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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



2021



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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



Prepared by the Finance Department

2021



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TOWN OF SAHUARITA, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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ANNUAL COMPREHENSIVE FINANCIAL REPORT



Introductory Section

2021



November 22, 2021

**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, 2021.

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, 2021. 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 35,063. As of the latest U.S. Census reports, our median age is 38.5 years and our median household income is \$80,525. Sahuarita is an educated population, with 40.3% 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 168.7 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

Looking ahead, we would be remiss to not acknowledge and discuss the impacts of the COVID-19 global pandemic. This past year has been fraught with challenges like none other. The impact of the COVID-19 pandemic has left a lasting mark on us. We are proud of the job our town employees have done throughout this time, helping to mitigate the effects of the pandemic. We've sought to minimize the financial impacts on our businesses through the hands-on work of our economic development team. Our employees have worked to make sure that our businesses have the help they need to find the resources available to them. We were able to create a COVID-19 business assistance and recovery program that directed funding to qualifying local businesses. Similarly, our communications team worked hard throughout the many months to keep our residents up-to-date with information coming from federal, state and other regional authorities, so that it was accurate and highly accessible.

As we see so many regional businesses now open, and we see our regional and national economy continue to recover, we've also seen another fiscal year come to an end and some incredibly positive things are on the horizon. We're happy to report that despite having weathered a global pandemic, the Town of Sahuarita is in as good a position as ever to plan thoughtfully for Sahuarita's future. The 2022 budget totals \$94,927,520, is balanced, and makes efficient use of available resources to bring our residents the things they need.

The budget is 59% higher than last year's \$59.66 million budget and is reflective of a healthy economy. A budget that's balanced can only grow if there are sufficient resources to support the increase. Revenues and other non-debt sources total \$41.8 million, which is \$8.5 million more than last year's budget. Budgeted expenditures total \$52.8 million, which is \$16.0 million higher than last year. Most of this increase is related to special district financing and town capital projects, some of which will be debt-financed. By year-end, the town's ending balances are expected to be \$19.2 million higher than the ending balance budgeted in

2021, totaling \$42.1 million. In the general fund, the town's primary operating fund, ending balances will total \$22.5 million which exceeds the fund's \$21.3 million expenditure budget.

Navigating the post-COVID-19 world

In 2021, our budget included \$1.1 million for the COVID-19 Community Investment program, made possible by the AZCares grant that freed up other money, which was then used to alleviate some of the stresses on our local economy. While this one-time funding stream is no longer available in 2022, it's also not likely needed, because the majority of our businesses (as well as our residents) appear to have emerged in good shape. And while we did see some brick-and-mortar businesses close, we have still seen net growth with several new ones opening.

In 2021, we saw 559 single-family homes permitted for building. This is nearly 60% more than expected when preparing the 2021 budget. For 2022, we are projecting continued growth in building permits with an expectation that 553 new homes will be built. Accordingly, we expect to see our population grow by 2.5% in fiscal year 2022.

Taking advantage of budget surpluses

Indeed, 2021 has been a surprisingly great year for us with a projected surplus of \$7.7 million by year's end; \$4.6 million from the town's general fund alone. This surplus has allowed our town council to appropriate \$3.9 million to pay off the entire unfunded pension liabilities of the Public Safety Personnel Retirement System for our police officers. This will result in an approximate \$270,000 savings to the 2022 police department operating budget and an additional savings of \$2.5 million over the following 12 years

Population growth and shopping behavior helps maintain revenues

Statewide, we are seeing the economy bouncing back and doing well. With low inventory of available housing in our region, and demand very high, there's a great need for continued building of new homes. In Sahuarita, as mentioned before, we are seeing more growth in home building than we've seen in more than a decade. Sahuarita is growing faster than the state-wide municipal average, which means that we're able to capture a larger proportion of available state-shared funding. In 2022, we expect to receive \$12.1 million in total state-shared revenues, \$1.1 million more than last year's budget.

Throughout the pandemic we've seen residents choosing to stay close to home and do more shopping on-line and locally. This change in shopping behavior, coupled with the likelihood that our residents have more disposable income (e.g., from federal stimulus, less spending on travel and services, which are largely untaxed) to spend on items that would generate tax revenues to the town, has had a favorable financial impact on us. These additional revenues will be used to ensure that we can continue to provide excellent services to our growing population, and to maintain and enhance town infrastructure and amenities. The town expects to collect \$13.1 million in transaction privilege (sales) taxes in 2022, a \$3.6 million increase over last year's budget, which was deflated 10% for potential COVID-19 impacts that never materialized.

Federal funding aids sewer infrastructure projects

We have been approved to receive nearly \$10.5 million from the American Rescue Plan Act (ARPA), which we will receive in two installments over the next two years. Our 2022 budget was put together before receiving the award notification, so based on preliminary information, we conservatively estimated that we would receive \$3.8 million in 2022 and again in 2023. Getting notified that we would receive almost \$3 million more than expected was a pleasant surprise. Most of the ARPA money, \$7.1 million, will be used to complete three sewer infrastructure projects over the next three years; \$2.0 million of which is in 2022. These projects will lay down sewer lines at Anamax Park and provide for future expansion there, build a new wastewater testing laboratory that is ADA compliant, and make improvements to our wastewater treatment plant that will provide additional service capacity without the need to expand the plant. The remaining ARPA funds were not budgeted and have yet to be designated. We expect this to occur during this upcoming year when the 2023 Budget and five-year Capital Improvement Plan are developed.

Infrastructure and community well-being

With so much positive news to share about our budget situation entering fiscal year 2022, there are a good number of projects coming in the next 12 months that will impact residents significantly or will lay the groundwork for future amenities and improvements. Our public works department's pavement preservation project will continue with nearly \$1.3 million dedicated to maintaining existing roads. 2022 will also see us break ground on the long-anticipated Quail Creek Boulevard extension and bridge over the Santa Cruz River. This milestone project, costing an estimated \$6.3 million over the next two years, will literally bring us closer together, giving residents easy access to the communities, businesses and amenities previously divided by the riverbed. While the project is slated for completion sometime in 2023, much of the work will be started and completed in this fiscal year. We will use debt financing, repaid from excise taxes already collected by the town, to pay for the project.

We continue to focus on community well-being through constant improvement of our parks and recreation services. In the 2022 budget we have included \$122,500 to begin a Recreation, Trails and Open Space Masterplan. Half of this work is projected to be completed in 2022, and the other half in 2023. Work in 2022 will consist of a needs assessment with survey work, focus groups and further engagement of the community to tell us what they would like to see as Sahuarita continues to grow. Based on the assessment of these endeavors, the town will work with a consultant to provide cost estimates for the kinds of things for which our residents are asking. In 2023, we plan to refine these cost estimates and begin preparing for the conceptual design phase of the various projects identified in the plan.

We are confident that pride in our community can be a powerful drive for keeping Sahuarita a place where life truly comes together. Bringing our residents together in a spirit of pride is already somewhat of a Sahuarita tradition as clearly borne out by the success of our signature events, but we have ideas about how to improve on these and also bring new offerings to our residents in a similar vein. So, keep a look out for enhanced events and new opportunities to come together in the coming year. With an additional allocation of \$43,000, 2022 will bring enhancements to the traditional signature events that we have been

providing to the community for many years and will bring a number of new, smaller events to supplement. Some of the early concepts for such added events include a “star gazing” event, a bicycle rodeo (possibly in connection with El Tour de Tucson regional biking event), a lake festival, and a kite festival.

Maintaining the town government as a highly performing organization

As the town’s needs grow along with its population, we remain vigilant in making sure that our government is working efficiently to meet those needs. At a cost of \$932,000, this year’s budget adds 11.5 full-time equivalent employees to the town’s staff to help us maintain the services our residents have come to expect. As we are especially cognizant of our responsibilities directly related to public safety, six of these FTE positions are going into the ranks of our police department.

With the growth of our organization, we have seen fit to reorganize internal departments wherever and whenever it makes the most sense to do so. This year, we are moving procurement services from its former location under the supervision of the Town Manager into the finance department. In the latter half of 2021, we announced that our Parks and Recreation Department would be renamed as Parks, Recreation and Community Services, as that department will now take on additional responsibilities that are broader in scope—encompassing such things as advocating the historical legacy of our region, connecting residents with existing resources, and encouraging a close-knit community that is proud to call Sahuarita home.

Economic expansion and placemaking

In 2021, we have seen over \$13.8 million in new, non-residential, public and private investment. The town will continue in 2022 with previously established economic development programs such as BizLaunch, BizEDGE, and the Dreambuilder program. We also established some new programs in 2021: one is aimed at attracting business to the Sahuarita Advanced Manufacturing and Technology Center (SAMTEC), and the other, Sahuarita Eats, is a targeted restaurant campaign aiming outreach at specific businesses that our residents have indicated they would like to see built here. These types of programs are indicative of our desire to encourage thoughtful, economic expansion as we grow. We also want to see employment opportunities for residents coming along with the establishment of new businesses. We want to see sizeable areas not only fully developed, but we want to see vacancies filled quickly. This year’s budget allocates up to \$705,000 for development and business incentives that bring jobs and occupied commercial space to Sahuarita. These incentives were instrumental in bringing *The Crossing* retail center and the *Northwest Medical Center* to fruition.

We at the Town Government of Sahuarita are excited about the coming year and what it will bring. We see many opportunities on the horizon for continued success, to build and bolster our wonderful town. We are grateful to our residents for their trust, and for the responsibility of stewardship in planning for Sahuarita’s future. To those persons and businesses looking for a close-knit community and the perfect place to build and grow we warmly welcome you to join us because we know that *You’re gonna love it here!*

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, 2020. This was the 19th 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 "A.C. Marriotti".

A.C. Marriotti, CPA
Interim Town Manager and 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, 2020

Christopher P. Morrill

Executive Director/CEO

Mayor and Council



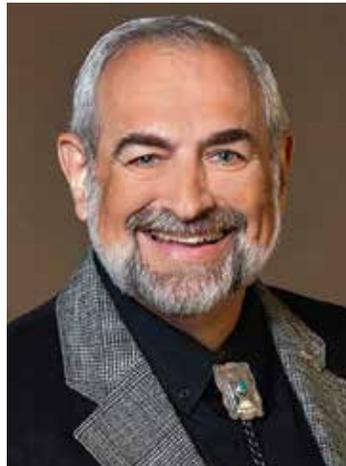
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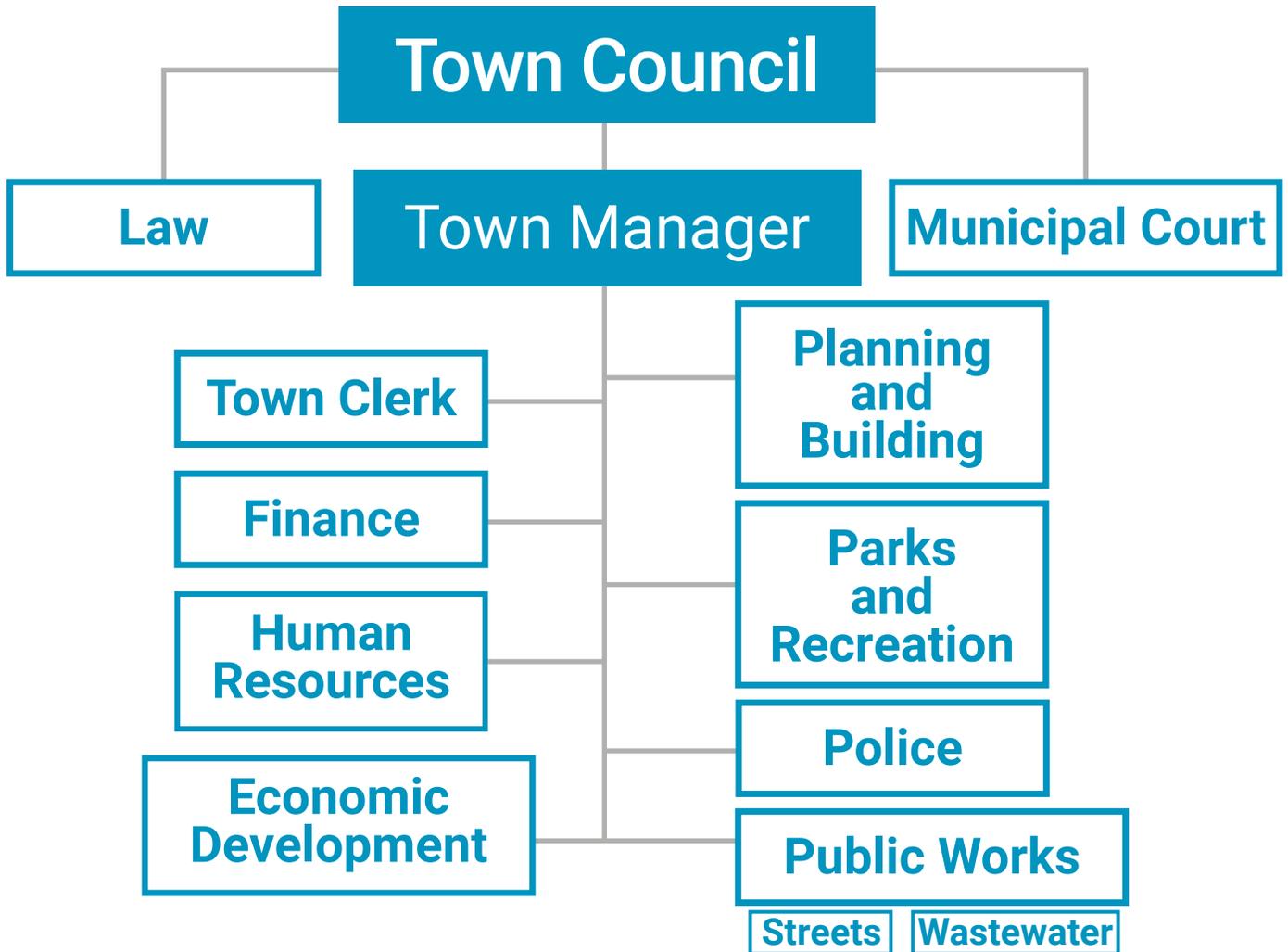


Deborah Morales
Council Member
dmorales@sahuaritaaz.gov
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Organization Chart

Citizens



TOWN OF
Sahuarita
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, 2021

Sahuarita at a Glance

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.



