaling \$3,475,000 to acquire specific roadways. Of the total \$60,000,000 originally authorized from the August 12, 2014 bond election, \$50,745,000 has not been issued. The District repays general obligation bonds from voter-approved ad valorem taxes levied annually against all of the taxable property in the District. This levy is expected to continue through 2045. 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, 2020 follows.

<b>Issue</b>	<b>Issue Amount</b>	<b>Interest Rates</b>	<b>Final Maturity</b>	<b>Outstanding June 30, 2020</b>
G.O. Bonds Series 2018	\$ 5,780,000	5.05%	2044	\$ 5,780,000
G.O. Bonds Series 2020	3,475,000	3.15%	2046	3,475,000
Total bonds outstanding				<u>\$ 9,255,000</u>

The following schedule provides the debt service requirements to maturity at June 30, 2020.

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 129,000	\$ 424,332
2022	201,000	385,923
2023	242,000	375,602
2024	250,000	364,877
2025	262,000	353,641
2026-2030	1,478,000	1,582,088
2031-2035	1,833,000	1,215,798
2036-2040	2,269,000	758,445
2041-2045	2,391,000	207,339
2046	200,000	-
Total	<u>\$ 9,255,000</u>	<u>\$ 5,668,045</u>

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**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 all of 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, 2020 follows.

<u>Issue</u>	<u>Amount</u>	<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2020</u>
G.O. Refunding Series 2016	\$9,940,000	3.00 - 3.25%	2031	\$ 8,755,000
		Unamortized amounts		<u>(11,560)</u>
		Total bonds outstanding		<u>\$ 8,743,440</u>

The following schedule provides the debt service requirements to maturity at June 30, 2020.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2021	\$ 685,000	\$ 245,513
2022	705,000	224,363
2023	725,000	202,613
2024	745,000	180,263
2025	770,000	157,163
2026-2030	4,205,000	413,450
2031	920,000	-
Total	<u>\$ 8,755,000</u>	<u>\$ 1,423,365</u>

**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 17% of revenues pledged. Pledged revenues shall be maintained so that the amounts pledged shall be at least two times the annual debt service payments.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2020</u>
2015 Refunding Obligation	\$ 8,840,000	1.98%	2025	\$ 5,910,000
2017 Refunding Obligation	4,213,000	2.06%	2028	<u>4,018,000</u>
		Loans payable outstanding		<u>\$ 9,928,000</u>

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

The following schedule provides the debt service requirements to maturity at June 30, 2020.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,547,000	\$ 199,789
2022	1,580,000	168,829
2023	1,607,000	137,209
2024	1,642,000	105,048
2025	1,677,000	72,187
2026-2028	1,875,000	97,582
	<u>\$ 9,928,000</u>	<u>\$ 780,644</u>

The aforementioned loans are payable from the revenues of the Town's governmental funds through 2028. During that timeframe, total principal and interest to be paid on the loans will be \$10,708,644. During fiscal year ended June 30, 2020, total principal and interest paid was \$1,748,894 and the total revenue subject to pledge was \$21,194,345.

#### 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.

On December 19, 2019, the Town issued \$13,477,000 in revenue obligations with an interest rate of 2.29% and used \$2,858,048 of restricted assets to refund \$15,873,778 of outstanding 2008 WIFA System Revenues Loan that had an interest rate of 3.723%. As a result, the 2008 loan was considered defeased and the related liabilities are not included in the Town's financial statements. The refunding was undertaken to reduce total debt service payments by \$3,568,934 over the next 12 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$822,690.

For the 2008 WIFA Non-System Revenues Loan, the Town has pledged future State-shared revenues and excise tax revenues towards annual debt service requirements. Annual principal and interest payments on these loans are expected to require approximately 2% of revenues pledged. Pledged revenues shall be maintained so that the amounts pledged shall be at least two times the annual debt service payments. In the current year, total debt service and total pledged resources were \$240,804 and \$21,194,345, respectively.

For the 2019 System Revenues Refunding Obligations, 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 loan are expected to require 55% of pledged system revenues. In the current year, total debt service and total pledged resources were \$164,599 and \$2,769,322, respectively.

<u>Issue</u>	<u>Total Drawn</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2020</u>
2008 WIFA Non-System Revenues Loan	\$3,516,528	3.723%	2029	\$ 1,813,274
2019 System Revenues Refunding Obligations	\$13,477,000	2.290%	2032	<u>13,477,000</u>
		Total loans payable		<u>\$ 15,290,274</u>

# Town of Sahuarita, Arizona

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2020

The following schedule estimates total debt service requirements to maturity at June 30, 2020.

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>
<u>June 30</u>		
2021	\$ 1,292,296	\$ 344,055
2022	1,180,747	314,440
2023	1,210,440	284,049
2024	1,240,381	252,873
2025	1,271,580	220,879
2026-2030	6,612,830	603,321
2031-2032	2,482,000	28,740
	<u>\$ 15,290,274</u>	<u>\$ 2,048,357</u>

#### COMPENSATED ABSENCES

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2020, the Town paid for compensated absences as follows: 89 percent from the general fund and 11 percent from other major funds.

#### CAPITAL LEASES

The Town entered into long-term lease agreements as lessee to finance the acquisition of vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the applicable inception dates.

	<b>Governmental</b>
	<b>Activities</b>
Vehicles	\$ 2,178,975
Less: accumulated depreciation	(1,100,214)
Total	<u>\$ 1,078,761</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

	<b>Governmental</b>
	<b>Activities</b>
Year ending June 30	
2021	\$ 423,803
2022	388,505
2023	315,681
2024	214,737
2025	75,361
Total minimum lease payments	1,418,087
Less amount representing interest	(114,902)
Present value of minimum lease payment	<u>\$ 1,303,185</u>

The lease agreements include provisions that in the event of default, the lessor may repossess the leased assets.

Town of Sahuarita, Arizona  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 8—SIGNIFICANT COMMITMENTS**

At June 30, 2020, the Town had the following significant commitments.

<u>Governmental Activities</u>		
Project Description	Spent-to-date	Remaining Commitment
Quail Crossing Blvd Extension Phase 2	\$ 311,491	\$ 574,291

On June 25, 2018 the Town entered into an agreement with Northwest Hospital, LLC (hospital) to lease and develop a 70,000 square foot medical facility, which includes a neighborhood hospital, medical offices, related uses and employment of approximately 180 full-time equivalent (FTE) employees. The Town strongly believes that the hospital will be of extraordinary benefit to its residents and visitors and will enhance the economic vitality of the Town by increasing revenues and enhancing employment opportunities. The agreement stipulates that the Town will provide a credit waiver of \$500,000 to offset and defer development fees related to the project. If, prior to July 1, 2022 evidence documenting employment of at least 140 FTE for more than 60 consecutive days, the Town shall remit the unapplied (remaining) credit waiver balance to the hospital. If this occurs, the Town will provide a second credit waiver of \$200,000 to offset and defer additional development fees related to future phases of the project. If, prior to July 1, 2025, evidence documenting employment of at least 180 FTE for more than 60 consecutive days, the Town shall remit the unapplied (remaining) credit waiver balance to the hospital. If aforementioned employment figures are not met in the specified timeframes, the hospital will be required to pay the Town for any fees previously applied against the credit waivers. As of June 30, 2020, \$227,600 in development fees had been applied against the credit waiver, leaving a \$272,400 balance.

On December 13, 2016 the Town entered into an agreement with the developer of *The Crossing at Sahuarita*—a retail development project located in the Town—to encourage economic development, including employment opportunities and generation of tax revenues and other income for the Town. The agreement stipulates that the Town will provide a credit waiver of \$500,000 to offset and defer development fees related to the project. If, by the agreement’s December 31, 2026 termination date, the development employs at least 350 employees and includes at least 110,000 square feet of built, leased, and occupied businesses that employ workers, the Town will remit the unapplied (remaining) credit waiver balance to the developer. Additionally, the Town will pay an incentive of up to \$100,000, on a sliding scale, if the development provides the benefits earlier than the termination date. If the development fails to achieve the metrics before the agreement terminates, the developer will be required to pay the Town for any fees previously applied against the credit waiver. As of June 30, 2020, \$138,029 in development fees had been applied against the credit waiver, leaving a \$361,971 balance.

Town of Sahuarita, Arizona  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 9—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>
<b><u>General Fund</u></b>		
Advances received for future services	\$ -	\$ 40,228
Delinquent transaction privilege taxes	147,363	-
Restitution due	6,165	-
Total General Fund	<u>153,528</u>	<u>40,228</u>
<b><u>HURF Fund</u></b>		
Restitution due	1,986	-
Total HURF Fund	<u>1,986</u>	<u>-</u>
<b><u>GARS Fund</u></b>		
Deposits for future charges	-	55,684
Intergovernmental grant advances	-	1,938,595
Intergovernmental grant reimbursements	121,059	-
Total GARS Fund	<u>121,059</u>	<u>1,994,279</u>
<b><u>CIIF Fund</u></b>		
Intergovernmental grant reimbursements	444,056	-
Total CIIF Fund	<u>444,056</u>	<u>-</u>
<b><u>Nonmajor Governmental Funds</u></b>		
Deposits for future charges	-	7,556
Delinquent property taxes	5,892	-
Total Nonmajor Governmental Funds	<u>5,892</u>	<u>7,556</u>
Total for governmental funds	<u>\$ 726,521</u>	<u>\$ 2,042,063</u>

**NOTE 10—INTERFUND ACTIVITY**

**Advances from/to other funds**

Advances from the General Fund to the Wastewater Fund relates to working capital loans made to the Wastewater Fund. Remaining balances are expected to be paid over the next 8 years.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$3,282,233

**Interfund transfers**

The General Fund transfers to the HURF Fund were used on the pavement management program and transfers to the CIIF Fund were used to pay for specific capital project costs. The HURF Fund and Wastewater Fund transfers to the CIIF were for reimbursements of leasing costs for vehicles assigned to the Streets and Wastewater Departments. The transfers between the General Fund and the GARS Fund were needed to demonstrate grant matching requirements or to move funds associated with charges related to staff time and effort.