TOTAL POPULATION

34,134

48.45% Male

51.55% Female

MEDIAN HOUSEHOLD INCOME

\$80,525

MEDIAN AGE

38.5

EDUCATIONAL ATTAINMENT

High School 18.2%

Some College 27.5%

Associates Degree 10.9%

Bachelor's or Higher 25.7%



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ANNUAL COMPREHENSIVE FINANCIAL REPORT



Financial Section

2021



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, 2021, 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sahuarita, Arizona as of June 30, 2021, 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 revenue 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Town Council
Town of Sahuarita, Arizona

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
November 22, 2021

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, 2021. Please read it in conjunction with the transmittal letter on pages 2-7 and the Town's basic financial statements, which begin on page 30.

FINANCIAL HIGHLIGHTS

- On June 30, 2021 net position totaled \$154,482, an increase of \$6,162 over last year. Of this amount, \$20,600 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Capital asset balances totaled \$169,057, a decrease of \$5,861 compared to last year. Construction in progress accounted for \$1,042, less than 1% of the total balance.
- Long-term liabilities decreased \$907 from last year to a total of \$56,759 as of June 30, 2021. Liabilities related to employee expenses (pension, other postemployment benefits, and compensated absences) accounted for \$15,982, approximately 28% of the total balance.
- As of the close of the current fiscal year, the governmental funds combined ending fund balances had increased \$3,621 to a new balance of \$31,885. Of this amount, \$1,365 is in a non-spendable form, \$4,165 is restricted for specific purposes due to agreements or laws, \$5,000 is committed for reserves, \$4,301 is assigned to specific purposes by the Town Council, and \$17,054 is unassigned.
- In fiscal year 2020 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. These funds freed up other money, which could then be used to pay for public safety personnel costs. In fiscal year 2021, the balance of the grant funds \$1,939 was used to pay for the Police Department payroll costs.
- During the year, the Town made a one-time additional contribution of \$3,907 to the Public Safety Personnel Retirement System to pay off unfunded pension liabilities. This will save approximately \$270 next fiscal year and \$2,500 over the next twelve years, the period over which these liabilities were amortized.
- The Wastewater Enterprise Fund's net position increased by \$2,714 during the year, raising net position to \$28,915 at year end. The Fund's net investment in capital assets increased by \$1,122. Developer contributions accounted for \$831 of the increase. The remaining increase occurred mostly because debt retirement is outpacing capital asset depreciation. Unrestricted net position increased by \$1,708 and restricted net position decreased by \$116, to a balance of (\$1,254) and \$1,005, 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 like a private-sector business.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

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 government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the Town include a sewer treatment operation. The government-wide financial statements can be found on pages 30-31 of this report.

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

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), and Capital Infrastructure Improvement Fund (CIIF), which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements*.

The Town adopts an annual appropriated budget for its funds. Budgetary comparison 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 32 and 34 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its wastewater treatment operation, which is a major fund of the Town. The basic proprietary fund financial statements can be found on pages 36-38 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 39-66 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 and Highway User Revenue 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 68-75 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

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 81-86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 35,609	\$ 34,559	\$ 855	\$ (757)	\$ 36,464	\$ 33,802
Capital assets	125,832	131,586	43,225	43,332	169,057	174,918
Total assets	161,441	166,145	44,080	42,575	205,521	208,720
Deferred outflows	8,743	3,410	195	94	8,938	3,504
Liabilities:						
Current	2,142	4,581	448	399	2,590	4,980
Long-term	41,855	41,651	14,904	16,015	56,759	57,666
Total liabilities	43,997	46,232	15,352	16,414	59,349	62,646
Deferred inflows	620	1,204	8	54	628	1,258
Net position:						
Net investment in capital assets	102,352	105,509	29,164	28,042	131,516	133,551
Restricted	1,361	1,392	1,005	1,121	2,366	2,513
Unrestricted	21,854	15,218	(1,254)	(2,962)	20,600	12,256
Total net position	<u>\$ 125,567</u>	<u>\$ 122,119</u>	<u>\$ 28,915</u>	<u>\$ 26,201</u>	<u>\$ 154,482</u>	<u>\$ 148,320</u>

Net position over time may serve as a useful indicator of a government's financial position. The Town's net position was \$154,482 at the close of the most recent fiscal year, an increase of \$6,162 over last year.

The largest portion (85%) 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 portion (13%) of \$20,600 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	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 4,029	\$ 2,615	\$ 4,959	\$ 4,795	\$ 8,988	\$ 7,410
Operating grants and contributions	5,517	5,105	-	-	5,517	5,105
Capital grants and contributions	2,618	3,444	831	-	3,449	3,444
General revenues:						
Property taxes	1,042	805	-	-	1,042	805
Sales taxes	13,344	10,767	-	-	13,344	10,767
Franchise taxes	377	367	-	-	377	367
Share of state income tax	4,490	3,916	-	-	4,490	3,916
Share of state sales tax	3,728	3,138	-	-	3,728	3,138
Share of state vehicle license tax	1,633	1,383	-	-	1,633	1,383
Contributions restricted for debt service	612	524	-	-	612	524
Investment earnings	105	647	(7)	(54)	98	593
Miscellaneous	272	183	17	17	289	200
Total revenues	<u>37,767</u>	<u>32,894</u>	<u>5,800</u>	<u>4,758</u>	<u>43,567</u>	<u>37,652</u>
EXPENSES						
Program expenses:						
Governmental activities:						
General government	7,391	6,531	-	-	7,391	6,531
Public safety	10,677	10,511	-	-	10,677	10,511
Culture and recreation	3,132	3,167	-	-	3,132	3,167
Highways and streets	11,680	11,729	-	-	11,680	11,729
Interest and amortization on long-term debt	951	1,267	-	-	951	1,267
Business-type activities:						
Sewer	-	-	3,574	3,762	3,574	3,762
Total expenses	<u>33,831</u>	<u>33,205</u>	<u>3,574</u>	<u>3,762</u>	<u>37,405</u>	<u>36,967</u>
Increase (decrease) in net position before losses and transfers	3,936	(311)	2,226	996	6,162	685
Transfers	(488)	13	488	(13)	-	-
Change in net position	3,448	(298)	2,714	983	6,162	685
Net position at beginning of year	122,119	122,417	26,201	25,218	148,320	147,635
Net position at end of year	<u>\$ 125,567</u>	<u>\$ 122,119</u>	<u>\$ 28,915</u>	<u>\$ 26,201</u>	<u>\$ 154,482</u>	<u>\$ 148,320</u>

Governmental Activities

The \$3,448 increase in net position for governmental activities was \$3,746 higher than last year's change in net position. Significant variances between fiscal year 2021 and 2020 are explained below:

Revenues and Other Sources

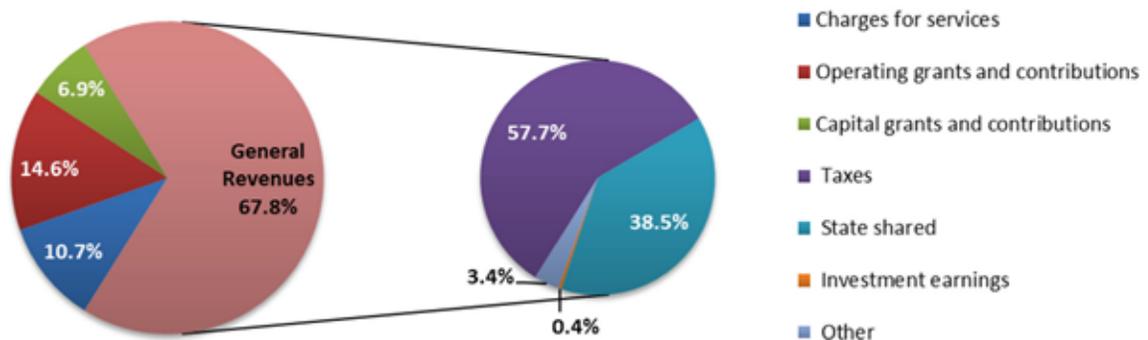
- Charges for services increased \$1,414. Most of this increase relates to building permit and development fees. In 2021, 559 homes were permitted. In 2020, 464 homes were permitted. There was also a significant increase in engineering permits and activity in 2021.
- Capital grants and contributions changed by -\$826. The Town received significant federal grant funding to construct the SAMTEC facility. Most of the construction was completed in 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

- Sales taxes were \$2,577 higher. Increased residential and commercial development generated \$1,465 more in construction contracting taxes. General transaction privilege taxes increased by \$1,017. The Town's population continues to grow, and new stores and business have opened. Also, the *Model City Tax Code*, which all municipalities must adopt, was recently amended to ensure that more e-commerce transactions were taxable. Fiscal year 2021 was the first full year that this change was effective.
- State shared revenues increased by \$1,414. The State distributes these revenues based on population, adjusted annually. The Town's population continues to grow faster than the state-wide municipal average, which results in the Town capturing a larger proportion of the pool of available funding. Moreover, the State recently amended its transaction privilege tax code to ensure that more e-commerce transactions were taxable. Fiscal year 2021 was the first full year that this change was effective.

Governmental Activities Revenues by Source



Expenses and Other Uses

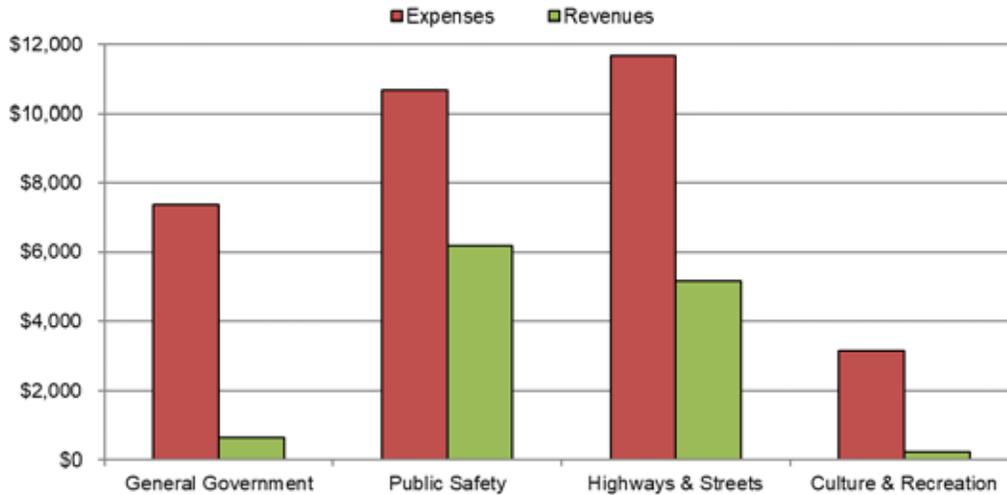
- General government program expenses increased by \$860. Nearly half of this increase was related to the Community Investment Program—COVID-19 Business Safety & Recovery, a program designed to provide local businesses with relief from the pandemic's impacts. Other increases were not significant but related to higher personnel costs for additional staff (+1.8 FTE in the function) and medical insurance premium increases.
- Net transfers to business-type activities increased by \$501. As part of the Community Investment Program, a program designed to provide relief from COVID-19 impacts, the governmental activities transferred \$500 to the business-type activities to help offset the need for future sewer rate increases.

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 offset the costs of these functions.

Governmental Activities Program Revenues and Expenses

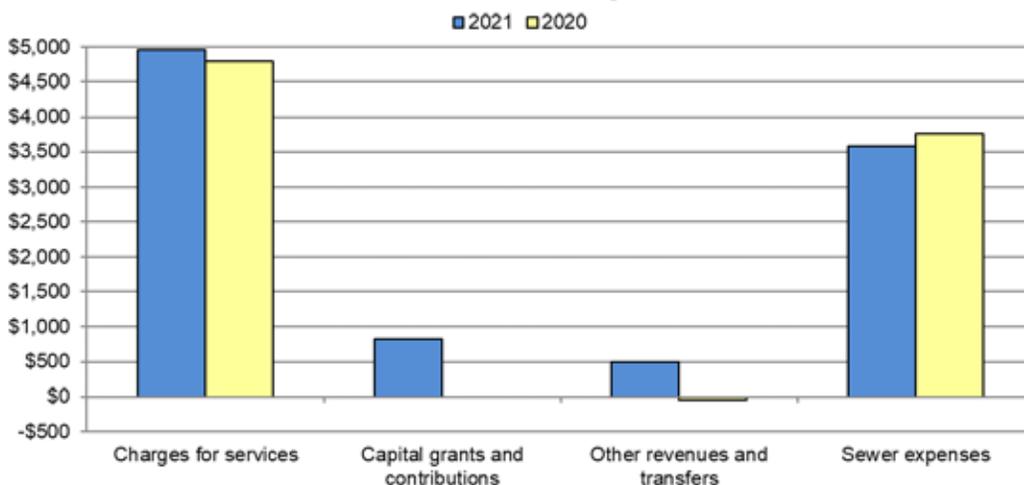


Business-type Activities

The \$2,714 increase in net position for business-type activities was \$1,731 higher than last year’s change in net position. Significant variances between fiscal year 2021 and 2020 are explained below:

- Developer contributions of sewer lines valued at \$831 were received in 2021. No contributions were received in 2020.
- Debt costs—a component of sewer program expenses—decreased \$356 from last year. Debt was refinanced last year (debt issuance costs were \$168), saving \$188 in interest during the current year.
- As part of the Community Investment Program, a program designed to provide relief from COVID-19 impacts, the governmental activities transferred \$500 to the business-type activities to help offset the need for future sewer rate increases.

Business-type Activities Revenues and Expenses



MANAGEMENT’S DISCUSSION AND ANALYSIS

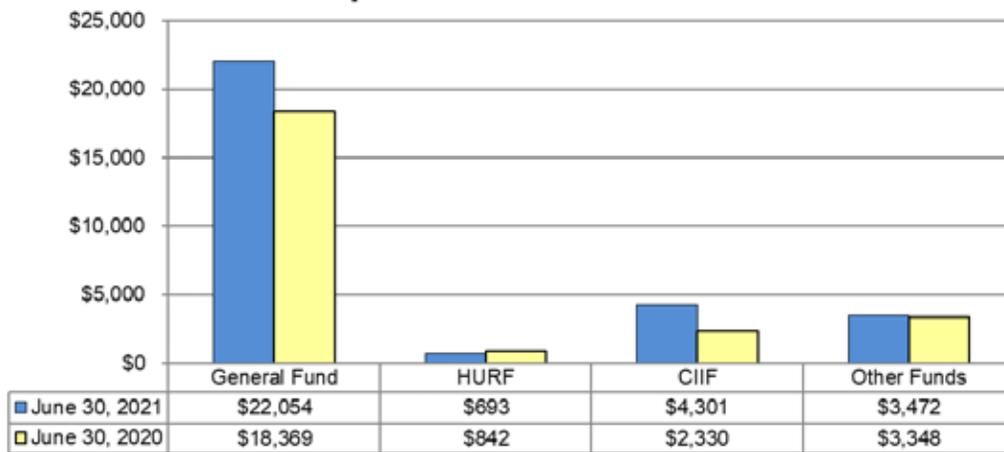
(dollar amounts in thousands)

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.

On June 30, 2021, the Town’s governmental funds reported combined ending fund balances of \$31,885, an increase of \$3,621 from last year. Of the total, \$30,520 constitutes spendable fund balances, which includes the unassigned, assigned, committed, and restricted fund balances. The remaining \$1,365 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 108% of total General Fund expenditures. Compared to last year, total fund balance increased by \$1,676 (the spendable portion increased by \$3,685). This was not entirely unexpected as the General Fund budget was structured so that revenues will exceed expenditures. Actual results, however, were even better than anticipated. The COVID-19 pandemic resulted in shopping behavior changes. People shopped more online and closer to home, reducing sales (tax) leakage and generating more local taxes. More disposable income was spent on goods, which generate taxes, instead of services that mostly do not generate taxes. Also, building permit and development revenues were strong. During the year, 559 homes were permitted, which is the most issued in over a decade. While the region has a limited supply of developable residential areas, the Town still has quite a lot, much of it in master planned communities, which is a draw for home builders. Moreover, interest rates on mortgages have been at historically low levels, which is fueling the demand for homes. For expenditures, Police Department costs were lower than expected as the AZCares grant in the GARS Fund paid for \$1,939 of the department’s payroll costs which normally would have been paid by the General Fund. The General Fund also collected \$1,988 from the Wastewater Enterprise Fund for payment on the interfund advance. This payment had a significant positive impact on spendable fund balance in the General Fund.

The HURF fund balances, which are restricted but spendable, decreased by \$150. The HURF budget anticipated a \$463 decrease (after adjusting for contingency reserves) in fund balances. Actual results were more favorable, however, due to unspent appropriations in the Street Department. The department was able to save money this year as there were no significant negative weather events impacting Town roadways.

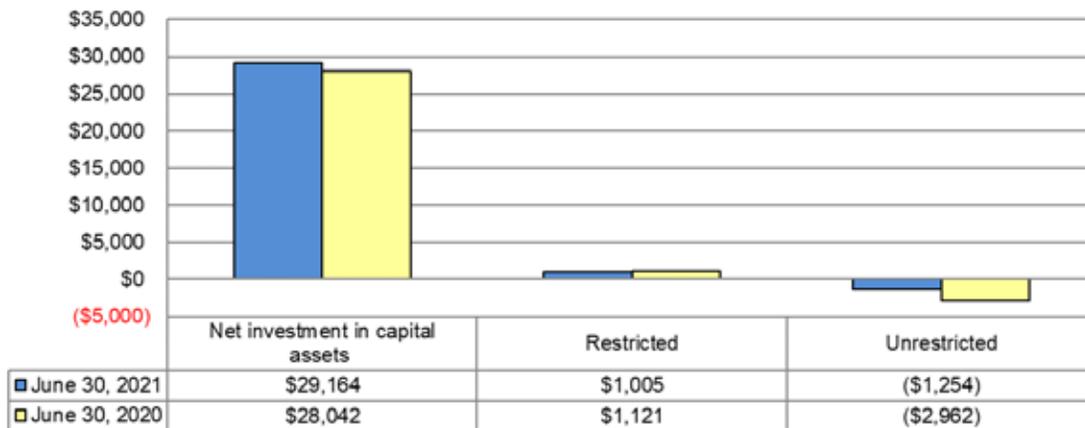
MANAGEMENT’S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

The CIIF fund balances, which are all spendable, increased by \$1,971. All this change was attributable to excess construction contracting tax collections, which are recorded in the CIIF. As described in the General Fund, contracting and development activity in the Town was strong during the 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. Net investment in capital assets at the end of the year was \$29,164, an increase of \$1,122 mostly due to developer contributions of sewer lines. Restricted net position was \$1,005 for other postemployment benefits assets and money held in trust to pay debt service. Unrestricted net position of the wastewater treatment operation at the end of the year amounted to a deficit balance of \$1,254, which was \$1,708 better than last year. 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 a significant budget amendment to appropriate \$3,907 for the Police Department to pay off unfunded pension liabilities of the Public Safety Personnel Retirement System. Other budget amendments were relatively minor, as follows:

- Appropriated \$50 of the Manager’s budget contingency to pay for outsourced building inspection services, needed to meet customer demand placed on the Planning & Building Department, which was short-staffed much of the year.
- Appropriated \$40 in the Department of Law to pay for unanticipated retirement costs.
- Transferred \$32 between divisions in the Public Works Department to pay for construction costs of new office space for the Technology Division.
- Transferred \$8 out of the Parks & Recreation Department’s operating budget into its capital budget in the CIIF to cover specific project costs.
- Appropriated \$3 of the Manager’s budget contingency to contribute to more funds to local non-profit organizations aiding residents experiencing hardship from the COVID-19 pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues (excluding contingencies) were as follows:

<u>Revenue Sources</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 6,483	\$ 8,446	\$ 1,963
Licenses and permits	1,280	3,273	1,993
Intergovernmental	8,677	9,851	1,174

When developing the budget for 2021, the revenue line-items above had their budgets reduced by 10% from our modeled projections to provide contingencies for the potential impacts of the COVID-19 pandemic. This proved to be unnecessary as the pandemic did not have a negative impact on the largest sectors of our local economy. As described earlier, shopping behaviors changed during the pandemic, having a positive impact on the Town's taxes; growth occurred at a pace not seen in more than a decade; and state-shared revenues increased because of State tax code amendments that generated taxes from certain e-commerce activity that was previously untaxed.

All departments had favorable expenditure budget variances, none considered significant with one exception. The Police Department spent \$1,888 less than its final amended budget. The Town received the aforementioned AZCares grant that paid \$1,942 of the Police Department payroll costs. This activity was accounted for in the GARS Fund.

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, 2021, amounted to \$169,057 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer conveyance systems, machinery and equipment, vehicles, park facilities, roads, highways, and bridges.

CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 11,350	\$ 10,134	\$ 2,640	\$ 2,640	\$ 13,990	\$ 12,774
Buildings & improvements	22,270	18,242	29,691	30,316	51,961	48,558
Sewer conveyance system	-	-	10,812	10,259	10,812	10,259
Infrastructure	88,513	95,835	-	-	88,513	95,835
Vehicles	1,965	1,753	30	44	1,995	1,797
Equipment and software	744	531	-	-	744	531
Construction in progress	990	5,091	52	73	1,042	5,164
Total capital assets	<u>\$125,832</u>	<u>\$131,586</u>	<u>\$ 43,225</u>	<u>\$ 43,332</u>	<u>\$169,057</u>	<u>\$174,918</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

Total capital assets decreased by \$5,861 (-3%) during the year, which is the net difference between new capital acquisitions, disposals, and depreciation. Major capital asset events during the fiscal year included the following:

- The Sahuarita Advanced Manufacturing and Technology Center (SAMTEC) facility was completed, increasing governmental activities building & improvements by \$4,655 and commensurately decreasing construction in progress. Of the \$990 balance in construction in progress, \$795 is related to the Quail Creek Boulevard Extension project.
- Developer right-of-way and road contributions increased \$1,216 and \$1,325 to governmental activities land and infrastructure, respectively.
- Governmental activities purchased 11 vehicles costing \$716.
- Developer contributions of sewer lines valued at \$831 were added to business-type activities capital assets.
- Depreciation reduced the Town's investment in capital assets for governmental activities and business-type activities by \$10,133 and \$1,083, respectively.

Additional information on the Town's capital assets can be found in note 5 on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the Town had \$40,778 of total debt outstanding. Of this amount, \$17,175 comprises general obligation (GO) bonds 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	
	2021	2020	2021	2020	2021	2020
Quail Creek CFD GO bonds	\$ 8,049	\$ 8,743	\$ -	\$ -	\$ 8,049	\$ 8,743
Rancho Sahuarita CFD GO bonds	9,126	9,255	-	-	9,126	9,255
Loans payable	8,381	9,928	13,998	15,290	22,379	25,218
Capital leases	1,224	1,303	-	-	1,224	1,303
Total long-term debt	<u>\$ 26,780</u>	<u>\$ 29,229</u>	<u>\$ 13,998</u>	<u>\$ 15,290</u>	<u>\$ 40,778</u>	<u>\$ 44,519</u>

Major debt activity during the year included the following:

- Principal payments reduced the governmental activities and business-type activities debt liabilities by \$2,869 and \$1,292, respectively.
- Governmental activities acquired seven vehicles costing \$420 using capital lease financing.

State statutes limit the amount of general obligation debt a governmental entity may issue. In 2021, the Town's debt capacity was \$71,212. 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 59-63 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(dollar amounts in thousands)

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

The current estimated population of 35,063 is 2.7% larger than last year's estimated population of 34,134. The Town uses a growth rate of approximately 2.0% for planning purposes.

The Town's taxable net assessed property valuation and total full cash property value for 2022 is \$295,801 and \$3,194,267, respectively, 8% and 6% increases, respectively, over last year's valuations.

The Town's adopted a \$94,928 budget for fiscal year 2022. Expenditures are expected to exceed revenues and other sources by \$10,940, mostly due to planned capital projects and CFD capital acquisitions, where previously accumulated resources are being spent on major infrastructure in the Town. Ending fund balances are expected to be \$42,064 by the end of 2022.

The Town was awarded \$10,494 from the American Rescue Plan Act (ARPA). The first of two half-installments will be received in 2022. The Town's capital improvement plan designates \$7,087 of ARPA funding to pay for three sewer infrastructure projects: Sewer Line Extension at Anamax Park, Water Reclamation Facility Lab, and Water Reclamation Facility Re-Rating Upgrades.

In 2022, the Town will issue up to \$6.4 million in excise tax revenue obligations to finance the construction of the Quail Crossing Boulevard Extension and Low-Flow Bridge Project.

No sewer user rate increases are planned for 2022.