**Town of Sahuarita, Arizona**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

		<b>Transfers to</b>				
		General Fund	HURF Fund	GARS Fund	CIIF Fund	Total
<b>Transfers from</b>	General Fund	\$ -	\$ 700,000	\$ 2,460	\$ 2,103,138	\$ 2,805,598
	HURF Fund	-	-	-	61,663	61,663
	GARS Fund	2,580	-	-	-	2,580
	Subtotal governmental funds	2,580	700,000	2,460	2,164,801	2,869,841
	Wastewater Fund	-	-	-	12,952	12,952
	Total	<u>\$ 2,580</u>	<u>\$ 700,000</u>	<u>\$ 2,460</u>	<u>\$ 2,177,753</u>	<u>\$ 2,882,793</u>

**NOTE 11—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.

**NOTE 12—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

For the year ended June 30, 2020, total department expenditures exceeded final budget amounts as follows:

<u>General Fund</u>	
Municipal Court	\$3,408
<u>GARS Fund</u>	
Public safety	\$1,678,560
Highways and streets	2,386
<u>Rancho Sahuarita CFD Fund</u>	
Debt service	\$343,750
<u>Quail Creek CFD Fund</u>	
Culture and recreation	\$13,728
Debt service	181

These additional costs were covered by new bond proceeds for the Rancho Sahuarita CFD Fund or excess revenues for the other funds.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Required Supplementary Information  
other than MD&A

2020

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, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 6,710,870	\$ 6,710,870	\$ 7,419,460	\$ 708,590
Licenses and permits	1,588,630	1,588,630	2,120,217	531,587
Intergovernmental	8,653,420	8,653,420	8,436,872	(216,548)
Charges for services	1,004,980	1,004,980	995,300	(9,680)
Fines and forfeitures	183,090	183,090	224,520	41,430
Investment earnings	381,520	381,520	506,086	124,566
Miscellaneous	51,700	51,700	295,927	244,227
Total revenues	<u>18,574,210</u>	<u>18,574,210</u>	<u>19,998,382</u>	<u>1,424,172</u>
<b>Expenditures</b>				
General government:				
Mayor and Council	189,250	189,250	164,081	25,169
Town Manager	1,016,490	1,016,490	897,534	118,956
Economic Development	529,540	529,540	294,188	235,352
Law	700,670	700,670	687,035	13,635
Town Clerk	362,120	362,120	338,634	23,486
Finance	1,545,150	1,545,150	1,442,288	102,862
Human Resources	427,330	427,330	407,131	20,199
Municipal Court	660,850	660,850	664,258	(3,408)
Planning and Building-Zoning	659,430	659,430	621,200	38,230
Public Works-Facilities	592,090	592,090	622,212	(30,122)
Non-Departmental	206,950	206,950	204,878	2,072
Total general government	<u>6,889,870</u>	<u>6,889,870</u>	<u>6,343,439</u>	<u>546,431</u>
Public safety:				
Planning and Building-Building Safety	1,009,050	1,009,050	931,521	77,529
Public Works-Engineering	594,580	594,580	529,285	65,295
Police	7,305,010	7,305,010	5,552,339	1,752,671
Total public safety	<u>8,908,640</u>	<u>8,908,640</u>	<u>7,013,145</u>	<u>1,895,495</u>
Culture and recreation:				
Parks and Recreation	2,216,140	2,207,140	2,093,453	113,687
Total culture and recreation	<u>2,216,140</u>	<u>2,207,140</u>	<u>2,093,453</u>	<u>113,687</u>
Contingency reserves	19,295,940	17,455,940	-	17,455,940
Total expenditures	<u>37,310,590</u>	<u>35,461,590</u>	<u>15,450,037</u>	<u>20,011,553</u>
Excess (deficiency) of revenues over (under) expenditures	(18,736,380)	(16,887,380)	4,548,345	21,435,725
<b>Other financing sources (uses)</b>				
Transfers in	-	-	2,580	2,580
Transfers out	(1,328,650)	(3,177,650)	(2,805,598)	372,052
Total other financing sources (uses)	<u>(1,328,650)</u>	<u>(3,177,650)</u>	<u>(2,803,018)</u>	<u>374,632</u>
Net change in fund balance	(20,065,030)	(20,065,030)	1,745,327	21,810,357
Fund balance at beginning of year	20,065,030	20,065,030	19,998,548	(66,482)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,743,875</u>	<u>\$ 21,743,875</u>

See accompanying notes to required supplementary information.

# Town of Sahuarita, Arizona

## Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Highway User Revenue Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2020

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 2,634,880	\$ 2,634,880	\$ 2,737,476	\$ 102,596
Investment earnings	9,920	9,920	34,807	24,887
Miscellaneous	-	-	45,150	45,150
Total revenues	<u>2,644,800</u>	<u>2,644,800</u>	<u>2,817,433</u>	<u>172,633</u>
<b>Expenditures</b>				
Current:				
Highways and streets	3,645,840	3,645,840	3,340,179	305,661
Contingency reserves	555,510	555,510	-	555,510
Total expenditures	<u>4,201,350</u>	<u>4,201,350</u>	<u>3,340,179</u>	<u>861,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,556,550)</u>	<u>(1,556,550)</u>	<u>(522,746)</u>	<u>1,033,804</u>
<b>Other financing sources (uses)</b>				
Transfers in	700,000	700,000	700,000	-
Transfers out	(65,740)	(65,740)	(61,663)	4,077
Total other financing sources (uses)	<u>634,260</u>	<u>634,260</u>	<u>638,337</u>	<u>4,077</u>
Net change in fund balance	(922,290)	(922,290)	115,591	1,037,881
Fund balance at beginning of year	922,290	922,290	726,725	(195,565)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842,316</u>	<u>\$ 842,316</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, 2020

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 617,410	\$ 738,360	\$ 2,431,022	\$ 1,692,662
Charges for services	10,000	10,000	6,566	(3,434)
Fines and forfeitures	44,100	44,100	9,636	(34,464)
Investment earnings	1,200	1,200	2,812	1,612
Miscellaneous	92,980	109,980	122,798	12,818
Total revenues	<u>765,690</u>	<u>903,640</u>	<u>2,572,834</u>	<u>1,669,194</u>
<b>Expenditures</b>				
Current:				
General government	100,980	117,980	51,856	66,124
Public safety	719,800	840,750	2,519,310	(1,678,560)
Culture and recreation	10,000	10,000	1,214	8,786
Highways and streets	-	-	2,386	(2,386)
Contingency reserves	158,550	158,550	-	158,550
Total expenditures	<u>989,330</u>	<u>1,127,280</u>	<u>2,574,766</u>	<u>(1,447,486)</u>
Excess (deficiency) of revenues over (under) expenditures	(223,640)	(223,640)	(1,932)	221,708
<b>Other financing sources</b>				
Transfers in	-	-	2,460	2,460
Transfers out	-	-	(2,580)	(2,580)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(120)</u>	<u>(120)</u>
Excess (deficiency) of revenues over (under) expenditures	(223,640)	(223,640)	(2,052)	221,588
Fund balance at beginning of year	223,640	223,640	176,765	(46,875)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,713</u>	<u>\$ 174,713</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)	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017</b> <b>(2016)</b>	<b>2016</b> <b>(2015)</b>	<b>2015</b> <b>(2014)</b>	<b>2014-2011</b> <b>(2013-2010)</b>	
<b><u>Pension</u></b>								
Town's proportion of the net pension liability	0.057460%	0.058230%	0.057280%	0.057080%	0.053610%	0.053523%	Information	
Town's proportionate share of the net pension liability	\$ 8,361,099	\$ 8,121,036	\$ 8,923,107	\$ 9,213,285	\$ 8,350,625	\$ 7,919,591	not available	
Town's covered payroll	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802	\$ 5,325,968	\$ 4,936,664	\$ 4,809,243		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	137.97%	140.31%	154.06%	172.99%	169.16%	164.67%		
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%		
<hr/>								
Reporting fiscal year ending June 30, (Measurement Date)	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017-2011</b> <b>(2016-2010)</b>				
<b><u>Health insurance premium benefit</u></b>								
Town's proportion of the net OPEB (asset) liability	0.058880%	0.059340%	0.058120%	Information				
Town's proportionate share of the net OPEB (asset) liability	\$ (16,272)	\$ (21,368)	\$ (31,641)	not available				
Town's covered payroll	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802					
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-0.27%	-0.37%	-0.55%					
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	102.20%	103.57%					
<hr/>								
Reporting fiscal year ending June 30, (Measurement Date)	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017-2011</b> <b>(2016-2010)</b>				
<b><u>Long-term disability</u></b>								
Town's proportion of the net OPEB (asset) liability	0.058340%	0.058360%	0.057510%	Information				
Town's proportionate share of the net OPEB (asset) liability	\$ 38,005	\$ 30,493	\$ 20,846	not available				
Town's covered payroll	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802					
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	0.63%	0.53%	0.36%					
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%					

See accompanying notes to required supplementary information.

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

<b><u>Pension</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013-2011</u></b>
Statutorily required contribution	\$ 745,853	\$ 677,228	\$ 630,731	\$ 602,259	\$ 577,305	\$ 516,246	\$ 514,170	Information
Town's actual contributions	<u>745,853</u>	<u>677,228</u>	<u>630,731</u>	<u>602,259</u>	<u>577,305</u>	<u>516,246</u>	<u>514,170</u>	not available
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	\$6,514,159	\$6,059,981	\$5,787,961	\$5,791,802	\$5,325,968	\$4,936,664	\$4,809,243	
Town's contribution as a percentage of covered payroll	11.45%	11.18%	10.90%	10.40%	10.84%	10.46%	10.69%	
<hr/>								
<b><u>Health insurance premium benefit</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017-2011</u></b>				
Statutorily required contribution	\$ 31,912	\$ 27,864	\$ 25,452	Information				
Town's actual contributions	<u>31,912</u>	<u>27,864</u>	<u>25,452</u>	not available				
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$6,512,428	\$6,059,981	\$5,787,961					
Town's contribution as a percentage of covered payroll	0.49%	0.46%	0.44%					
<hr/>								
<b><u>Long-term disability</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017-2011</u></b>				
Statutorily required contribution	\$ 11,071	\$ 9,691	\$ 9,258	Information				
Town's actual contributions	<u>11,071</u>	<u>9,691</u>	<u>9,258</u>	not available				
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$6,512,428	\$6,059,981	\$5,787,961					
Town's contribution as a percentage of covered payroll	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>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>	<u>2014-2011</u> <u>(2013-2010)</u>	
<b><u>Pension liability</u></b>								
Town's proportion of the net pension liability	0.06267%	0.04938%	0.05966%	0.0590467%	0.0527520%	0.0650056%	Information	
Town's proportionate share of the net pension liability	\$ 415,613	\$ 311,168	\$ 727,030	\$ 557,845	\$ 353,740	\$ 435,909	not available	
State's proportionate share of the net pension liability associated with the Town	<u>77,857</u>	<u>53,317</u>	<u>150,892</u>	<u>115,181</u>	<u>58,491</u>	<u>133,654</u>		
Total	<u>\$ 493,470</u>	<u>\$ 364,485</u>	<u>\$ 877,922</u>	<u>\$ 673,026</u>	<u>\$ 412,231</u>	<u>\$ 569,563</u>		
Town's covered payroll	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175	\$ 46,800		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	871.03%	656.47%	1477.70%	1176.89%	749.85%	931.43%		
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%		
<hr/>								
Reporting fiscal year ending June 30, (Measurement Date)	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017-2011</u> <u>(2016-2010)</u>				
<b><u>Health insurance premium benefit (asset) liability</u></b>								
Town's proportion of the net OPEB (asset) liability	0.31912%	0.42228%	0.36970%	Information				
Town's proportionate share of the net OPEB (asset) liability	\$ (31,256)	\$ (43,638)	\$ (33,665)	Not Available				
Town's covered payroll	\$ 47,715	\$ 47,400	\$ 49,200					
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-65.51%	-92.06%	-68.42%					
Plan fiduciary net position as a percentage of the total OPEB liability	169.72%	177.16%	164.84%					
<hr/>								
<b><u>Pension contributions</u></b>								
Statutorily required contribution	\$ 26,735	\$ 28,969	\$ 11,139	\$ 11,162	\$ 10,501	\$ 13,851	\$ 14,784	Information
Town's actual contributions	<u>26,735</u>	<u>28,969</u>	<u>16,879</u>	<u>11,162</u>	<u>10,501</u>	<u>13,851</u>	<u>14,784</u>	not available
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175	\$ 46,800	
Town's contribution as a percentage of covered payroll	60.21%	60.71%	35.61%	22.69%	22.15%	29.36%	31.59%	