REQUESTS FOR INFORMATION

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



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ANNUAL COMPREHENSIVE FINANCIAL REPORT



Basic Financial Statements

2021

Town of Sahuarita, Arizona

Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 26,602,227	\$ 960	\$ 26,603,187
Receivables, net of allowances for doubtful accounts	2,971,987	1,001,950	3,973,937
Internal balances	1,293,991	(1,293,991)	-
Prepaid items	61,621	-	61,621
Restricted assets	4,679,182	1,146,211	5,825,393
Capital assets:			
Land and construction in progress	12,339,848	2,692,176	15,032,024
Other capital assets, net of depreciation	113,492,268	40,532,466	154,024,734
Total capital assets	125,832,116	43,224,642	169,056,758
Total assets	161,441,124	44,079,772	205,520,896
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	268,708	-	268,708
Deferred outflows related to pensions and other postemployment benefits	8,474,095	195,479	8,669,574
Total deferred outflows of resources	8,742,803	195,479	8,938,282
LIABILITIES			
Accrued payroll and benefits	447,174	26,446	473,620
Payables:			
Accounts	1,216,192	249,325	1,465,517
Interest	320,175	172,027	492,202
Deposits	83,450	197	83,647
Unearned revenues	74,154	-	74,154
Noncurrent liabilities:			
Due within one year	3,610,248	1,214,111	4,824,359
Due in more than one year	38,245,204	13,690,293	51,935,497
Total noncurrent liabilities	41,855,452	14,904,404	56,759,856
Total liabilities	43,996,597	15,352,399	59,348,996
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	619,756	7,978	627,734
Total deferred inflows of resources	619,756	7,978	627,734
NET POSITION			
Net investment in capital assets	102,352,425	29,163,964	131,516,389
Restricted for:			
Other postemployment benefits	217,329	3,712	221,041
Transportation	703,368	-	703,368
Municipal court	61,083	-	61,083
Law enforcement	223,718	-	223,718
Economic development	40,085	-	40,085
Health safety	70,260	-	70,260
CFD operations and maintenance	9,375	-	9,375
Debt service	35,551	1,001,000	1,036,551
Unrestricted	21,854,380	(1,253,802)	20,600,578
Total net position	\$ 125,567,574	\$ 28,914,874	\$ 154,482,448

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, 2021

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
Primary government:							
Governmental activities:							
General government	\$ 7,390,603	\$ 518,811	\$ 51,750	\$ 56,080	\$ (6,763,962)		\$ (6,763,962)
Public safety	10,677,334	3,281,518	2,898,392	-	(4,497,424)		(4,497,424)
Culture and recreation	3,132,254	213,222	-	-	(2,919,032)		(2,919,032)
Highways and streets	11,679,857	15,721	2,567,242	2,561,833	(6,535,061)		(6,535,061)
Interest, amortization, and issuance costs of long-term debt	950,743	-	-	-	(950,743)		(950,743)
Total governmental activities	<u>33,830,791</u>	<u>4,029,272</u>	<u>5,517,384</u>	<u>2,617,913</u>	<u>(21,666,222)</u>		<u>(21,666,222)</u>
Business-type activities:							
Sewer	3,574,085	4,959,531	-	830,556		\$ 2,216,002	2,216,002
Total business-type activities	<u>3,574,085</u>	<u>4,959,531</u>	<u>-</u>	<u>830,556</u>		<u>2,216,002</u>	<u>2,216,002</u>
Total primary government	<u>\$ 37,404,876</u>	<u>\$ 8,988,803</u>	<u>\$ 5,517,384</u>	<u>\$ 3,448,469</u>	<u>(21,666,222)</u>	<u>2,216,002</u>	<u>(19,450,220)</u>
General revenues:							
Property taxes					1,041,778	-	1,041,778
Sales taxes					13,343,651	-	13,343,651
Franchise taxes					376,714	-	376,714
Share of state income tax					4,490,500	-	4,490,500
Share of state sales tax					3,727,571	-	3,727,571
Share of state vehicle license tax					1,632,938	-	1,632,938
Contributions restricted for debt service					612,476	-	612,476
Investment earnings (losses)					104,506	(7,469)	97,037
Miscellaneous					272,297	17,260	289,557
Transfers					(487,996)	487,996	-
Net general revenues and transfers					<u>25,114,435</u>	<u>497,787</u>	<u>25,612,222</u>
Change in net position					3,448,213	2,713,789	6,162,002
Net position at beginning of year					122,119,361	26,201,085	148,320,446
Net position at end of year					<u>\$ 125,567,574</u>	<u>\$ 28,914,874</u>	<u>\$ 154,482,448</u>

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

Town of Sahuarita, Arizona

Balance Sheet Governmental Funds June 30, 2021

	General Fund	Highway User Revenue Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 21,261,289	\$ 859,295	\$ 4,466,055	\$ 15,588	\$ 26,602,227
Receivables, net of allowances for doubtful accounts	2,037,474	257,278	249,901	427,334	2,971,987
Due from other funds	35,484	-	-	-	35,484
Prepaid items	61,621	-	-	-	61,621
Restricted assets	-	-	-	4,461,853	4,461,853
Advances to other funds	1,293,991	-	-	-	1,293,991
Total assets	\$ 24,689,859	\$ 1,116,573	\$ 4,715,956	\$ 4,904,775	\$ 35,427,163
Liabilities					
Accrued payroll and benefits	\$ 409,870	\$ 27,831	\$ 3,458	\$ 6,015	\$ 447,174
Payables:					
Accounts	652,209	385,374	161,799	16,810	1,216,192
Bonds	-	-	-	906,000	906,000
Interest	-	-	-	320,175	320,175
Deposits	83,450	-	-	-	83,450
Due to other funds	-	-	-	35,484	35,484
Unearned revenues	21,294	-	-	52,860	74,154
Total liabilities	1,166,823	413,205	165,257	1,337,344	3,082,629
Deferred inflows of resources					
Unavailable revenues	103,419	10,581	249,901	95,583	459,484
Total deferred inflows of resources	103,419	10,581	249,901	95,583	459,484
Fund balances					
Nonspendable:					
Long-term notes receivable	9,870	-	-	-	9,870
Prepaid items	61,621	-	-	-	61,621
Advance to Wastewater	1,293,991	-	-	-	1,293,991
Restricted:					
Transportation	-	692,787	-	-	692,787
Municipal Court	-	-	-	61,083	61,083
Law enforcement	-	-	-	215,746	215,746
Economic development	-	-	-	40,085	40,085
CFD operations and maintenance	-	-	-	9,375	9,375
Debt service	-	-	-	18,200	18,200
Capital acquisition	-	-	-	3,127,359	3,127,359
Committed to stabilization reserves	5,000,000	-	-	-	5,000,000
Assigned to capital projects	-	-	4,300,798	-	4,300,798
Unassigned	17,054,135	-	-	-	17,054,135
Total fund balances	23,419,617	692,787	4,300,798	3,471,848	31,885,050
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,689,859	\$ 1,116,573	\$ 4,715,956	\$ 4,904,775	\$ 35,427,163

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, 2021

Total fund balances—governmental funds \$ 31,885,050

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

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

Land	\$ 11,349,589	
Construction in progress	990,259	
Buildings and improvements	29,308,864	
Infrastructure	179,213,214	
Vehicles	5,051,565	
Equipment and software	3,377,688	
Accumulated depreciation	<u>(103,459,063)</u>	
Total		125,832,116

Net postemployment benefits (OPEB) assets held in trust for future benefits are not available for Town operations and are not reported in the funds. 217,329

Deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions and OPEB	8,474,095
Deferred inflows of resources related to pensions and OPEB	(619,756)

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. 459,484

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

Deferred charge on debt refundings	268,708	
Bonds payable	(16,290,000)	
Loans payable	(8,381,000)	
Unamortized premium on long-term debt	(19,543)	
Unamortized discount on long-term debt	40,516	
Capital leases	(1,223,793)	
Net pension and OPEB liabilities	(13,854,394)	
Compensated absences	<u>(1,221,238)</u>	
Total		<u>(40,680,744)</u>

Net position of governmental activities \$ 125,567,574

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, 2021

	General Fund	Highway User Revenue Fund	Capital Infrastructure Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,446,255	\$ -	\$ 5,324,517	\$ 1,030,319	\$ 14,801,091
Licenses and permits	3,273,686	5,600	31,200	-	3,310,486
Intergovernmental	9,851,009	2,571,568	249,235	2,968,370	15,640,182
Charges for services	1,038,568	-	-	15,521	1,054,089
Fines and forfeitures	254,261	-	-	97,236	351,497
Investment earnings	78,993	4,642	15,498	5,373	104,506
Miscellaneous	240,150	6,878	11,062	633,791	891,881
Total revenues	<u>23,182,922</u>	<u>2,588,688</u>	<u>5,631,512</u>	<u>4,750,610</u>	<u>36,153,732</u>
Expenditures					
Current:					
General government	7,090,389	-	-	48,944	7,139,333
Public safety	11,131,836	-	-	2,903,174	14,035,010
Culture and recreation	2,185,215	-	-	65,261	2,250,476
Highways and streets	-	3,269,683	-	25,271	3,294,954
Capital outlay	-	-	1,871,831	-	1,871,831
Debt service:					
Principal	-	-	2,046,350	906,000	2,952,350
Interest	-	-	262,890	669,845	932,735
Fiscal charges	-	-	2,700	8,200	10,900
Total expenditures	<u>20,407,440</u>	<u>3,269,683</u>	<u>4,183,771</u>	<u>4,626,695</u>	<u>32,487,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,775,482</u>	<u>(680,995)</u>	<u>1,447,741</u>	<u>123,915</u>	<u>3,666,143</u>
Other financing sources (uses)					
Capital leases	-	-	419,958	-	419,958
Proceeds on the sale of assets	-	-	22,901	-	22,901
Transfers in	260	600,000	80,538	-	680,798
Transfers out	(1,100,000)	(68,534)	-	(260)	(1,168,794)
Total other financing sources (uses)	<u>(1,099,740)</u>	<u>531,466</u>	<u>523,397</u>	<u>(260)</u>	<u>(45,137)</u>
Net change in fund balances	1,675,742	(149,529)	1,971,138	123,655	3,621,006
Fund balance at beginning of year	21,743,875	842,316	2,329,660	3,348,193	28,264,044
Fund balance at end of year	<u>\$ 23,419,617</u>	<u>\$ 692,787</u>	<u>\$ 4,300,798</u>	<u>\$ 3,471,848</u>	<u>\$ 31,885,050</u>

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

TOWN OF
Sahuarita, Arizona
ARIZONA

Reconciliation of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities—Governmental Activities
For the Fiscal Year Ended June 30, 2021

Net change in fund balances—governmental funds		\$ 3,621,006
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	\$ 1,841,997	
Depreciation expense	<u>(10,132,956)</u>	
Excess of depreciation expense over capitalized expenditures		(8,290,959)
Some capital additions were acquired during the year without cost to the Town. These assets are not recognized in governmental funds, but in the statement of activities, the acquisition values of these assets are reported as revenues.		
		2,540,921
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:		
Decrease in unavailable deferred inflows of resources		(267,037)
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		5,508,767
Town proportionate share of State's appropriation to EORP		3,283
Pension/OPEB expense		<u>(2,247,573)</u>
The issuance of long term-debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumed the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued whereas these amounts are amortized in the statement of activities.		
Capital leases	\$ (419,958)	
Debt service - principal payments	2,952,350	
Net amortization of discounts, premiums, and deferred amounts	<u>(31,999)</u>	
Net effect of long-term debt and related items		2,500,393
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Net gain (loss) on the sale and disposal of capital assets		(3,843)
Decrease in interest payable		24,891
Decrease in compensated absences		<u>58,364</u>
Change in net position of governmental activities		<u><u>\$ 3,448,213</u></u>

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

Town of Sahuarita, Arizona

Statement of Net Position

Proprietary Fund

June 30, 2021

	Wastewater Enterprise Fund
Assets	
Current:	
Cash and cash equivalents	\$ 960
Accounts receivable (net of allowance for doubtful accounts of \$323,968)	1,001,950
Restricted cash and cash equivalents	1,142,499
Total current	<u>2,145,409</u>
Noncurrent assets:	
Net other postemployment benefits asset	3,712
Capital assets:	
Land	2,640,000
Construction in progress	52,176
Plant and buildings	38,942,920
Sewage conveyance system	14,287,084
Vehicles and equipment	348,086
Accumulated depreciation	(13,045,624)
Capital assets, net of accumulated depreciation	<u>43,224,642</u>
Total noncurrent assets	<u>43,228,354</u>
Total assets	<u>45,373,763</u>
Deferred outflows of resources	
Deferred outflows related to pensions and other postemployment benefits	195,479
Total deferred outflows of resources	<u>195,479</u>
Liabilities	
Current:	
Accrued payroll and benefits	26,446
Accounts payable	249,325
Deposits payable	197
Accrued compensated absences	33,363
Interest payable-current	172,027
Loans and capital leases payable-current	1,180,748
Total current liabilities	<u>1,662,106</u>
Noncurrent liabilities:	
Accrued compensated absences	29,254
Advances from other funds	1,293,991
Net pension and other postemployment benefits liability	843,809
Loans payable	12,817,230
Total noncurrent liabilities	<u>14,984,284</u>
Total liabilities	<u>16,646,390</u>
Deferred inflows of resources	
Deferred inflows related to pensions and other postemployment benefits	7,978
Total deferred inflows of resources	<u>7,978</u>
Net position	
Net investment in capital assets	29,163,964
Restricted for:	
Debt service	1,001,000
Other postemployment benefits	3,712
Unrestricted	(1,253,802)
Total net position	<u>\$ 28,914,874</u>

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

Town of Sahuarita, Arizona

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund For the Fiscal Year Ended June 30, 2021

	Wastewater Enterprise Fund
Operating revenues	
Charges for services	\$ 4,090,454
Other	278,773
Total operating revenues	<u>4,369,227</u>
Operating expenses	
Personal services and employee benefits	898,534
Operating supplies and services	689,235
Utilities	244,123
General and administrative	315,426
Depreciation	1,082,713
Total operating expenses	<u>3,230,031</u>
Operating income	<u>1,139,196</u>
Nonoperating revenues (expenses)	
Sewer connection fees	590,304
Investment earnings (losses)	(7,469)
Miscellaneous revenue	17,260
Interest expense	(344,054)
Total nonoperating revenues (expenses)	<u>256,041</u>
Net income before contributions and transfers	<u>1,395,237</u>
Capital contributions	830,556
Transfers in	500,000
Transfers out	<u>(12,004)</u>
Change in net position	2,713,789
Net position at beginning of year	<u>26,201,085</u>
Net position at end of year	<u><u>\$ 28,914,874</u></u>

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

Town of Sahuarita, Arizona

Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2021

	<u>Wastewater Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,617,339
Payments to suppliers and providers of goods and services	(1,249,101)
Payments for employee wages and benefits	(864,318)
Net cash provided by operating activities	<u>2,503,920</u>
Cash Flows from Noncapital Financing Activities	
Payment on interfund advance	(1,988,242)
Cash transfers from other funds	500,000
Cash transfers to other funds	(12,004)
Interest paid to other funds	(7,469)
Miscellaneous receipts	17,260
Net cash used for noncapital financing activities	<u>(1,490,455)</u>
Cash Flows From Capital and Related Financing Activities	
Sewer connection fees	590,304
Acquisition and construction of capital assets	(82,086)
Principal payments on debt	(1,292,296)
Interest payments on debt	(360,093)
Net cash used for capital and related financing activities	<u>(1,144,171)</u>
Net change in cash and cash equivalents	(130,706)
Cash and cash equivalents at beginning of year	1,274,165
Cash and cash equivalents at end of year	<u>\$ 1,143,459</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,139,196
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,082,713
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	248,346
Net other postemployment benefit (OPEB) asset	(2,415)
Deferred outflows related to pensions and OPEB	(101,787)
Accrued payroll and benefits	3,042
Accounts payable related to operations	(317)
Deposits payable	(234)
Accrued compensated absences	4,625
Net pension and OPEB liability	177,187
Deferred inflows related to pensions	(46,436)
Net cash provided by operating activities	<u>\$ 2,503,920</u>
NONCASH ITEMS	
Infrastructure contributions	\$ 830,556

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, 2021

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, 2021

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 *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.

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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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, 2021 (latest information available), 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.

K. Long-Term Obligations

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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 22, 2020, 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.

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.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

- 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.
- 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, 2021, the carrying amount of the Town's cash in bank was \$1,476,461 and the bank balance was \$1,494,575. 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 \$30,593,739 at June 30, 2021. The Town categorizes certain investments measures at fair value within the fair value hierarchy established by the generally accepted accounting principles as follows:

	Fair Value Measurement Using			Amount
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments by fair value level:				
Negotiable certificates of deposit	\$ 126,320	\$ -	\$ -	\$ 126,320
Corporate bonds	2,722,806	-	-	2,722,806
Municipal bonds	2,571,321	-	-	2,571,321
Total investments by fair value level	\$ 5,420,447	\$ -	\$ -	\$ 5,420,447

The Town also had investments of \$19,605,896 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 \$5,567,396 in government money market funds measured at amortized cost.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Investment type:	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's (S&P)	\$ 3,047,242
Corporate bonds	A to A-	Lower of S&P or Moody's	2,722,806
Municipal bonds	AA+ to A-	Lower of S&P or Moody's	2,571,321

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

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, 2021.

	Maturities (in Months)				Amount	%
	< 6	6 to < 12	12 to < 18	18 to < 24		
Deposits:						
Cash on hand	\$ 29,020	\$ -	\$ -	\$ -	\$ 29,020	0.1%
Cash in bank	1,476,461	-	-	-	1,476,461	4.6%
Cash held by fiduciary	108,319	-	-	-	108,319	0.3%
Investments:						
Government money market fund	5,567,396	-	-	-	5,567,396	17.3%
State Treasurer's investment pool 5	3,047,242	-	-	-	3,047,242	9.5%
State Treasurer's investment pool 500	-	-	-	16,300,518	16,300,518	50.6%
State Treasurer's investment pool 700	-	-	258,136	-	258,136	0.8%
Negotiable certificates of deposit	126,320	-	-	-	126,320	0.4%
Corporate bonds	715,284	450,912	588,371	968,239	2,722,806	8.4%
Municipal bonds	-	-	1,322,755	1,248,566	2,571,321	8.0%
Total composite portfolio	<u>\$ 11,070,042</u>	<u>\$ 450,912</u>	<u>\$ 2,169,262</u>	<u>\$ 18,517,323</u>	<u>32,207,539</u>	<u>100.0%</u>
Less: Restricted cash and investments					(5,604,352)	
Total non-restricted cash and investments					<u>\$ 26,603,187</u>	

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 3—RESTRICTED ASSETS

At June 30, 2021, restricted assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Deposits:			
Amounts held by fiduciary	\$ 108,319	\$ -	\$ 108,319
Investments:			
Government money market fund	4,353,534	1,142,499	5,496,033
Total restricted cash and investments	4,461,853	1,142,499	5,604,352
Other postemployment benefits asset	217,329	3,712	221,041
Total restricted assets	\$ 4,679,182	\$ 1,146,211	\$ 5,825,393

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:	\$ 827,756
Rancho Sahuarita CFD general obligation bonds, debt service:	398,419
Rancho Sahuarita CFD unspent bond proceeds, capital acquisition:	3,127,359
Total for governmental activities	\$4,353,534
Wastewater (BTA) system revenues obligations, debt service:	1,142,499
Total government money market funds	\$5,496,033

NOTE 4—RECEIVABLES

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

	General Fund	HURF Fund	CIIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	\$ 1,604,770	\$ -	\$ -	\$ 37,294	\$ 1,642,064
Accounts	171,452	3,193	-	-	174,645
Intergovernmental	251,382	254,085	249,901	390,040	1,145,408
Notes	9,870	-	-	-	9,870
Total receivables	\$ 2,037,474	\$ 257,278	\$ 249,901	\$ 427,334	\$ 2,971,987

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, 2021

NOTE 5—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,133,928	\$ 1,215,661	\$ -	\$ 11,349,589
Construction in progress	5,091,556	553,959	(4,655,256)	990,259
Total capital assets not being depreciated	15,225,484	1,769,620	(4,655,256)	12,339,848
Capital assets being depreciated:				
Buildings and improvements	24,653,608	4,655,256	-	29,308,864
Infrastructure	177,721,078	1,492,136	-	179,213,214
Vehicles	4,389,838	716,185	(54,458)	5,051,565
Equipment and software	2,998,003	404,977	(25,292)	3,377,688
Total capital assets being depreciated	209,762,527	7,268,554	(79,750)	216,951,331
Less accumulated depreciation for:				
Buildings and improvements	(6,412,059)	(627,214)	-	(7,039,273)
Infrastructure	(81,885,914)	(8,814,059)	-	(90,699,973)
Vehicles	(2,636,641)	(503,966)	54,458	(3,086,149)
Equipment and software	(2,467,400)	(187,717)	21,449	(2,633,668)
Total accumulated depreciation	(93,402,014)	(10,132,956)	75,907	(103,459,063)
Total capital assets being depreciated, net	116,360,513	(2,864,402)	(3,843)	113,492,268
Governmental activities capital assets, net	\$ 131,585,997	\$ (1,094,782)	\$ (4,659,099)	\$ 125,832,116

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,640,000	\$ -	\$ -	\$ 2,640,000
Construction in progress	72,868	52,176	(72,868)	52,176
Total capital assets not being depreciated	2,712,868	52,176	(72,868)	2,692,176
Capital assets being depreciated:				
Buildings and improvements	38,787,163	155,757	-	38,942,920
Sewer conveyance system	13,456,528	830,556	-	14,287,084
Vehicles	313,408	9,721	-	323,129
Equipment and software	24,957	-	-	24,957
Total capital assets being depreciated	52,582,056	996,034	-	53,578,090
Less accumulated depreciation for:				
Buildings and improvements	(8,470,647)	(781,745)	-	(9,252,392)
Sewer conveyance system	(3,197,815)	(277,438)	-	(3,475,253)
Vehicles	(269,492)	(23,530)	-	(293,022)
Equipment and software	(24,957)	-	-	(24,957)
Total accumulated depreciation	(11,962,911)	(1,082,713)	-	(13,045,624)
Total capital assets being depreciated, net	40,619,145	(86,679)	-	40,532,466
Business-type activities capital assets, net	\$ 43,332,013	\$ (34,503)	\$ (72,868)	\$ 43,224,642

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Depreciation Expense was charged to functions as follows:

Governmental activities:

General government	\$ 601,076
Public safety	429,131
Culture and recreation	901,797
Highways and streets	8,200,952
Total governmental activities depreciation	<u>\$ 10,132,956</u>

Business-type activities:

Sewer	<u>\$ 1,082,713</u>
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NOTE 6—PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2021, 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	\$ 217,329	\$ 3,712	\$ 221,041
Net pension and OPEB liability	13,854,394	843,809	14,698,203
Deferred outflows of resources related to pensions and OPEB	8,474,095	195,479	8,669,574
Deferred inflows of resources related to pensions and OPEB	619,756	7,978	627,734
Pension and OPEB expense	2,247,573	100,845	2,348,418

The Town's accrued payroll and employee benefits includes \$41,392 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the Town reported \$5,508,767 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS)

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

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated 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, 2021

	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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for the health insurance premium benefit, and 0.18 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, 2021 were \$766,257, \$25,049 and \$11,839, respectively.

During fiscal year 2021, the Town paid for ASRS pension and OPEB contributions as follows: 75 percent from the General Fund and 25 percent from other major funds.

Liability—At June 30, 2021, 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	\$ 10,326,606
Health insurance premium benefit	(43,216)
Long-term disability	45,820

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The Town's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.05960%	0.00214%
Health insurance premium benefit	0.06104%	0.00216%
Long-term disability	0.06040%	0.00206%

Expense—For the year ended June 30, 2021, the Town recognized the following pension and OPEB expense:

	Pension/OPEB expense
Pension	\$ 1,086,567
Health insurance premium benefit	13,604
Long-term disability	14,646

Deferred outflows/inflows of resources—At June 30, 2021, 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	\$ 93,422	\$ -	\$ -	\$ 85,155	\$ 3,987	\$ 1,180
Changes in assumptions or other inputs	-	-	23,959	-	4,937	-
Net difference between projected and actual earnings on plan investments	996,013	-	44,218	-	5,045	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	210,958	35,801	22	302	1,063	11
Town contributions subsequent to the measurement date	766,257	-	25,049	-	11,839	-
Total	<u>\$ 2,066,650</u>	<u>\$ 35,801</u>	<u>\$ 93,248</u>	<u>\$ 85,457</u>	<u>\$ 26,871</u>	<u>\$ 1,191</u>

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, 2022. 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
2022	\$ 190,917	\$ (9,249)	\$ 2,253
2023	405,344	109	3,072
2024	360,269	2,150	3,223
2025	308,062	(2,421)	2,912
2026	-	(7,847)	1,607
Thereafter	-	-	774

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
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, 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 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%	6.39%
Fixed income – credit	20%	5.44%
Fixed income – interest rate sensitive	10%	0.22%
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	\$ 14,121,494	\$ 10,326,606	\$ 7,154,275
Net insurance premium benefit liability (asset)	56,704	(43,216)	(128,252)
Net long-term disability liability	50,028	45,820	41,736

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, 2021

Elected Officials Retirement Plan (EORP)

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

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

	Initial membership date:	
	<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, 2021, 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, 2021

members' annual covered payroll. Also, statute required the Town to contribute 49.39 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 2021, the Town's contributions to the EORP pension plan were \$28,698 paid entirely from the general fund.