The Town was not required and did not contribute to the EORP health insurance premium benefit plan.

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)	2020 <u>(2019)</u>	2019 <u>(2018)</u>	2018 <u>(2017)</u>	2017 <u>(2016)</u>	2016 <u>(2015)</u>	2015 <u>(2014)</u>	2014-2011 <u>(2013-2010)</u>
<b>Total pension liability</b>							
Service cost	\$ 639,742	\$ 591,771	\$ 700,269	\$ 599,492	\$ 499,231	\$ 476,570	Information not available
Interest on the total pension liability	1,060,952	945,250	896,911	664,509	600,242	520,977	
Changes of benefit terms	-	-	41,004	1,262,877	-	(20,272)	
Difference between expected and actual experience	(130,469)	234,805	(290,902)	709,724	(251,049)	(129,225)	
Changes of assumptions or other inputs	348,775	-	100,958	495,755	-	202,160	
Benefit payments, including refunds of employee contributions	<u>(430,126)</u>	<u>(674,158)</u>	<u>(484,161)</u>	<u>(93,858)</u>	<u>(65,881)</u>	<u>(37,716)</u>	
Net change in total pension liability	1,488,874	1,097,668	964,079	3,638,499	782,543	1,012,494	
Total pension liability-beginning	<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>	<u>6,417,223</u>	
Total pension liability-ending (a)	<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>	
<b>Plan fiduciary net position</b>							
Employer contributions	\$ 625,333	\$ 1,056,768	\$ 390,243	\$ 390,062	\$ 468,919	\$ 314,125	
Employee contributions	260,673	284,875	418,290	344,000	285,067	260,111	
Net investment income	643,977	739,857	1,107,368	49,360	273,195	833,960	
Benefit payments, including refunds of employee contributions	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)	(37,716)	
Administrative expenses	(12,186)	(11,960)	(10,198)	(7,503)	(7,054)	(6,717)	
Other changes	<u>(301,467)</u>	<u>(315,609)</u>	<u>121,902</u>	<u>146,598</u>	<u>(5,560)</u>	<u>41,203</u>	
Net change in plan fiduciary net position	786,204	1,079,773	1,543,444	828,659	948,686	1,404,966	
Plan fiduciary net position-beginning*	<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>	<u>5,820,778</u>	
Plan fiduciary net position-ending (b)	<u>\$12,407,813</u>	<u>\$ 11,626,306</u>	<u>\$ 10,546,533</u>	<u>\$ 9,003,089</u>	<u>\$ 8,174,430</u>	<u>\$ 7,225,744</u>	
Town's net pension (asset) liability-ending (a) - (b)	\$ 2,993,567	\$ 2,286,200	\$ 2,268,305	\$ 2,847,670	\$ 37,830	\$ 203,973	
Plan fiduciary net position as a percentage of the total pension liability	80.56%	83.57%	82.30%	75.97%	99.54%	97.25%	
Covered payroll	\$ 3,334,381	\$ 3,175,063	\$ 3,309,770	\$ 3,002,577	\$ 2,633,747	\$ 2,516,513	
Town's net pension (asset) liability as a percentage of covered payroll	89.78%	72.00%	68.53%	94.84%	1.44%	8.11%	

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

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)	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017-2011</b> <b>(2016-2010)</b>
<b><u>Total health insurance premium subsidy liability</u></b>				
Service cost	\$ 8,942	\$ 9,484	\$ 11,802	Information not available
Interest on the total OPEB liability	19,864	23,806	28,866	
Changes of benefit terms	-	-	3,333	
Difference between expected and actual experience	(49,105)	(89,551)	(64,990)	
Changes of assumptions or other inputs	2,908	-	(39,791)	
Benefit payments	<u>(1,767)</u>	<u>(652)</u>	<u>(1,812)</u>	
Net change in total OPEB liability	(19,158)	(56,913)	(62,592)	
Total OPEB liability-beginning	<u>260,376</u>	<u>317,289</u>	<u>379,881</u>	
Total OPEB liability-ending (a)	<u>\$ 241,218</u>	<u>\$ 260,376</u>	<u>\$ 317,289</u>	
<b><u>Plan fiduciary net position</u></b>				
Employer contributions	\$ 7,152	\$ 12,023	\$ 15,648	
Net investment income	19,761	23,179	34,001	
Benefit payments	(1,767)	(652)	(1,812)	
Administrative expenses	(341)	(353)	(301)	
Other changes	<u>-</u>	<u>(1)</u>	<u>-</u>	
Net change in plan fiduciary net position	24,805	34,196	47,536	
Plan fiduciary net position-beginning*	<u>368,708</u>	<u>329,814</u>	<u>282,278</u>	
Plan fiduciary net position-ending (b)	<u>\$ 393,513</u>	<u>\$ 364,010</u>	<u>\$ 329,814</u>	
Town's net OPEB (asset) liability-ending (a) - (b)	\$ (152,295)	\$ (103,634)	\$ (12,525)	
Plan fiduciary net position as a percentage of the total OPEB liability	163.14%	139.80%	103.95%	
Covered payroll	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229	
Town's net OPEB (asset) liability as a percentage of covered payroll	-4.77%	-3.37%	-0.41%	

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

See accompanying notes to required supplementary information.

# Town of Sahuarita, Arizona

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

<u>Pension contributions</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013-2011</u>
Actuarially determined contribution	\$ 655,997	\$ 625,333	\$ 633,912	\$ 390,243	\$ 390,062	\$ 366,548	\$ 314,125	Information
Town's actual contributions	<u>655,997</u>	<u>625,333</u>	<u>1,056,768</u>	<u>390,243</u>	<u>390,062</u>	<u>468,919</u>	<u>314,125</u>	not available
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (422,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,371)</u>	<u>\$ -</u>	
Town's covered payroll	\$ 3,570,936	\$ 3,334,381	\$ 3,175,063	\$ 3,309,770	\$ 3,002,577	\$ 2,633,747	\$ 2,516,513	
Town's contribution as a percentage of covered payroll	18.37%	18.75%	33.28%	11.79%	12.99%	17.80%	12.48%	
Actuarial determined contribution as % of covered payroll	18.37%	18.75%	19.97%	11.79%	12.99%	13.92%	12.48%	
<u>Health insurance premium subsidy contributions</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016-2011</u>			
Actuarially determined contribution	\$ 2,857	\$ 7,152	\$ 12,023	\$ 15,648	Information			
Town's actual contributions	<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>				
Town's covered payroll	\$ 3,477,118	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229				
Town's contribution as a percentage of covered payroll	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, 2020

#### **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 2018 actuarial valuation	18 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
<u>Actuarial assumptions:</u>	
Investment rate of return	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%.
Wage growth	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

# Town of Sahuarita, Arizona

## Required Supplementary Information

### Notes to Required Supplementary Information

#### For the Fiscal Year Ended June 30, 2020

	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 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.

# CAFR

The letters 'C', 'A', 'F', and 'R' are rendered in a thin, grey, sans-serif font. Below the letters are four horizontal bars of varying lengths and colors: a long dark red bar under 'C', a medium blue bar under 'A', a short yellow-green bar under 'F', and a very short orange bar under 'R'.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Combining Statements  
and Other Schedules

2020

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

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

# Town of Sahuarita, Arizona

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2020

	<b>SPECIAL REVENUE FUNDS</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Quail Creek CFD Fund</b>	<b>Rancho Sahuarita CFD Fund</b>	
<b>Assets</b>			
Cash and investments	\$ -	\$ 10,705	\$ 10,705
Receivables	155,970	1,012	156,982
Restricted assets	685,906	3,428,477	4,114,383
Total assets	\$ 841,876	\$ 3,440,194	\$ 4,282,070
<b>Liabilities</b>			
Payables:			
Accounts	\$ 2,093	\$ 73	\$ 2,166
Bonds	685,000	129,000	814,000
Interest	133,031	145,945	278,976
Unearned revenues	-	7,556	7,556
Total liabilities	820,124	282,574	1,102,698
<b>Deferred inflows of resources</b>			
Unavailable revenues	5,031	861	5,892
Total deferred inflows of resources	5,031	861	5,892
<b>Fund balances</b>			
Restricted:			
CFD operations and maintenance	-	3,085	3,085
Debt service	18,271	26,628	44,899
Capital acquisition	-	3,127,046	3,127,046
Unassigned	(1,550)	-	(1,550)
Total fund balances	16,721	3,156,759	3,173,480
Total liabilities, deferred inflows of resources, and fund balances	\$ 841,876	\$ 3,440,194	\$ 4,282,070