Liability—At June 30, 2021, 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	\$396,137
State's proportionate share of the EORP net pension liability associated with the Town	<u>102,896</u>
Total	<u>\$499,033</u>

The Town also reported an asset of \$42,673 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2020, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on the Town's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2020. 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, 2020. The Town's proportion measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.058691%	-0.00398%
Health insurance premium benefit	0.446812%	0.12769%

Expense—For the year ended June 30, 2021, the Town recognized pension and OPEB expense for EORP of \$72,419 and -\$3,116, respectively, and revenue of \$3,283 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, 2021, 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	\$ -	\$ 325	\$ 701	\$ 1,773
Changes in assumptions or other inputs	-	-	49	-
Net difference between projected and actual earnings on plan investments	7,634	-	4,844	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	13,158	3,251	8,566
Town contributions subsequent to the measurement date	<u>28,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 36,332</u>	<u>\$ 13,483</u>	<u>\$ 8,845</u>	<u>\$ 10,339</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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, 2022. 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
2022	\$ (12,437)	\$ (480)
2023	2,460	(3,619)
2024	2,407	1,528
2025	1,721	1,077
2026	-	-
Thereafter	-	-

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

Actuarial valuation date	June 30, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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>
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash – Mellon	1%	-0.60%
Total	<u>100%</u>	

Discount rates—At June 30, 2020, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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	\$ 451,910	\$ 396,137	\$ 348,450
Town's proportionate share of the net OPEB (asset)	\$ (37,747)	\$ (42,673)	\$ (46,971)

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

Public Safety Personnel Retirement System (PSPRS)

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

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

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

	Initial membership date:	
<u>Retirement and disability</u>	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012 and before July 1, 2018</u>
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

	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>		
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, 2021, the following employees were covered by the agent plans' benefit terms:

	<u>Police</u>	
	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	9	9
Inactive employees entitled to but not yet receiving benefits	5	0
Active employees	34	34
Total	<u>48</u>	<u>43</u>

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, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member rate-pension</u>	<u>Town rate- pension</u>	<u>Town rate- health insurance premium benefit</u>
Police - Tier 1	7.65%	22.26%	0.12%
Police - Tier 2	11.65%	22.26%	0.12%
Police - Tier 3	9.80%	15.93%	0.14%

The Town's contributions to the plans for the year ended June 30, 2021, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
Police	\$4,746,372	\$4,847

During fiscal year 2021, the Town paid for PSPRS pension and OPEB contributions as follows: 90 percent from the general fund and 10 percent from other funds.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Liability—At June 30, 2021, the Town reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
Police	\$3,929,640	(\$135,152)

The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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>
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash – Mellon	1%	-0.60%
Total	<u>100%</u>	

Discount rate—At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Changes in the net pension/OPEB liability:

	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)
Balance at June 30, 2020	\$ 15,401,380	\$ 12,407,813	\$ 2,993,567	\$ 241,218	\$ 393,513	\$ (152,295)
Adjustment to beginning of year	-	(22,137)	22,137	-	-	-
Changes for the year:						
Service cost	700,070	-	700,070	14,020	-	14,020
Interest on the total liability	1,145,686	-	1,145,686	18,759	-	18,759
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement	88,083	-	88,083	(9,592)	-	(9,592)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions-employer	-	604,459	(604,459)	-	1,488	(1,488)
Contributions-employee	-	266,339	(266,339)	-	-	-
Net investment income	-	162,343	(162,343)	-	4,959	(4,959)
Benefit payments, including refunds of employee contributions	(814,252)	(814,252)	-	(3,468)	(3,468)	-
Administrative expenses	-	(13,238)	13,238	-	(403)	403
Other (net transfer)	-	-	-	-	-	-
Net changes	1,119,587	205,651	913,936	19,719	2,576	17,143
Balance at June 30, 2021	\$ 16,520,967	\$ 12,591,327	\$ 3,929,640	\$ 260,937	\$ 396,089	\$ (135,152)

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	\$6,634,635	\$3,929,640	\$1,755,412
Net OPEB (asset) liability	(101,339)	(135,152)	(163,475)

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, 2021, the Town recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
Police	\$1,182,943	(\$18,645)

Deferred outflows/inflows of resources—At June 30, 2021, 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	\$ 465,914	\$ 321,192	\$ -	\$ 140,300
Changes of assumptions or other inputs	524,124	-	2,328	19,971
Net difference between projected and actual earnings on plan investments	672,492	-	21,551	-
Town contributions subsequent to the measurement date	4,746,372	-	4,847	-
Total	\$ 6,408,902	\$ 321,192	\$ 28,726	\$ 160,271

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2022. 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
2022	\$ 297,761	\$ (24,557)
2023	376,701	(22,094)
2024	332,915	(22,421)
2025	205,248	(23,893)
2026	58,181	(15,978)
Thereafter	70,532	(27,449)

NOTE 7—LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021, was as follows:

Governmental Activities	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within 1 year
Direct borrowings and direct placements of debt					
Rancho Sahuarita CFD GO bonds	\$ 9,255,000	\$ -	\$ (129,000)	\$ 9,126,000	\$ 201,000
Loans payable	9,928,000	-	(1,547,000)	8,381,000	1,580,000
Capital leases	1,303,185	419,958	(499,350)	1,223,793	416,902
Total direct borrowings and direct placements of debt	20,486,185	419,958	(2,175,350)	18,730,793	2,197,902
Other debt and liabilities					
Quail Creek CFD GO bonds	8,755,000	-	(685,000)	8,070,000	705,000
Unamortized premiums	34,361	-	(14,818)	19,543	9,966
Unamortized discounts	(45,921)	-	5,405	(40,516)	(5,405)
Net pension and OPEB liability	11,141,662	2,732,208	(19,476)	13,854,394	-
Compensated absences	1,279,602	678,008	(736,372)	1,221,238	702,785
Total other debt and liabilities	21,164,704	3,410,216	(1,450,261)	23,124,659	1,412,346
Total long-term liabilities	\$ 41,650,889	\$ 3,830,174	\$ (3,625,611)	\$ 41,855,452	\$ 3,610,248
Business-type Activities					
Direct borrowings and direct placements of debt					
Loans payable	\$ 15,290,274	\$ -	\$ (1,292,296)	\$ 13,997,978	\$ 1,180,748
Other liabilities					
Net pension and OPEB liability	666,622	177,187	-	843,809	-
Compensated absences	57,992	35,524	(30,899)	62,617	33,363
Total other debt and liabilities	724,614	212,711	(30,899)	906,426	33,363
Total long-term liabilities	\$ 16,014,888	\$ 212,711	\$ (1,323,195)	\$ 14,904,404	\$ 1,214,111

Town of Sahuarita, Arizona

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION BONDS Governmental Activities

The District issued general obligation bonds totaling \$5,780,000 to acquire public infrastructure necessary for the development of a master-planned community within the District boundaries and 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, 2021 follows.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2021</u>
G.O. Bonds Series 2018	\$ 5,780,000	5.05%	2044	\$ 5,651,000
G.O. Bonds Series 2020	3,475,000	3.15%	2046	<u>3,475,000</u>
		Total bonds outstanding		<u>\$ 9,126,000</u>

The following schedule provides the debt service requirements to maturity at June 30, 2021.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 201,000	\$ 385,923
2023	242,000	375,602
2024	250,000	364,877
2025	262,000	353,641
2026	270,000	342,001
2027-2031	1,544,000	1,515,231
2032-2036	1,912,000	1,132,257
2037-2041	2,370,000	653,960
2042-2046	<u>2,075,000</u>	<u>120,222</u>
Total	<u>\$ 9,126,000</u>	<u>\$ 5,243,714</u>

QUAIL CREEK COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION BONDS Governmental Activities

The District issued general obligation bonds to acquire and construct public infrastructure within the District boundaries. Of the total \$30,000,000 originally authorized from the November 8, 2005 bond election, \$17,340,000 has not been issued. The District repays general obligation bonds from voter-approved ad valorem taxes levied annually against 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, 2021 follows.

<u>Issue</u>	<u>Amount</u>	<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2021</u>
G.O. Refunding Series 2016	\$9,940,000	3.00 - 3.25%	2031	\$ 8,070,000
		Unamortized amounts		<u>(20,973)</u>
		Total bonds outstanding		<u>\$ 8,049,027</u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

The following schedule provides the debt service requirements to maturity at June 30, 2021.

Year Ending June 30	Principal	Interest
2022	\$ 705,000	\$ 224,363
2023	725,000	202,613
2024	745,000	180,263
2025	770,000	157,163
2026	795,000	133,313
2027-2031	4,330,000	280,138
Total	\$ 8,070,000	\$ 1,177,853

LOANS PAYABLE Governmental Activities

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

Issue	Issue Amount	Interest Rates	Final Maturity	Outstanding June 30, 2021
2015 Refunding Obligation	\$ 8,840,000	1.98%	2025	\$ 4,775,000
2017 Refunding Obligation	4,213,000	2.06%	2028	3,606,000
Loans payable outstanding				\$ 8,381,000

The following schedule provides the debt service requirements to maturity at June 30, 2021.

Year Ending June 30	Principal	Interest
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	455,000	38,625
2027-2028	1,420,000	58,957
	\$ 8,381,000	\$ 580,855

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 \$8,961,855. During fiscal year ended June 30, 2021, total principal and interest paid was \$1,746,789 and the total revenue subject to pledge was \$28,225,096.

LOANS PAYABLE Business-type Activities

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

For the 2008 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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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 \$28,225,096, 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 42% of pledged system revenues. In the current year, total debt service and total pledged resources were \$1,283,998 and \$3,652,560, respectively.

Issue	Total Drawn	Interest Rates	Final Maturity	Outstanding June 30, 2021
2008 WIFA Non-System Revenues Loan	\$3,516,528	3.723%	2029	\$ 1,639,978
2019 System Revenues Refunding Obligations	\$13,477,000	2.290%	2032	<u>12,358,000</u>
			Total loans payable	<u><u>\$ 13,997,978</u></u>

The following schedule estimates total debt service requirements to maturity at June 30, 2021.

Year Ending June 30	Principal	Interest
2022	\$ 1,180,748	\$ 314,440
2023	1,210,440	284,049
2024	1,240,381	252,873
2025	1,271,580	220,880
2026	1,303,048	188,058
2027-2031	6,536,781	444,002
2032	1,255,000	-
	<u>\$ 13,997,978</u>	<u>\$ 1,704,302</u>

COMPENSATED ABSENCES

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2021, the Town paid for compensated absences as follows: 86 percent from the general fund and 14 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.

	Governmental Activities
Vehicles	\$ 2,598,933
Less: accumulated depreciation	<u>(1,122,495)</u>
Total	<u><u>\$ 1,476,438</u></u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year ending June 30	Governmental Activities
2022	\$ 460,825
2023	388,002
2024	287,057
2025	150,574
2026	<u>21,416</u>
Total minimum lease payments	1,307,874
Less amount representing interest	<u>(84,081)</u>
Present value of minimum lease payment	<u><u>\$ 1,223,793</u></u>

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

NOTE 8—DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES

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

	Unavailable Receipts	Unearned Revenues
<u>General Fund</u>		
Advances received for future services	\$ -	\$ 21,294
Delinquent transaction privilege taxes	96,956	-
Restitution due	6,463	-
Total General Fund	<u>103,419</u>	<u>21,294</u>
<u>HURF Fund</u>		
State grant reimbursements	7,587	-
Restitution due	2,994	-
Total HURF Fund	<u>10,581</u>	<u>-</u>
<u>CIIF Fund</u>		
Federal grant reimbursements	249,901	-
Total CIIF Fund	<u>249,901</u>	<u>-</u>
<u>Nonmajor Governmental Funds</u>		
Deposits for future charges	-	52,860
Intergovernmental grant reimbursements	78,232	-
Delinquent property taxes	17,351	-
Total Nonmajor Governmental Funds	<u>95,583</u>	<u>52,860</u>
Total for governmental funds	<u><u>\$ 459,484</u></u>	<u><u>\$ 74,154</u></u>

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9—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 2 years.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$1,293,991

Due from/to other funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	GARS-Nonmajor Governmental Fund	\$35,484

Interfund transfers

The General Fund transfer to the HURF Fund was used to augment the Town's pavement management program. The General Fund transfer to the Wastewater Fund was part of the Community Investment Program to help system customers that may have been impacted by the COVID-19 pandemic, to offset or delay the need for future rate increases. The CIIF received transfers from the HURF and Wastewater Funds to recover leasing costs associated with vehicles used by Streets and Wastewater Departments, respectively. The General Fund received transfers from the GARS Fund to move money associated with fee charges for staff time and effort.

		Transfers to					Total
		General Fund	HURF Fund	CIIF Fund	Total Governmental Funds	Wastewater Fund	
Transfers from	General Fund	\$ -	\$ 600,000	\$ -	\$ 600,000	\$ 500,000	\$ 1,100,000
	HURF Fund	-	-	68,534	68,534	-	68,534
	GARS Fund	260	-	-	260	-	260
	Total governmental funds	260	600,000	68,534	668,794	500,000	1,168,794
	Wastewater Fund	-	-	12,004	12,004	-	12,004
	Total	\$ 260	\$ 600,000	\$ 80,538	\$ 680,798	\$ 500,000	\$ 1,180,798

NOTE 10—SIGNIFICANT COMMITMENTS

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 December 31, 2021, Northwest provides the Town with evidence documenting that it has employed 140 FTE employees, Town shall remit any amount remaining in the Town Fees Credit Account to Northwest. If Northwest does not satisfy the FTE Employee target by December 31, 2021, Northwest shall pay Town an amount equal to the amount that the Town Fees Credit Account has been depleted, and any unused credits will be forfeited to Town. Payment shall be made to the Town on or before March 1, 2022. As of June 30, 2021, \$237,660 in development fees had been applied against the credit waiver, leaving a \$262,340 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

Town of Sahuarita, Arizona

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

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, 2021, \$138,529 in development fees had been applied against the credit waiver, leaving a \$361,471 balance.

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, expenditures exceeded final budget amounts as follows:

<u>GARS Fund</u>	
Public safety	\$1,844,394
<u>CIIF Fund</u>	
Public safety	\$337,217
Debt service	59,590
<u>Quail Creek CFD Fund</u>	
Culture and recreation	\$25,899

In the GARS Fund, the costs above were covered by federal COVID-19 aid provided through the AZCares grant. The other costs identified above were covered by expenditure savings in other accounts or by excess funding sources in the respective funds.

NOTE 13—SUBSEQUENT EVENT

On November 18, 2021, the Town issued \$6,378,000 of long-term revenue obligations to finance the costs of certain capital improvements in the Town, including the Quail Crossing Boulevard and Low-flow Bridge Project. Principal is due annually and interest, at a 1.28% rate, is due semi-annually over a 10-year term, payable from and secured by a lien on the Town's excise taxes and state shared revenues.



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ANNUAL COMPREHENSIVE FINANCIAL REPORT



Required Supplementary Information
other than MD&A

2021

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, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 6,483,400	\$ 6,483,400	\$ 8,446,255	\$ 1,962,855
Licenses and permits	1,280,490	1,280,490	3,273,686	1,993,196
Intergovernmental	8,676,650	8,676,650	9,851,009	1,174,359
Charges for services	785,700	785,700	1,038,568	252,868
Fines and forfeitures	215,500	215,500	254,261	38,761
Investment earnings	189,580	189,580	78,993	(110,587)
Miscellaneous	51,700	51,700	240,150	188,450
Contingent revenues	2,056,220	2,056,220	-	(2,056,220)
Total revenues	<u>19,739,240</u>	<u>19,739,240</u>	<u>23,182,922</u>	<u>3,443,682</u>
Expenditures				
General government:				
Mayor and Council	197,170	197,170	150,241	46,929
Town Manager	980,650	980,650	906,270	74,380
Economic Development	479,280	479,280	265,425	213,855
Law	727,000	767,000	761,460	5,540
Town Clerk	483,650	483,650	400,087	83,563
Finance	1,698,130	1,698,130	1,554,645	143,485
Human Resources	456,000	456,000	440,997	15,003
Municipal Court	744,350	744,350	692,791	51,559
Planning and Building-Zoning	748,900	748,900	617,536	131,364
Public Works-Facilities	658,070	689,920	665,881	24,039
Non-Departmental	806,530	809,530	635,056	174,474
Total general government	<u>7,979,730</u>	<u>8,054,580</u>	<u>7,090,389</u>	<u>964,191</u>
Public safety:				
Planning and Building-Building Safety	990,010	1,040,010	1,017,231	22,779
Public Works-Engineering	509,560	477,710	394,325	83,385
Police	7,700,720	11,608,230	9,720,280	1,887,950
Total public safety	<u>9,200,290</u>	<u>13,125,950</u>	<u>11,131,836</u>	<u>1,994,114</u>
Culture and recreation:				
Parks and Recreation	2,429,170	2,421,170	2,185,215	235,955
Total culture and recreation	<u>2,429,170</u>	<u>2,421,170</u>	<u>2,185,215</u>	<u>235,955</u>
Contingency reserves	21,786,720	17,794,210	-	17,794,210
Total expenditures	<u>41,395,910</u>	<u>41,395,910</u>	<u>20,407,440</u>	<u>20,988,470</u>
Excess (deficiency) of revenues over (under) expenditures	(21,656,670)	(21,656,670)	2,775,482	24,432,152
Other financing sources (uses)				
Transfers in	3,607,340	3,607,340	260	(3,607,080)
Transfers out	(1,100,000)	(1,100,000)	(1,100,000)	-
Total other financing sources (uses)	<u>2,507,340</u>	<u>2,507,340</u>	<u>(1,099,740)</u>	<u>(3,607,080)</u>
Net change in fund balance	(19,149,330)	(19,149,330)	1,675,742	20,825,072
Fund balance at beginning of year	19,149,330	19,149,330	21,743,875	2,594,545
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,419,617</u>	<u>\$ 23,419,617</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, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Licenses and permits	\$ -	\$ -	\$ 5,600	\$ 5,600
Intergovernmental	2,348,850	2,348,850	2,571,568	222,718
Investment earnings	3,870	3,870	4,642	772
Miscellaneous	5,000	5,000	6,878	1,878
Contingent revenues	255,450	255,450	-	(255,450)
Total revenues	<u>2,613,170</u>	<u>2,613,170</u>	<u>2,588,688</u>	<u>(24,482)</u>
Expenditures				
Current:				
Highways and streets	3,550,290	3,550,290	3,269,683	280,607
Contingency reserves	266,080	266,080	-	266,080
Total expenditures	<u>3,816,370</u>	<u>3,816,370</u>	<u>3,269,683</u>	<u>546,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,203,200)</u>	<u>(1,203,200)</u>	<u>(680,995)</u>	<u>522,205</u>
Other financing sources (uses)				
Transfers in	600,000	600,000	600,000	-
Transfers out	(126,040)	(126,040)	(68,534)	57,506
Total other financing sources (uses)	<u>473,960</u>	<u>473,960</u>	<u>531,466</u>	<u>57,506</u>
Net change in fund balance	(729,240)	(729,240)	(149,529)	579,711
Fund balance at beginning of year	729,240	729,240	842,316	113,076
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,787</u>	<u>\$ 692,787</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)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2012 (2013-2011)
<u>Pension</u>								
Town's proportion of the net pension liability	0.059600%	0.057460%	0.058230%	0.057280%	0.057080%	0.053610%	0.053523%	Information
Town's proportionate share of the net pension liability	\$ 10,326,606	\$ 8,361,099	\$ 8,121,036	\$ 8,923,107	\$ 9,213,285	\$ 8,350,625	\$ 7,919,591	not available
Town's covered payroll	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802	\$ 5,325,968	\$ 4,936,664	\$ 4,809,243	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	158.53%	137.97%	140.31%	154.06%	172.99%	169.16%	164.67%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
<hr/>								
Reporting fiscal year ending June 30, (Measurement Date)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2011 (2016-2010)			
<u>Health insurance premium benefit</u>								
Town's proportion of the net OPEB (asset) liability	0.061040%	0.058880%	0.059340%	0.058120%	Information			
Town's proportionate share of the net OPEB (asset) liability	\$ (43,216)	\$ (16,272)	\$ (21,368)	\$ (31,641)	not available			
Town's covered payroll	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802				
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-0.66%	-0.27%	-0.37%	-0.55%				
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%				
<hr/>								
Reporting fiscal year ending June 30, (Measurement Date)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2011 (2016-2010)			
<u>Long-term disability</u>								
Town's proportion of the net OPEB (asset) liability	0.060400%	0.058340%	0.058360%	0.057510%	Information			
Town's proportionate share of the net OPEB (asset) liability	\$ 45,820	\$ 38,005	\$ 30,493	\$ 20,846	not available			
Town's covered payroll	\$ 6,514,159	\$ 6,059,981	\$ 5,787,961	\$ 5,791,802				
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	0.70%	0.63%	0.53%	0.36%				
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%				

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

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

<u>Pension</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013-2012</u>
Statutorily required contribution	\$ 766,257	\$ 745,853	\$ 677,228	\$ 630,731	\$ 602,259	\$ 577,305	\$ 516,246	\$ 514,170	Information
Town's actual contributions	<u>766,257</u>	<u>745,853</u>	<u>677,228</u>	<u>630,731</u>	<u>602,259</u>	<u>577,305</u>	<u>516,246</u>	<u>514,170</u>	not available
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$6,377,053	\$6,514,159	\$6,059,981	\$5,787,961	\$5,791,802	\$5,325,968	\$4,936,664	\$4,809,243	
Town's contribution as a percentage of covered payroll	12.02%	11.45%	11.18%	10.90%	10.40%	10.84%	10.46%	10.69%	
<hr/>									
<u>Health insurance premium benefit</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2012</u>				
Statutorily required contribution	\$ 25,049	\$ 31,912	\$ 27,864	\$ 25,452	Information				
Town's actual contributions	<u>25,049</u>	<u>31,912</u>	<u>27,864</u>	<u>25,452</u>	not available				
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$6,377,053	\$6,514,159	\$6,059,981	\$5,787,961					
Town's contribution as a percentage of covered payroll	0.39%	0.49%	0.46%	0.44%					
<hr/>									
<u>Long-term disability</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-2012</u>				
Statutorily required contribution	\$ 11,839	\$ 11,071	\$ 9,691	\$ 9,258	Information				
Town's actual contributions	<u>11,839</u>	<u>11,071</u>	<u>9,691</u>	<u>9,258</u>	not available				
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered payroll	\$6,377,053	\$6,514,159	\$6,059,981	\$5,787,961					
Town's contribution as a percentage of covered payroll	0.19%	0.17%	0.16%	0.16%					

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

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

Reporting fiscal year ending June 30, (Measurement Date)	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>	<u>2014-2012</u> <u>(2013-2011)</u>	
Pension liability									
Town's proportion of the net pension liability	0.05869%	0.06267%	0.04938%	0.05966%	0.0590467%	0.0527520%	0.0650056%	Information	
Town's proportionate share of the net pension liability	\$ 396,137	\$ 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>102,896</u>	<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>\$ 499,033</u>	<u>\$ 493,470</u>	<u>\$ 364,485</u>	<u>\$ 877,922</u>	<u>\$ 673,026</u>	<u>\$ 412,231</u>	<u>\$ 569,563</u>		
Town's covered payroll	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175	\$ 46,800		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	892.20%	871.03%	656.47%	1477.70%	1176.89%	749.85%	931.43%		
Plan fiduciary net position as a percentage of the total pension liability	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%		
Health insurance premium benefit (asset) liability									
Reporting fiscal year ending June 30, (Measurement Date)	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017-2012</u> <u>(2016-2011)</u>				
Town's proportion of the net OPEB (asset) liability	0.44681%	0.31912%	0.42228%	0.36970%	Information				
Town's proportionate share of the net OPEB (asset) liability	\$ (42,673)	\$ (31,256)	\$ (43,638)	\$ (33,665)	Not Available				
Town's covered payroll	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200					
Town's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-96.11%	-65.51%	-92.06%	-68.42%					
Plan fiduciary net position as a percentage of the total OPEB liability	169.89%	169.72%	177.16%	164.84%					
Pension contributions									
Statorily required contribution	\$ 28,698	\$ 26,735	\$ 28,969	\$ 11,139	\$ 11,162	\$ 10,501	\$ 13,851	\$ 14,784	Information
Town's actual contributions	<u>28,698</u>	<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>\$ -</u>	<u>\$ (5,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	\$ 46,592	\$ 44,400	\$ 47,715	\$ 47,400	\$ 49,200	\$ 47,400	\$ 47,175	\$ 46,800	
Town's contribution as a percentage of covered payroll	61.59%	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)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2012 (2013-2011)
Total pension liability								
Service cost	\$ 700,070	\$ 639,742	\$ 591,771	\$ 700,269	\$ 599,492	\$ 499,231	\$ 476,570	Information not available
Interest on the total pension liability	1,145,686	1,060,952	945,250	896,911	664,509	600,242	520,977	
Changes of benefit terms	-	-	-	41,004	1,262,877	-	(20,272)	
Difference between expected and actual experience	88,083	(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	(814,252)	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)	(37,716)	
Net change in total pension liability	1,119,587	1,488,874	1,097,668	964,079	3,638,499	782,543	1,012,494	
Total pension liability-beginning	15,401,380	13,912,506	12,814,838	11,850,759	8,212,260	7,429,717	6,417,223	
Total pension liability-ending (a)	<u>\$16,520,967</u>	<u>\$15,401,380</u>	<u>\$ 13,912,506</u>	<u>\$ 12,814,838</u>	<u>\$ 11,850,759</u>	<u>\$ 8,212,260</u>	<u>\$ 7,429,717</u>	
Plan fiduciary net position								
Employer contributions	\$ 604,459	\$ 625,333	\$ 1,056,768	\$ 390,243	\$ 390,062	\$ 468,919	\$ 314,125	
Employee contributions	266,339	260,673	284,875	418,290	344,000	285,067	260,111	
Net investment income	162,343	643,977	739,857	1,107,368	49,360	273,195	833,960	
Benefit payments, including refunds of employee contributions	(814,252)	(430,126)	(674,158)	(484,161)	(93,858)	(65,881)	(37,716)	
Administrative expenses	(13,238)	(12,186)	(11,960)	(10,198)	(7,503)	(7,054)	(6,717)	
Other changes	-	(301,467)	(315,609)	121,902	146,598	(5,560)	41,203	
Net change in plan fiduciary net position	205,651	786,204	1,079,773	1,543,444	828,659	948,686	1,404,966	
Plan fiduciary net position-beginning*	12,385,676	11,621,609	10,546,533	9,003,089	8,174,430	7,225,744	5,820,778	
Plan fiduciary net position-ending (b)	<u>\$12,591,327</u>	<u>\$12,407,813</u>	<u>\$ 11,626,306</u>	<u>\$ 10,546,533</u>	<u>\$ 9,003,089</u>	<u>\$ 8,174,430</u>	<u>\$ 7,225,744</u>	
Town's net pension (asset) liability-ending (a) - (b)	\$ 3,929,640	\$ 2,993,567	\$ 2,286,200	\$ 2,268,305	\$ 2,847,670	\$ 37,830	\$ 203,973	
Plan fiduciary net position as a percentage of the total pension liability	76.21%	80.56%	83.57%	82.30%	75.97%	99.54%	97.25%	
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 net pension (asset) liability as a percentage of covered payroll	110.05%	89.78%	72.00%	68.53%	94.84%	1.44%	8.11%	

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

2021 beginning of year balance adjusted by (\$22,137).