# Town of Sahuarita, Arizona

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2020

	<b>SPECIAL REVENUE FUNDS</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Quail Creek CFD Fund</b>	<b>Rancho Sahuarita CFD Fund</b>	
<b>Revenues</b>			
Taxes	\$ 727,439	\$ 77,506	\$ 804,945
Investment earnings	3,887	6,153	10,040
Miscellaneous	299,795	65,872	365,667
Total revenues	1,031,121	149,531	1,180,652
<b>Expenditures</b>			
Current:			
General government	72	1,634	1,706
Culture and recreation	51,728	-	51,728
Highways and streets	12,157	189	12,346
Debt service:			
Principal	685,000	129,000	814,000
Interest	266,061	291,890	557,951
Fiscal charges	4,700	1,500	6,200
Debt issuance costs	-	347,250	347,250
Total expenditures	1,019,718	771,463	1,791,181
Excess (deficiency) of revenues over (under) expenditures	11,403	(621,932)	(610,529)
<b>Other financing sources (uses)</b>			
Face amount of long-term debt	-	3,475,000	3,475,000
Total other financing sources (uses)	-	3,475,000	3,475,000
Net change in fund balances	11,403	2,853,068	2,864,471
Fund balance at beginning of year	5,318	303,691	309,009
Fund balance at end of year	\$ 16,721	\$ 3,156,759	\$ 3,173,480

# 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, 2020

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 3,500,940	\$ 3,500,940	\$ 3,859,293	\$ 358,353
Licenses and permits	-	-	25,200	25,200
Intergovernmental	3,203,550	3,203,550	2,509,864	(693,686)
Investment earnings	25,040	25,040	93,159	68,119
Miscellaneous	31,400	31,400	-	(31,400)
Total revenues	<u>6,760,930</u>	<u>6,760,930</u>	<u>6,487,516</u>	<u>(273,414)</u>
<b>Expenditures</b>				
Capital outlay:				
General government	7,375,990	7,924,990	5,287,669	2,637,321
Public safety	700,140	700,140	467,030	233,110
Culture and recreation	891,000	900,000	896,240	3,760
Highways and streets	1,118,520	1,118,520	832,592	285,928
Total capital outlay	<u>10,085,650</u>	<u>10,643,650</u>	<u>7,483,531</u>	<u>3,160,119</u>
Debt service:				
Principal	2,118,540	2,118,540	1,861,243	257,297
Interest	548,600	548,600	299,482	249,118
Fiscal charges	5,000	5,000	3,400	1,600
Debt issuance costs	125,000	125,000	-	125,000
Total debt service	<u>2,797,140</u>	<u>2,797,140</u>	<u>2,164,125</u>	<u>633,015</u>
Contingency reserves	1,108,680	1,099,680	-	1,099,680
Total expenditures	<u>13,991,470</u>	<u>14,540,470</u>	<u>9,647,656</u>	<u>4,892,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,230,540)</u>	<u>(7,779,540)</u>	<u>(3,160,140)</u>	<u>4,619,400</u>
<b>Other financing sources (uses)</b>				
Capital leases	749,140	749,140	398,755	(350,385)
Face amount of long-term debt	3,528,600	2,228,600	-	(2,228,600)
Proceeds on the sale of assets	65,000	65,000	22,083	(42,917)
Transfers in	706,340	2,555,340	2,177,753	(377,587)
Total other financing sources (uses)	<u>5,049,080</u>	<u>5,598,080</u>	<u>2,598,591</u>	<u>(2,999,489)</u>
Net change in fund balance	(2,181,460)	(2,181,460)	(561,549)	1,619,911
Fund balance at beginning of year	2,181,460	2,181,460	2,891,209	709,749
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,329,660</u>	<u>\$ 2,329,660</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, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 709,690	\$ 709,690	\$ 727,439	\$ 17,749
Investment earnings	500	500	3,887	3,387
Miscellaneous	302,220	302,220	299,795	(2,425)
Total revenues	<u>1,012,410</u>	<u>1,012,410</u>	<u>1,031,121</u>	<u>18,711</u>
<b>Expenditures</b>				
Current:				
General government	800	800	72	728
Culture and recreation	38,000	38,000	51,728	(13,728)
Highways and streets	18,030	18,030	12,157	5,873
Total current	<u>56,830</u>	<u>56,830</u>	<u>63,957</u>	<u>(7,127)</u>
Debt service:				
Principal	685,000	685,000	685,000	-
Interest	266,080	266,080	266,061	19
Fiscal charges	4,500	4,500	4,700	(200)
Total debt service	<u>955,580</u>	<u>955,580</u>	<u>955,761</u>	<u>(181)</u>
Total expenditures	<u>1,012,410</u>	<u>1,012,410</u>	<u>1,019,718</u>	<u>(7,308)</u>
Net change in fund balance	-	-	11,403	11,403
Fund balance at beginning of year	-	-	5,318	5,318
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,721</u>	<u>\$ 16,721</u>

# Town of Sahuarita, Arizona

## Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Rancho Sahuarita Community Facilities District—Special Revenue Fund For the Fiscal Year Ended June 30, 2020

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 76,370	\$ 76,370	\$ 77,506	\$ 1,136
Investment earnings	-	-	6,153	6,153
Miscellaneous	370,690	370,690	65,872	(304,818)
Total revenues	<u>447,060</u>	<u>447,060</u>	<u>149,531</u>	<u>(297,529)</u>
<b>Expenditures</b>				
Current:				
General government	2,320	2,320	1,634	686
Highways and streets	18,850	18,850	189	18,661
Total current	<u>21,170</u>	<u>21,170</u>	<u>1,823</u>	<u>19,347</u>
Debt service:				
Principal	129,000	129,000	129,000	-
Interest	291,890	291,890	291,890	-
Fiscal charges	5,000	5,000	1,500	3,500
Debt issuance costs	-	-	347,250	(347,250)
Total debt service	<u>425,890</u>	<u>425,890</u>	<u>769,640</u>	<u>(343,750)</u>
Contingency reserves	-	-	-	-
Total expenditures	<u>447,060</u>	<u>447,060</u>	<u>771,463</u>	<u>(324,403)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(621,932)</u>	<u>(621,932)</u>
<b>Other financing sources (uses)</b>				
Face amount of long-term debt	-	-	3,475,000	3,475,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,475,000</u>	<u>3,475,000</u>
Net change in fund balance	-	-	2,853,068	2,853,068
Fund balance at beginning of year	-	-	303,691	303,691
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,156,759</u>	<u>\$ 3,156,759</u>



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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Statistical Section

2020

# 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									
	2011*	2012*	2013	2014	2015**	2016	2017^	2018****	2019	2020
Governmental activities										
Net investment in capital assets	\$96,700,769	\$96,269,746	\$106,716,456	\$117,809,456	\$124,700,350	\$123,086,910	\$118,091,715	\$110,923,412	\$106,646,221	\$105,508,871
Restricted	521,782	822,200	1,004,816	1,054,409	1,097,795	1,333,299	1,528,779	5,839,147	1,828,600	1,392,476
Unrestricted	27,649,185	28,107,883	27,969,865	26,556,831	16,575,691	16,662,435	15,111,723	15,748,404	13,942,110	15,218,014
Total governmental activities net position	<u>\$124,871,736</u>	<u>\$125,199,829</u>	<u>\$135,691,137</u>	<u>\$145,420,696</u>	<u>\$142,373,836</u>	<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>
Business-type activities										
Net investment in capital assets	\$23,029,268	\$23,100,686	\$23,016,012	\$22,959,593	\$23,334,636	\$23,918,576	\$22,579,671	\$23,455,144	\$24,748,260	\$28,041,739
Restricted	1,264,829	1,686,448	2,108,048	2,108,048	2,858,048	2,858,048	2,858,048	2,860,706	2,859,783	1,120,891
Unrestricted	(4,601,737)	(4,252,577)	(4,709,397)	(4,172,413)	(5,789,541)	(5,974,958)	(6,859,515)	(7,155,834)	(2,390,496)	(2,961,545)
Total business-type activities net position	<u>\$19,692,360</u>	<u>\$20,534,557</u>	<u>\$20,414,663</u>	<u>\$20,895,228</u>	<u>\$20,403,143</u>	<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>
Primary government										
Net investment in capital assets	\$119,730,037	\$119,370,432	\$129,732,468	\$140,769,049	\$148,034,986	\$147,005,486	\$140,671,386	\$134,378,556	\$131,394,481	\$133,550,610
Restricted	1,786,611	2,508,648	3,112,864	3,162,457	3,955,843	4,191,347	4,386,827	8,699,853	4,688,383	2,513,367
Unrestricted	23,047,448	23,855,306	23,260,468	22,384,418	10,786,150	10,687,477	8,252,208	8,592,570	11,551,614	12,256,469
Total primary government net position	<u>\$144,564,096</u>	<u>\$145,734,386</u>	<u>\$156,105,800</u>	<u>\$166,315,924</u>	<u>\$162,776,979</u>	<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>

\* Due to the implementation of GASB 63 & GASB 65, the reported balance of net position of the governmental activities was restated for years 2009 - 2012.

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

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

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

# Town of Sahuarita, Arizona

## Changes in Net Position

Last 10 Fiscal Years

*(accrual basis of accounting)*

(Unaudited)

	Fiscal Year									
	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,244,787	\$ 4,127,397	\$ 4,510,041	\$ 4,678,867	\$ 5,222,615	\$ 5,388,608	\$ 5,839,797	\$ 6,161,156	\$ 5,994,445	\$ 6,531,342
Public safety	6,658,482	6,428,351	6,585,275	6,586,449	6,881,354	7,384,262	9,572,787	8,599,675	8,876,340	10,511,173
Culture and recreation	1,830,300	1,971,790	2,023,125	2,277,660	2,076,948	2,222,681	2,377,461	2,976,548	3,029,502	3,167,428
Highways and streets	6,760,320	7,400,954	7,225,326	7,224,948	7,351,674	8,163,637	9,646,426	10,020,683	11,441,554	11,728,696
Interest, amortization, and issuance costs of long-term debt	1,547,519	1,498,452	1,445,431	1,388,415	1,332,284	1,054,164	1,393,696	1,114,440	945,665	1,266,838
Total governmental activities expenses	<u>21,041,408</u>	<u>21,426,944</u>	<u>21,789,198</u>	<u>22,156,339</u>	<u>22,864,875</u>	<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>
Business-type activities: Sewer	3,072,970	3,563,460	3,675,890	3,523,158	3,697,115	3,957,491	3,872,306	3,563,686	3,606,201	3,762,261
Total business-type activities expenses	<u>3,072,970</u>	<u>3,563,460</u>	<u>3,675,890</u>	<u>3,523,158</u>	<u>3,697,115</u>	<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>
Total primary government expenses	<u>\$ 24,114,378</u>	<u>\$ 24,990,404</u>	<u>\$ 25,465,088</u>	<u>\$ 25,679,497</u>	<u>\$ 26,561,990</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 455,865	\$ 348,701	\$ 378,578	\$ 424,426	\$ 391,278	\$ 419,942	\$ 350,842	\$ 429,723	\$ 399,847	\$ 338,288
Public safety	1,066,204	1,294,328	1,315,158	947,254	1,087,329	1,375,991	1,327,093	1,906,923	1,830,862	2,117,021
Culture and recreation	153,157	103,665	99,350	90,545	133,340	121,980	134,009	178,665	162,617	156,994
Highways and streets	-	-	-	-	-	-	-	-	-	2,536
Operating grants and contributions	1,722,145	2,135,292	2,142,958	2,079,460	2,132,244	2,404,762	2,528,735	2,641,126	3,153,131	5,105,088
Capital grants and contributions	9,251,463	4,856,818	13,759,635	14,274,634	10,899,898	3,992,375	2,534,706	3,544,003	2,288,626	3,443,864
Total governmental activities program revenues	<u>12,648,834</u>	<u>8,738,804</u>	<u>17,695,679</u>	<u>17,816,319</u>	<u>14,644,089</u>	<u>8,315,050</u>	<u>6,875,385</u>	<u>8,700,440</u>	<u>7,835,083</u>	<u>11,163,791</u>
Business-type activities										
Charges for services: Sewer	2,637,032	4,409,305	3,524,391	3,349,567	3,254,711	3,393,582	3,407,229	3,829,807	4,370,315	4,795,971
Capital grants and contributions	416,636	-	-	-	-	250,000	-	359,148	367,035	-
Total business-type activities program revenues	<u>3,053,668</u>	<u>4,409,305</u>	<u>3,524,391</u>	<u>3,349,567</u>	<u>3,254,711</u>	<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>
Total primary government program revenues	<u>\$ 15,702,502</u>	<u>\$ 13,148,109</u>	<u>\$ 21,220,070</u>	<u>\$ 21,165,886</u>	<u>\$ 17,898,800</u>	<u>\$ 11,958,632</u>	<u>\$ 10,282,614</u>	<u>\$ 12,889,395</u>	<u>\$ 12,572,433</u>	<u>\$ 15,959,762</u>
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (8,392,574)	\$(12,688,140)	\$ (4,093,519)	\$ (4,340,020)	\$ (8,220,786)	\$(15,898,302)	\$(21,954,782)	\$(20,172,062)	\$(22,452,423)	\$(22,041,686)
Business-type activities	(19,302)	845,845	(151,499)	(173,591)	(442,404)	(313,909)	(465,077)	625,269	1,131,149	1,033,710
Total primary government (expense)/revenue	<u>\$ (8,411,876)</u>	<u>\$ (11,842,295)</u>	<u>\$ (4,245,018)</u>	<u>\$ (4,513,611)</u>	<u>\$ (8,663,190)</u>	<u>\$ (16,212,211)</u>	<u>\$ (22,419,859)</u>	<u>\$ (19,546,793)</u>	<u>\$ (21,321,274)</u>	<u>\$ (21,007,976)</u>

(continued)

# Town of Sahuarita, Arizona

## Changes in Net Position

Last 10 Fiscal Years

*(accrual basis of accounting)*

(Unaudited)

(concluded)

	Fiscal Year									
	2011*	2012*	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 291,464	\$ 289,751	\$ 289,408	\$ 299,920	\$ 354,728	\$ 411,260	\$ 468,496	\$ 523,940	\$ 657,199	\$ 805,403
Sales taxes	6,456,154	6,279,865	7,487,481	6,916,291	6,601,243	7,101,219	6,955,290	8,849,348	9,788,930	10,766,869
Franchise taxes	308,900	313,653	310,304	303,598	316,332	318,035	310,987	355,583	369,157	366,966
Share of state income taxes	1,361,686	2,131,878	2,580,152	2,815,436	3,057,758	3,041,180	3,470,987	3,566,411	3,550,406	3,915,901
Share of state sales taxes	1,144,921	1,973,746	2,067,495	2,198,614	2,308,388	2,385,534	2,620,019	2,770,189	2,957,158	3,137,766
Share of state vehicle license tax	544,747	911,007	925,392	962,878	1,006,277	1,058,242	1,215,841	1,279,817	1,349,348	1,383,205
Grants and contributions not restricted to specific programs	-	10,746	-	-	-	-	-	83,823	171,454	-
Contributions restricted for debt service~	781,060	712,311	746,148	729,689	683,926	636,349	276,843	176,917	709,764	524,614
Investment earnings	232,639	337,457	59,754	368,272	191,184	319,547	171,364	246,449	715,484	646,904
Miscellaneous	71,343	55,819	118,693	167,961	172,989	68,988	123,661	142,817	174,125	183,536
Extraordinary or special items	-	-	-	-	-	-	-	-	(3,168,076)	-
Transfers	(141,945)	-	-	(693,080)	(699,540)	(733,244)	(9,133)	3,390	(4,916,558)	12,952
<b>Total governmental activities</b>	<b>11,050,969</b>	<b>13,016,233</b>	<b>14,584,827</b>	<b>14,069,579</b>	<b>13,993,285</b>	<b>14,607,110</b>	<b>15,604,355</b>	<b>17,998,684</b>	<b>12,358,391</b>	<b>21,744,116</b>
Business-type activities										
Investment earnings (losses)	(21,574)	(45,978)	(16,707)	(41,352)	(25,446)	(42,924)	(23,617)	(40,204)	(7,436)	(54,480)
Miscellaneous	442	42,330	48,312	2,428	1,612	22,112	96,552	-	17,260	17,260
Extraordinary or special items	(1,288,341)	-	-	-	-	-	(1,840,453)	-	-	-
Transfers	141,945	-	-	693,080	699,540	733,244	9,133	(3,390)	4,916,558	(12,952)
<b>Total business-type activities</b>	<b>(1,167,528)</b>	<b>(3,648)</b>	<b>31,605</b>	<b>654,156</b>	<b>675,706</b>	<b>712,432</b>	<b>(1,758,385)</b>	<b>(43,594)</b>	<b>4,926,382</b>	<b>(50,172)</b>
<b>Total primary government</b>	<b>\$ 9,883,441</b>	<b>\$ 13,012,585</b>	<b>\$ 14,616,432</b>	<b>\$ 14,723,735</b>	<b>\$ 14,668,991</b>	<b>\$ 15,319,542</b>	<b>\$ 13,845,970</b>	<b>\$ 17,955,090</b>	<b>\$ 17,284,773</b>	<b>\$ 21,693,944</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,658,395	\$ 328,093	\$ 10,491,308	\$ 9,729,559	\$ 5,772,499	\$ (1,291,192)	\$ (6,350,427)	\$ (2,173,378)	\$ (10,094,032)	\$ (297,570)
Business-type activities	(1,186,830)	842,197	(119,894)	480,565	233,302	398,523	(2,223,462)	581,675	6,057,531	983,538
<b>Total primary government</b>	<b>\$ 1,471,565</b>	<b>\$ 1,170,290</b>	<b>\$ 10,371,414</b>	<b>\$ 10,210,124</b>	<b>\$ 6,005,801</b>	<b>\$ (892,669)</b>	<b>\$ (8,573,889)</b>	<b>\$ (1,591,703)</b>	<b>\$ (4,036,501)</b>	<b>\$ 685,968</b>

\* Due to the implementation of GASB 63 & GASB 65, the expense reported in the governmental activities for the amortization of debt issuance costs has been restated for FY 2010 - 2012.

~ For years 2011 - 2018, reclassified applicable amounts from miscellaneous revenues.

^ 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Non-spendable	\$ 149,885	\$ 2,225,140	\$ 2,043,561	\$ 1,702,265	\$ 2,767,627	\$ 2,620,695	\$ 3,644,673	\$ 4,066,023	\$ 2,267,471	\$ 3,374,406
Restricted	101,450	166,658	137,294	-	-	-	-	-	-	-
Committed	3,865,030	-	3,772,040	3,810,700	3,947,700	4,336,250	4,752,160	4,819,510	5,355,390	5,000,000
Assigned	-	-	-	-	-	500,000	500,000	-	-	-
Unassigned	9,325,017	12,154,613	10,123,613	11,377,733	10,761,488	11,233,923	10,397,422	11,728,429	12,375,687	13,369,469
Total general fund	<u>\$13,441,382</u>	<u>\$14,546,411</u>	<u>\$16,076,508</u>	<u>\$16,890,698</u>	<u>\$17,476,815</u>	<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>
All Other Governmental Funds										
Non-spendable	\$ 1,822	\$ 2,017,562	\$ 2,545,717	\$ 2,545,717	\$ -	\$ 4,250	\$ -	\$ 475	\$ -	\$ -
Restricted	420,332	654,018	822,403	952,732	1,029,692	1,216,960	1,416,342	4,801,853	1,377,953	4,236,284
Committed	4,065,020	-	-	-	-	-	-	-	-	-
Assigned	5,176,598	9,387,325	10,068,691	5,762,916	5,092,915	6,470,043	5,922,601	5,070,511	2,725,755	2,329,660
Unassigned	(46,656)	(402,000)	-	-	-	(3,750)	-	(3,338)	-	(45,775)
Total all other governmental funds	<u>\$ 9,617,116</u>	<u>\$11,656,905</u>	<u>\$13,436,811</u>	<u>\$ 9,261,365</u>	<u>\$ 6,122,607</u>	<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>
Total governmental funds	<u>\$23,058,498</u>	<u>\$26,203,316</u>	<u>\$29,513,319</u>	<u>\$26,152,063</u>	<u>\$23,599,422</u>	<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>

# Town of Sahuarita, Arizona

## Changes in Fund Balances-Governmental Funds

### Last 10 Fiscal Years

(modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 7,055,647	\$ 6,884,758	\$ 8,082,127	\$ 7,522,856	\$ 7,272,556	\$ 7,833,935	\$ 7,733,916	\$ 9,729,692	\$ 10,521,394	\$ 12,083,698
Licenses and permits	801,119	1,034,299	1,202,273	779,759	1,112,125	1,442,097	1,400,104	2,023,097	1,945,695	2,145,417
Intergovernmental	7,137,531	13,405,385	24,324,397	15,007,062	18,033,692	12,968,488	12,287,093	10,207,958	11,805,267	16,115,234
Charges for services	1,080,804	997,209	941,508	885,253	818,730	897,726	790,468	808,810	878,237	1,001,866
Fines and forfeitures	456,552	541,803	398,853	437,903	305,497	284,850	220,717	228,990	233,294	234,156
Investment earnings	232,639	337,457	59,754	368,272	191,184	319,547	171,364	246,449	715,484	646,904
Miscellaneous	852,159	877,867	883,130	903,525	948,880	3,674,431	516,844	479,445	1,327,314	829,542
<b>Total revenues</b>	<b>17,616,451</b>	<b>24,078,778</b>	<b>35,892,042</b>	<b>25,904,630</b>	<b>28,682,664</b>	<b>27,421,074</b>	<b>23,120,506</b>	<b>23,724,441</b>	<b>27,426,685</b>	<b>33,056,817</b>
<b>Expenditures</b>										
General government	4,172,960	4,157,867	4,225,983	4,251,121	4,789,425	4,949,318	5,248,825	5,378,887	5,911,045	6,397,001
Public safety	6,569,662	6,368,664	6,344,200	6,298,986	6,790,927	7,265,205	8,032,783	8,465,327	8,925,551	9,532,455
Culture and recreation	1,200,861	1,304,619	1,327,626	1,308,499	1,460,244	1,522,317	1,657,399	1,819,692	1,905,141	2,146,395
Highways and streets	1,520,360	1,357,869	1,636,412	1,752,307	1,680,784	1,677,927	1,952,810	2,044,195	3,359,861	3,354,911
Capital outlay	7,577,113	4,934,050	16,244,947	12,156,038	13,161,400	6,203,139	3,907,733	5,977,427	6,322,416	7,483,531
Debt service:										
Principal	1,225,000	1,275,000	1,320,000	1,380,000	1,440,000	1,532,317	10,944,731	1,643,257	2,424,983	2,675,243
Interest	1,578,890	1,529,366	1,477,721	1,420,705	1,207,835	1,039,066	910,645	592,592	984,151	857,433
Fiscal charges	6,069	6,525	5,150	5,150	5,150	5,919	5,650	8,850	9,600	9,600
Debt issuance costs	-	-	-	-	113,190	-	492,273	425,853	-	347,250
<b>Total expenditures</b>	<b>23,850,915</b>	<b>20,933,960</b>	<b>32,582,039</b>	<b>28,572,806</b>	<b>30,648,955</b>	<b>24,195,208</b>	<b>33,152,849</b>	<b>26,356,080</b>	<b>29,842,748</b>	<b>32,803,819</b>
Excess (deficiency) of revenues over (under) expenditures	(6,234,464)	3,144,818	3,310,003	(2,668,176)	(1,966,291)	3,225,866	(10,032,343)	(2,631,639)	(2,416,063)	252,998
<b>Other Financing Sources (Uses)</b>										
Face amount of long-term debt	-	-	-	-	8,840,000	-	9,940,000	9,993,000	-	3,475,000
Payments to refunded debt escrow	-	-	-	-	(8,726,810)	-	-	(4,128,702)	-	-
Premium (discount) on long-term debt	-	-	-	-	-	-	57,694	-	-	-
Capital leases	-	-	-	-	-	286,327	298,609	612,416	611,161	398,755
Proceeds from the sale of assets	-	-	-	-	-	-	-	1,800	106,414	22,083
Transfers in	1,236,694	1,983,609	5,345,638	3,316,838	118,013	16,697	2,565,863	1,284,236	715,868	2,882,793
Transfers out	(1,378,639)	(1,983,609)	(5,345,638)	(4,009,918)	(817,553)	(749,941)	(2,574,996)	(1,280,846)	(5,398,587)	(2,869,841)
Net other financing sources (uses)	(141,945)	-	-	(693,080)	(586,350)	(446,917)	10,287,170	6,481,904	(3,965,144)	3,908,790
<b>Net change in fund balances</b>	<b>\$ (6,376,409)</b>	<b>\$ 3,144,818</b>	<b>\$ 3,310,003</b>	<b>\$ (3,361,256)</b>	<b>\$ (2,552,641)</b>	<b>\$ 2,778,949</b>	<b>\$ 254,827</b>	<b>\$ 3,850,265</b>	<b>\$ (6,381,207)</b>	<b>\$ 4,161,788</b>
Debt service as a percentage of noncapital expenditures	16.6%	16.8%	16.2%	16.1%	14.5%	13.8%	39.7%	10.5%	14.1%	13.6%

# 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
2011	\$ 146,628,703	\$ 73,994,871	\$ 8,561,345	\$ 212,062,229	\$3.3000	\$ 1,950,872,685	10.87%
2012	141,186,905	76,413,857	11,316,951	206,283,811	3.3000	1,916,657,695	10.76%
2013	131,800,379	79,509,552	11,186,883	200,123,048	3.3000	1,856,862,178	10.78%
2014	146,509,080	63,231,794	19,036,647	190,704,227	3.3000	1,827,449,930	10.44%
2015	147,350,240	61,851,496	18,932,866	190,268,870	3.3000	1,824,773,549	10.43%
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%

**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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Direct Rates</b>										
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	3.0000	3.0000	3.0000
Rancho Sahuarita CFD-operations & maintenance	-	-	-	-	-	0.3000	0.3000	0.3000	0.3000	0.3000
Rancho Sahuarita CFD -debt service	-	-	-	-	-	-	-	-	4.6900	4.6900
<b>Total Direct Rate</b>	<b>\$3.3000</b>	<b>\$3.3000</b>	<b>\$3.3000</b>	<b>\$3.3000</b>	<b>\$3.3000</b>	<b>\$3.6000</b>	<b>\$3.6000</b>	<b>\$3.6000</b>	<b>\$8.2900</b>	<b>\$8.2900</b>
<b>Overlapping Rates</b>										
State of Arizona Education Assistance	\$0.3306	\$0.4259	\$0.4717	\$0.5123	\$0.5089	\$0.5054	\$0.5010	\$0.4875	\$0.4741	\$0.4566
Central Arizona Water Conservation District	0.1000	0.1000	0.1000	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Pima County	4.0633	4.1978	4.1978	4.4465	4.9779	5.0877	4.9896	5.1596	4.7596	4.6896
Free Library District	0.3100	0.3460	0.3460	0.3753	0.4353	0.5153	0.5153	0.5053	0.5153	0.5353
Fire District Assistance	0.0032	0.0418	0.0447	0.0456	0.0472	0.0467	0.0468	0.0459	0.0441	0.0430
Flood Control District	0.2635	0.2635	0.2635	0.2635	0.3035	0.3135	0.3335	0.3135	0.3335	0.3335
Pima County Community College District	1.0848	1.1093	1.1741	1.2933	1.3344	1.3689	1.3733	1.3890	1.3983	1.3758
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	6.5753	5.4067	5.5183	6.6341	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712
Continental School District #39	1.6945	2.0258	1.5729	1.7027	2.6146	2.6512	2.4626	2.4991	2.5037	2.1280
Green Valley Fire District	1.9000	1.9000	2.0400	2.2100	2.2800	2.3807	2.3804	2.5299	2.5299	2.5299

**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		Collections in				
Year Ended	Tax Levy	Collections in Levy Year	%	Subsequent Years	Total Collections	%
2011	\$ 291,464	\$ 288,401	98.9%	\$ 3,063	\$ 291,464	100.0%
2012	276,730	275,207	99.4%	994	276,201	99.8%
2013	289,408	282,819	97.7%	6,066	288,885	99.8%
2014	299,920	295,971	98.7%	3,491	299,462	99.8%
2015	354,729	349,510	98.5%	4,737	354,247	99.9%
2016	409,091	403,518	98.6%	5,570	409,088	100.0%
2017	465,990	459,558	98.6%	6,429	465,987	100.0%
2018	521,467	514,526	98.7%	6,939	521,465	100.0%
2019	597,181	588,900	98.6%	8,279	597,179	100.0%
2020	727,846	718,842	98.8%	N/A	718,842	98.8%

### RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

Fiscal		Collections in				
Year Ended	Tax Levy	Collections in Levy Year	%	Subsequent Years	Total Collections	%
2016	\$ 2,361	\$ 2,361	100.0%	\$ -	\$ 2,361	100.0%
2017	2,303	2,303	100.0%	-	2,303	100.0%
2018	2,445	2,445	100.0%	-	2,445	100.0%
2019	58,512	58,491	100.0%	10	58,501	100.0%
2020	77,792	76,791	98.7%	N/A	76,791	98.7%

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

**Source:** Town Finance Department.

# Town of Sahuarita, Arizona

## Sales Tax Collections by Industry Group

Last 10 Fiscal Years

(Unaudited)

Industry	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Communications and utilities	\$ 737,133	\$ 765,632	\$ 770,052	\$ 800,476	\$ 808,461	\$ 821,809	\$ 782,871	\$ 889,527	\$ 865,519	\$ 889,208
Construction	1,748,413	1,627,666	2,733,333	1,910,680	1,144,381	2,133,101	1,860,616	3,196,589	3,685,302	3,859,293
Manufacturing	379,474	248,127	207,854	216,527	260,282	-	-	-	-	-
Retail trade	2,803,117	2,855,449	2,933,239	3,085,336	3,444,176	3,237,825	3,325,585	3,680,143	3,994,842	4,602,911
Real estate, rental and leasing	259,381	247,630	267,564	282,915	326,081	299,969	335,178	332,545	425,461	441,743
Restaurant and bar	315,297	299,601	295,327	327,043	365,677	513,744	552,429	600,408	699,785	803,652
Services	70,586	57,841	61,450	73,430	86,165	-	-	-	-	-
Other	142,753	177,919	218,662	219,884	166,020	94,771	98,611	150,136	118,021	111,584
<b>Total</b>	<b>\$ 6,456,154</b>	<b>\$ 6,279,865</b>	<b>\$ 7,487,481</b>	<b>\$ 6,916,291</b>	<b>\$ 6,601,243</b>	<b>\$ 7,101,219</b>	<b>\$ 6,955,290</b>	<b>\$ 8,849,348</b>	<b>\$ 9,788,930</b>	<b>\$ 10,708,391</b>
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

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

# Town of Sahuarita, Arizona

## Direct and Overlapping Sales Tax Rates

### Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Town Direct Rates				Regional Transportation Authority
	General	Construction Contracting	Transient Lodging	State	
2011	2.00%	4.00%	4.00%	6.60%	0.50%
2012	2.00%	4.00%	4.00%	6.60%	0.50%
2013	2.00%	4.00%	4.00%	5.60%	0.50%
2014	2.00%	4.00%	4.00%	5.60%	0.50%
2015	2.00%	4.00%	4.00%	5.60%	0.50%
2016	2.00%	4.00%	4.00%	5.60%	0.50%
2017	2.00%	4.00%	4.00%	5.60%	0.50%
2018	2.00%	4.00%	4.00%	5.60%	0.50%
2019	2.00%	4.00%	4.00%	5.60%	0.50%
2020	2.00%	4.00%	4.00%	5.60%	0.50%

Source: Town Code and Town Finance Department.

# Town of Sahuarita, Arizona

## Principal Sales Tax Remitters

Fiscal Years 2020 and 2011

(Unaudited)

Tax Remitter <sup>1</sup>	Fiscal Year 2020			Fiscal Year 2011		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 1,416,082	1	14.47%	\$ 1,107,652	1	17.16%
Business B	1,235,395	2	12.62%	414,984	4	6.43%
Business C	422,125	3	4.31%	276,807	6	4.29%
Business D	376,135	4	3.84%	241,134	7	3.73%
Business E	373,233	5	3.81%	266,755	9	4.13%
Business F	362,766	6	3.71%	332,304	3	5.15%
Business G	362,659	7	3.70%			
Business H	338,566	8	3.46%	255,101	10	3.95%
Business I	316,008	9	3.23%			
Business J	311,484	10	3.18%			
Business L				481,793	2	7.46%
Business M				388,090	5	6.01%
Business N				272,700	8	4.22%
	<u>\$ 5,514,453</u>		<u>56.33%</u>	<u>\$ 4,037,320</u>		<u>62.53%</u>

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

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

# Town of Sahuarita, Arizona

## Monthly Sewer User Rates

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
2011	\$34.28	\$10.46	1.000	\$3.403	\$7.146	\$3.709	\$3.709	\$4.084	\$6.908	\$7.895	\$4.050	\$2.362	\$3.437	\$1.603	\$3.607	\$12.353	\$7.929	\$4.254	\$8.099	\$4.186
2012	\$37.50	\$11.14	1.000	\$3.744	\$7.862	\$4.081	\$4.081	\$4.493	\$7.600	\$8.686	\$4.455	\$6.801	\$3.781	\$1.603	\$3.969	\$13.591	\$8.724	\$4.680	\$8.911	\$4.605
2013	\$40.69	\$12.35	1.000	\$4.048	\$8.501	\$4.412	\$4.412	\$4.858	\$8.217	\$9.391	\$4.817	\$6.801	\$4.088	\$1.603	\$4.291	\$14.694	\$9.432	\$5.060	\$9.634	\$4.979
2014	\$44.34	\$13.30	1.000	\$4.434	\$9.311	\$4.833	\$4.833	\$5.321	\$9.001	\$10.287	\$5.276	\$6.801	\$4.478	\$1.603	\$4.700	\$16.095	\$10.331	\$5.543	\$10.553	\$5.454
2015	\$46.10	\$13.83	1.000	\$4.610	\$9.681	\$5.025	\$5.025	\$5.532	\$9.358	\$10.695	\$5.486	\$6.801	\$4.656	\$1.603	\$4.887	\$16.734	\$10.741	\$5.763	\$10.972	\$5.670
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
				<b>Wastewater Flow Contribution Rate (per Kgal)</b>																
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

**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										Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	2006 Series QC CFD	2016 Refunding QC CFD	2018 Series RS CFD	2020 Series RS CFD	2006A GADA Loan	2009B GADA Loan	2015 Refunding Obligation	2017 Refunding Obligation	Capital Leases	2008A WIFA Loans	2008B WIFA Loans	2019 Refunding Obligation	Capital Leases				
	GO Bonds	GO Bonds	GO Bonds	GO Bonds	Loan	Loan	Obligation	Obligation		Loans	Loans	Obligation	Leases				
2011	\$12,005,000				\$13,073,002	\$6,413,411					\$27,297,422	\$1,980,062		\$60,768,897	6.56%	\$2,307	
2012	11,655,000				12,378,252	6,165,722					26,225,657	2,200,888		58,625,519	6.04%	2,188	
2013	11,285,000				11,658,502	5,913,032					25,073,245	2,477,454		56,407,233	5.64%	2,061	
2014	10,900,000				10,908,752	5,650,343					23,898,673	2,356,789		53,714,557	5.09%	1,924	
2015	10,495,000				1,602,808	5,377,653	\$8,840,000				22,680,372	2,251,130		51,246,963	4.65%	1,812	
2016	10,070,000				823,940	5,094,963	8,840,000		\$ 259,010		21,416,714	2,056,097		48,560,724	4.26%	1,684	
2017	-	\$ 9,978,664			-	4,802,274	8,840,000		487,984		20,106,010	2,296,725	\$220,594	46,732,251	3.86%	1,587	
2018	-	9,810,431	\$5,780,000		-	662,797	8,120,000	\$4,129,000	936,143		18,746,508	2,141,428	199,741	50,526,048	3.96%	1,669	
2019	-	9,428,784	5,780,000		-	338,518	7,025,000	4,074,000	1,267,320		17,336,392	1,980,350	178,056	47,408,420	3.49%	1,509	
2020	-	8,743,440	5,780,000	\$3,475,000	-	-	5,910,000	4,018,000	1,303,185		-	1,813,274	\$13,477,000	44,519,899	3.12%	1,381	

# Town of Sahuarita, Arizona

## Ratios of General Bonded Debt Outstanding

Last 10 Fiscal Years

(Unaudited)

<b>Fiscal Year</b>	<b>Quail Creek CFD<sup>1</sup> General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of District Property</b>	<b>Estimated Per Capita Amount in District</b>
2011	\$12,005,000	136%	\$35,476
2012	11,655,000	133%	28,152
2013	11,285,000	129%	22,311
2014	10,900,000	120%	19,043
2015	10,495,000	98%	16,286
2016	10,070,000	79%	14,722
2017	9,978,664	71%	11,948
2018	9,810,431	62%	9,874
2019	9,428,784	52%	8,531
2020	8,743,440	40%	6,645

<b>Fiscal Year</b>	<b>Rancho Sahuarita CFD<sup>1</sup> General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of District Property</b>	<b>Estimated Per Capita Amount in District</b>	<b>Estimated Amount of Bonds Per Taxable Value of Non-Residential Property</b>
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

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

Town of Sahuarita, Arizona  
 Direct and Overlapping Governmental Activities Debt  
 June 30, 2020  
 (Unaudited)

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable<sup>1</sup></u></b>	<b><u>Estimated Share of Direct and Overlapping Debt</u></b>
<b>Debt repaid with property taxes</b>			
Pima County	\$ 181,428,000	2.68%	\$ 4,862,270
Pima County Community College	57,097,027	2.68%	1,530,200
Sahuarita Unified School District	43,010,000	51.6%	22,193,160
Continental School District	12,790,000	23.4%	2,992,860
Green Valley Fire District	5,945,537	33.8%	2,009,592
Subtotal, overlapping debt	<u>\$ 300,270,564</u>		<u>33,588,082</u>
<b>Town direct debt-governmental activities</b>			<u>29,229,625</u>
<b>Total direct and overlapping debt</b>			<u>\$ 62,817,707</u>

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

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

# Town of Sahuarita, Arizona

## Legal Debt Margin Information

Last 10 Fiscal Years

(Unaudited)

### Legal Debt Margin Calculation for 2020

Assessed Value	\$ 255,305,894
Debt Limit:	
6% of assessed value <sup>1</sup>	15,318,354
20% of assessed value <sup>2</sup>	51,061,179
Total debt limit	66,379,533
Debt applicable to limit:	
General obligation bonds <sup>3</sup>	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 66,379,533

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit:	\$55,136,180	\$53,633,791	\$52,031,993	\$49,583,099	\$ 49,469,906	\$ 54,854,863	\$ 55,240,973	\$ 57,749,819	\$ 60,808,134	\$ 66,379,533
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$55,136,180	\$53,633,791	\$52,031,993	\$49,583,099	\$ 49,469,906	\$ 54,854,863	\$ 55,240,973	\$ 57,749,819	\$ 60,808,134	\$ 66,379,533
Total net debt applicable to the limit as a percentage of debt limit.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Notes:**

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

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

<sup>3</sup> The 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)

<b>Loans<sup>1</sup></b>									
Fiscal Year	<b>Pledged Revenues</b>			<b>Debt Service</b>			Coverage Ratio	Required Ratio	
	State Shared Revenues	Excise Tax Revenues	Total Revenues	Principal	Interest	Total Debt Service <sup>2</sup>			
2011	\$ 3,051,354	\$ 8,918,029	\$ 11,969,383	\$ 1,043,503	\$ 1,002,362	\$ 2,045,865	5.85	2.00	
2012	5,016,631	8,845,717	13,862,348	1,079,776	975,652	2,055,428	6.74	2.00	
2013	5,573,039	10,192,501	15,765,540	1,116,283	951,427	2,067,710	7.62	2.00	
2014	5,976,928	8,777,491	14,754,419	1,163,032	910,152	2,073,184	7.12	2.00	
2015	6,372,423	9,082,674	15,455,097	1,210,033	712,672	1,922,705	8.04	2.00	
2016	6,484,956	9,985,001	16,469,957	1,204,723	551,905	1,756,628	9.38	2.00	
2017	7,306,847	9,637,023	16,943,870	1,260,297	541,573	1,801,870	9.40	2.00	
2018	7,616,417	12,208,957	19,825,374	1,275,079	353,807	1,628,886	12.17	2.00	
2019	7,856,912	12,864,604	20,721,516	1,642,076	348,249	1,990,325	10.41	2.00	
2020	8,436,872	12,757,473	21,194,345	1,684,296	305,402	1,989,698	10.65	2.00	

<sup>1</sup> Includes the 2009B GADA Loan, 2015 Refunding Obligation, 2017 Refunding Obligation, and the 2008B WIFA Non-System Revenues Loan.

<sup>2</sup> The highest total debt service requirements for any succeeding fiscal year for these debt obligations is \$1,989,991, which occurs in fiscal year 2025.

# Town of Sahuarita, Arizona

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

### 2008A WIFA Loan

Fiscal Year	Pledged Resources			Total Sources Available for Coverage	Debt Service		Total Debt Service	Coverage Ratio	Required Ratio
	Wastewater System Revenues	Wastewater O&M Expenses	Other Sources <sup>1</sup>		Principal	Interest			
2011	\$2,615,900	\$(1,164,986)	\$ -	\$1,450,914	\$1,091,765	\$1,016,283	\$2,108,048	0.69	1.20
2012	4,405,657	(1,326,539)	-	3,079,118	1,132,412	975,636	2,108,048	1.46	1.20
2013	3,555,996	(1,194,730)	-	2,361,266	1,174,571	933,477	2,108,048	1.12	1.20
2014	3,310,643	(1,223,472)	-	2,087,171	1,218,301	889,747	2,108,048	0.99	1.20
2015	3,230,877	(1,457,070)	750,000	2,523,807	1,263,658	844,390	2,108,048	1.20	1.20
2016	3,622,770	(1,791,896)	750,000	2,580,874	1,310,704	797,344	2,108,048	1.22	1.20
2017 <sup>^</sup>	3,480,164	(1,751,439)	750,000	2,478,725	1,359,502	748,546	2,108,048	1.18	1.20
2018 <sup>^</sup>	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

### BBVA Refunding Obligations

Fiscal Year	Pledged Resources			Net System Revenues	Debt Service		Total Debt Service	Coverage Ratio	Required Ratio
	Wastewater System Revenues	Wastewater O&M Expenses	Other Sources <sup>1</sup>		Principal	Interest			
2020	\$4,758,751	\$(1,998,070)	-	\$2,760,681	\$ -	\$164,599	\$164,599	16.77	1.20

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

<sup>^</sup> 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)

July 1,	Population	Percent High School Graduate or Higher	Percent Bachelor's Degree or Higher	Mean Household Income	(Tucson Metro) Unemployment Rate
2011	26,338	96.4%	36.0%	\$ 78,367	6.0%
2012	26,791	94.8%	34.8%	\$ 78,777	5.8%
2013	27,367	93.6%	33.1%	\$ 78,529	6.0%
2014	27,914	94.3%	35.1%	\$ 75,284	4.6%
2015	28,287	95.1%	35.2%	\$ 76,183	3.8%
2016	28,839	94.8%	32.8%	\$ 77,250	4.6%
2017	29,455	96.0%	38.0%	\$ 84,454	4.7%
2018	30,282	94.6%	37.5%	\$ 73,579	4.6%
2019	31,421	94.6%	39.0%	\$ 77,116	4.8%
2020	32,232	95.5%	38.9%	\$ 78,697	9.9%

**Sources:** US Census Bureau, American Fact Finder website.  
2020 Town estimated population

US Census Quick Facts

<https://www.census.gov/quickfacts/fact/dashboard/sahuaritatownarizona/PST045219#PST045219>

# Town of Sahuarita, Arizona

## Principal Employers

2020 and 2011

(Unaudited)

Employer	2020		2011	
	Employees	Percentage of Total Town Employment	Employees	Percentage of Total Town Employment
Sahuarita Unified School District	799	21.15%	722	28.16%
La Posada	625	16.54%		
Walmart	356	9.42%	425	16.58%
Farmers Investment Company	238	6.30%	217	8.46%
Fry's	221	5.85%	180	7.02%
Town of Sahuarita	154	4.08%	135	5.27%
Safeway	115	3.04%	90	3.51%
Sprouts	90	2.38%		
Jim Click Ford	50	1.32%	48	1.87%
Ashley's Furniture	47	1.24%	30	1.17%
TJ Maxx	44	1.16%		
El Charro			60	2.34%
Climax Engineered Materials			59	2.30%
<b>Total</b>	<b>2,739</b>	<b>72.48%</b>	<b>1,966</b>	<b>76.68%</b>

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

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

<u>Function/Department</u>	Full-time Equivalent Employees as of June 30									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General Government</b>										
Town Manager	7.0	6.3	6.3	5.0	6.0	6.0	6.0	6.0	4.0	6.0
Economic Development	-	-	-	-	-	-	-	-	2.0	2.0
Town Clerk	3.5	3.4	3.4	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Finance	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Planning & Zoning	4.6	5.0	5.2	5.4	5.0	5.0	5.0	5.0	5.0	4.6
Public Works-Facilities	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Municipal Court	8.0	8.0	8.0	8.0	8.0	8.0	7.0	6.0	6.0	6.0
Law	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
General Government Total	38.1	37.7	37.9	38.4	39.0	40.0	40.0	39.0	40.0	41.6
<b>Public Safety</b>										
Building Safety	7.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	8.0	9.4
Public Works-Engineering	3.8	3.2	3.5	3.5	3.5	3.5	3.5	3.5	5.0	4.2
Police Dept	52.4	50.5	51.0	50.0	51.0	51.0	53.0	55.0	58.0	60.0
Public Safety Total	63.2	59.7	60.5	59.5	61.5	61.5	63.5	65.5	71.0	73.6
<b>Culture &amp; Recreation</b>										
Parks & Recreation	15.1	15.1	15.1	14.7	14.7	15.1	15.3	16.3	17.4	18.4
<b>Highways &amp; Streets</b>										
Streets	15.1	13.5	14.0	14.0	12.7	12.7	9.7	10.7	10.5	11.9
<b>Sewer</b>										
Wastewater Utility	8.2	8.0	7.3	7.3	6.9	6.9	6.3	6.3	6.5	6.5
Finance-Billing & Collections	-	-	-	-	-	1.0	2.0	2.0	2.0	2.5
Sewer Total	8.2	8.0	7.3	7.3	6.9	7.9	8.3	8.3	8.5	9.0
<b>Total</b>	<b>139.7</b>	<b>134.0</b>	<b>134.8</b>	<b>133.9</b>	<b>134.8</b>	<b>137.2</b>	<b>136.8</b>	<b>139.8</b>	<b>147.4</b>	<b>154.4</b>

**Source:** Town Finance Department.

# Town of Sahuarita, Arizona

## Operating Indicators Last 10 Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Town Clerk</b>										
Business licenses issued	1,081	1,045	1,152	1,272	1,277	1,485	1,514	1,507	1,422	1,394
<i>Licenses with Sahuarita or Green Valley address</i>	237	269	328	397	505	612	602	615	664	592
<b>Building Safety</b>										
Building permits-single family residential	185	247	267	169	206	277	248	370	324	464
Building permits-other	559	528	592	686	701	724	711	673	580	691
<b>Police</b>										
Traffic citations	1,677	1,433	2,116	2,209	1,452	1,221	1,183	807	1,765	N/A
Calls for service	7,746	7,933	8,380	8,259	8,111	8,429	8,129	8,416	8,504	
<b>Human Resources</b>										
Number of job openings	6	14	21	20	22	25	40	42	50	44
Number of applicants	219	564	741	611	1,027	1,103	698	785	844	757
Turnover rate	7%	7%	9%	12%	11%	11%	12%	18%	13%	15%
<b>Municipal Court</b>										
Hearings/Court sessions	11,096	9,596	11,090	12,007	10,304	10,007	Note	4,794	5,532	5,841
Filings <sup>1</sup>	3,286	2,279	3,066	3,387	2,494	2,373	2,602	2,204	3,248	3,051
<b>Public Works</b>										
Street resurfacing (miles)	19.7	19.7	17.8	18.0	18.0	20.5	28.1	3.0	32.0	24.6
Potholes repaired	196	196	225	172	122	87	64	8	81	56
Road Overall Condition Index (OCI)	Information Not Available (N/A)									75
<b>Parks and Recreation</b>										
Number of recreation programs offered	N/A	37	42	55	47	43	43	181	114	191
Athletic court/field permits issued	170					127	114	67	84	105
Recreation center permits issued	61					32	27	22	56	101
Ramada/Gazebo permits issued	164					158	166	141	130	133
Special event/commercial permits issued	N/A					57	55	29	29	25
Special event attendance	17,531					26,400	31,919	42,878	53,546	31,135
Recreation program participants	13,429					17,189	15,630	10,881	11,005	8,461
<b>Wastewater</b>										
Average daily sewage treated (thousands of gallons)	804.1	807.3	760.0	765.0	755.0	777.0	802.0	828.4	867.0	887.5
Long-term storage credits (acre feet)	1,347.58	1,693.63	2,301.65	2,822.56	3,589.54	4,117.87	4,928.48	5,722.21	6,617.91	7,407.23
<i>Estimated value of LTSCs, CAP rates</i>	\$217,904	\$273,860	\$308,513	\$543,484	\$740,809	\$871,752	\$1,101,043	\$1,339,241	\$1,506,631	\$1,780,887
<i>Estimated value of LTSCs, CAGR rates</i>	\$457,234	\$650,862	\$981,884	\$1,392,087	\$1,986,810	\$2,538,667	\$3,131,556	\$3,903,692	\$4,270,537	\$4,919,882

**Note:** 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.

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

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

# Town of Sahuarita, Arizona

## Capital Asset Statistics Last 10 Fiscal Years (Unaudited)

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Planning & Building										
Vehicles	<b>Information not collected</b>						4	4	4	4
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles <sup>1</sup>	28	39	39	41	42	46	50	50	56	75
Public Works										
Streets and highways ( <i>miles</i> )	144	144	144	144	146	146	156	157	163	169
Streetlights	52	53	53	53	59	59	69	69	69	69
Traffic signals	14	15	15	15	16	16	16	16	16	17
Parks and Recreation										
Park acreage	107	107	107	107	107	107	107	107	107	114
Basketball courts	4	4	4	4	4	4	4	5	5	8
Playgrounds	5	5	5	5	5	5	5	5	5	6
Skate spots/parks	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds (lighted)	6	6	6	6	6	6	6	6	6	8
Soccer/football fields (lighted)	6	6	6	6	6	8	8	6	6	7
Soccer/football outfield overlays (lighted)	-	-	-	-	-	-	-	2	2	1
Community centers	1	1	1	1	1	1	1	1	1	1
Parks maintenance buildings	1	1	1	1	1	1	1	1	1	1
Ramadas	22	22	22	22	22	22	22	21	22	25
Restroom facilities	8	8	8	8	8	8	8	9	9	10
Sand volleyball court	1	1	1	1	1	1	1	1	1	1
Off-leash dog area	2	2	2	2	2	2	2	2	2	2
Vehicles	7	8	8	8	8	8	8	8	8	9
Wastewater										
Permitted treatment capacity ( <i>gallons in 1,000s</i> )	1,500	1,500	1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000

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

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