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

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

Reporting fiscal year ending June 30, (Measurement date)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2012 (2016-2011)
<u>Total health insurance premium subsidy liability</u>					
Service cost	\$ 14,020	\$ 8,942	\$ 9,484	\$ 11,802	Information not available
Interest on the total OPEB liability	18,759	19,864	23,806	28,866	
Changes of benefit terms	-	-	-	3,333	
Difference between expected and actual experience	(9,592)	(49,105)	(89,551)	(64,990)	
Changes of assumptions or other inputs	(3,468)	2,908	-	(39,791)	
Benefit payments	-	(1,767)	(652)	(1,812)	
Net change in total OPEB liability	19,719	(19,158)	(56,913)	(62,592)	
Total OPEB liability-beginning	241,218	260,376	317,289	379,881	
Total OPEB liability-ending (a)	<u>\$ 260,937</u>	<u>\$ 241,218</u>	<u>\$ 260,376</u>	<u>\$ 317,289</u>	
<u>Plan fiduciary net position</u>					
Employer contributions	\$ 1,488	\$ 7,152	\$ 12,023	\$ 15,648	
Net investment income	4,959	19,761	23,179	34,001	
Benefit payments	(3,468)	(1,767)	(652)	(1,812)	
Administrative expenses	(403)	(341)	(353)	(301)	
Other changes	-	-	(1)	-	
Net change in plan fiduciary net position	2,576	24,805	34,196	47,536	
Plan fiduciary net position-beginning*	393,513	368,708	329,814	282,278	
Plan fiduciary net position-ending (b)	<u>\$ 396,089</u>	<u>\$ 393,513</u>	<u>\$ 364,010</u>	<u>\$ 329,814</u>	
Town's net OPEB (asset) liability-ending (a) - (b)	\$ (135,152)	\$ (152,295)	\$ (103,634)	\$ (12,525)	
Plan fiduciary net position as a percentage of the total OPEB liability	151.79%	163.14%	139.80%	103.95%	
Covered payroll	\$ 3,477,118	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229	
Town's net OPEB (asset) liability as a percentage of covered payroll	-3.89%	-4.77%	-3.37%	-0.41%	

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

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

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

<u>Pension contributions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013-2012</u>
Actuarially determined contribution	\$ 838,862	\$ 655,997	\$ 625,333	\$ 633,912	\$ 390,243	\$ 390,062	\$ 366,548	\$ 314,125	Information
Town's actual contributions	<u>4,746,372</u>	<u>655,997</u>	<u>625,333</u>	<u>1,056,768</u>	<u>390,243</u>	<u>390,062</u>	<u>468,919</u>	<u>314,125</u>	not available
Town's contribution deficiency (excess)	<u>\$ (3,907,510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (422,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,371)</u>	<u>\$ -</u>	
Town's covered payroll	\$ 4,063,851	\$ 3,570,936	\$ 3,334,381	\$ 3,175,063	\$ 3,309,770	\$ 3,002,577	\$ 2,633,747	\$ 2,516,513	
Town's contribution as a percentage of covered payroll	116.79%	18.37%	18.75%	33.28%	11.79%	12.99%	17.80%	12.48%	
Actuarial determined contribution as % of covered payroll	20.64%	18.37%	18.75%	19.97%	11.79%	12.99%	13.92%	12.48%	
<u>Health insurance premium subsidy contributions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016-2012</u>			
Actuarially determined contribution	\$ 4,847	\$ 2,857	\$ 7,152	\$ 12,023	\$ 15,648	Information			
Town's actual contributions	<u>4,847</u>	<u>2,857</u>	<u>7,152</u>	<u>12,023</u>	<u>15,648</u>	not available			
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Town's covered payroll	\$ 3,953,102	\$ 3,477,118	\$ 3,192,331	\$ 3,073,465	\$ 3,026,229				
Town's contribution as a percentage of covered payroll	0.12%	0.08%	0.22%	0.39%	0.52%				

See accompanying notes to required supplementary information.

Town of Sahuarita, Arizona

Required Supplementary Information Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2021

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 2019 actuarial valuation	17 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, 2021

	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.



ACFR

The letters 'A', 'C', 'F', and 'R' are arranged horizontally. Below them are four horizontal bars of increasing length from left to right, colored red, blue, green, and orange.

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Combining Statements
and Other Schedules

2021

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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, 2021

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	GARS Fund	Quail Creek CFD Fund	Rancho Sahuarita CFD Fund	
Assets				
Cash and investments	\$ -	\$ -	\$ 15,588	\$ 15,588
Receivables	390,040	26,203	11,091	427,334
Restricted assets	108,319	827,756	3,525,778	4,461,853
Total assets	\$ 498,359	\$ 853,959	\$ 3,552,457	\$ 4,904,775
Liabilities				
Accrued payroll and benefits	\$ 6,015	\$ -	\$ -	\$ 6,015
Payables:				
Accounts	16,410	280	120	16,810
Bonds	-	705,000	201,000	906,000
Interest	-	122,756	197,419	320,175
Due to other funds	35,484	-	-	35,484
Unearned revenues	45,304	-	7,556	52,860
Total liabilities	103,213	828,036	406,095	1,337,344
Deferred inflows of resources				
Unavailable revenues	78,232	8,512	8,839	95,583
Total deferred inflows of resources	78,232	8,512	8,839	95,583
Fund balances				
Restricted:				
Municipal Court	61,083	-	-	61,083
Law enforcement	215,746	-	-	215,746
Economic development	40,085	-	-	40,085
CFD operations and maintenance	-	1,328	8,047	9,375
Debt service	-	16,083	2,117	18,200
Capital acquisition	-	-	3,127,359	3,127,359
Total fund balances	316,914	17,411	3,137,523	3,471,848
Total liabilities, deferred inflows of resources, and fund balances	\$ 498,359	\$ 853,959	\$ 3,552,457	\$ 4,904,775

Town of Sahuarita, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2021

SPECIAL REVENUE FUNDS

	GARS Fund	Quail Creek CFD Fund	Rancho Sahuarita CFD Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 878,335	\$ 151,984	\$ 1,030,319
Intergovernmental	2,968,370	-	-	2,968,370
Charges for services	15,521	-	-	15,521
Fines and forfeitures	97,236	-	-	97,236
Investment earnings	4,870	122	381	5,373
Miscellaneous	21,314	151,019	461,458	633,791
Total revenues	3,107,311	1,029,476	613,823	4,750,610
Expenditures				
Current:				
General government	46,705	1,379	860	48,944
Public safety	2,903,174	-	-	2,903,174
Culture and recreation	4,462	60,799	-	65,261
Highways and streets	10,509	11,395	3,367	25,271
Debt service:				
Principal	-	705,000	201,000	906,000
Interest	-	245,513	424,332	669,845
Fiscal charges	-	4,700	3,500	8,200
Total expenditures	2,964,850	1,028,786	633,059	4,626,695
Excess (deficiency) of revenues over (under) expenditures	142,461	690	(19,236)	123,915
Other financing sources (uses)				
Transfers out	(260)	-	-	(260)
Total other financing sources (uses)	(260)	-	-	(260)
Net change in fund balances	142,201	690	(19,236)	123,655
Fund balance at beginning of year	174,713	16,721	3,156,759	3,348,193
Fund balance at end of year	\$ 316,914	\$ 17,411	\$ 3,137,523	\$ 3,471,848

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, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,322,760	\$ 3,322,760	\$ 5,324,517	\$ 2,001,757
Licenses and permits	-	-	31,200	31,200
Intergovernmental	-	-	249,235	249,235
Investment earnings	27,810	27,810	15,498	(12,312)
Miscellaneous	-	-	11,062	11,062
Contingent revenues	369,200	369,200	-	(369,200)
Total revenues	<u>3,719,770</u>	<u>3,719,770</u>	<u>5,631,512</u>	<u>1,911,742</u>
Expenditures				
Capital outlay:				
General government	460,680	460,680	437,446	23,234
Public safety	-	-	337,217	(337,217)
Culture and recreation	123,400	191,400	187,623	3,777
Highways and streets	1,028,820	1,028,820	909,545	119,275
Total capital outlay	<u>1,612,900</u>	<u>1,680,900</u>	<u>1,871,831</u>	<u>(190,931)</u>
Debt service:				
Principal	1,986,760	1,986,760	2,046,350	(59,590)
Interest	271,270	271,270	262,890	8,380
Fiscal charges	5,000	5,000	2,700	2,300
Total debt service	<u>2,263,030</u>	<u>2,263,030</u>	<u>2,311,940</u>	<u>(48,910)</u>
Contingency reserves	2,183,550	2,115,550	-	2,115,550
Total expenditures	<u>6,059,480</u>	<u>6,059,480</u>	<u>4,183,771</u>	<u>1,875,709</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,339,710)</u>	<u>(2,339,710)</u>	<u>1,447,741</u>	<u>3,787,451</u>
Other financing sources (uses)				
Capital leases	85,680	85,680	419,958	334,278
Proceeds on the sale of assets	85,000	85,000	22,901	(62,099)
Transfers in	139,000	139,000	80,538	(58,462)
Total other financing sources (uses)	<u>309,680</u>	<u>309,680</u>	<u>523,397</u>	<u>213,717</u>
Net change in fund balance	(2,030,030)	(2,030,030)	1,971,138	4,001,168
Fund balance at beginning of year	2,030,030	2,030,030	2,329,660	299,630
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,300,798</u>	<u>\$ 4,300,798</u>

Town of Sahuarita, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual Grants and Restricted Sources Fund—Special Revenue Fund For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 809,780	\$ 1,091,730	\$ 2,968,370	\$ 1,876,640
Charges for services	10,000	10,000	15,521	5,521
Fines and forfeitures	25,100	25,100	97,236	72,136
Investment earnings	980	980	4,870	3,890
Miscellaneous	66,290	66,290	21,314	(44,976)
Total revenues	<u>912,150</u>	<u>1,194,100</u>	<u>3,107,311</u>	<u>1,913,211</u>
Expenditures				
Current:				
General government	66,290	66,290	46,705	19,585
Public safety	776,830	1,058,780	2,903,174	(1,844,394)
Culture and recreation	33,500	33,500	4,462	29,038
Highways and streets	50,000	50,000	10,509	39,491
Contingency reserves	195,760	195,760	-	195,760
Total expenditures	<u>1,122,380</u>	<u>1,404,330</u>	<u>2,964,850</u>	<u>(1,560,520)</u>
Excess (deficiency) of revenues over (under) expenditures	(210,230)	(210,230)	142,461	352,691
Other financing sources				
Transfers in	-	-	-	-
Transfers out	(3,607,340)	(3,607,340)	(260)	3,607,080
Total other financing sources (uses)	<u>(3,607,340)</u>	<u>(3,607,340)</u>	<u>(260)</u>	<u>3,607,080</u>
Excess (deficiency) of revenues over (under) expenditures	(3,817,570)	(3,817,570)	142,201	3,959,771
Fund balance at beginning of year	3,817,570	3,817,570	174,713	(3,642,857)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,914</u>	<u>\$ 316,914</u>

See accompanying notes to required supplementary information.

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, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 859,690	\$ 859,690	\$ 878,335	\$ 18,645
Investment earnings	2,000	2,000	122	(1,878)
Miscellaneous	148,950	148,950	151,019	2,069
Total revenues	<u>1,010,640</u>	<u>1,010,640</u>	<u>1,029,476</u>	<u>18,836</u>
Expenditures				
Current:				
General government	3,850	3,850	1,379	2,471
Culture and recreation	34,900	34,900	60,799	(25,899)
Highways and streets	16,670	16,670	11,395	5,275
Total current	<u>55,420</u>	<u>55,420</u>	<u>73,573</u>	<u>(18,153)</u>
Debt service:				
Principal	705,000	705,000	705,000	-
Interest	245,520	245,520	245,513	7
Fiscal charges	4,700	4,700	4,700	-
Total debt service	<u>955,220</u>	<u>955,220</u>	<u>955,213</u>	<u>7</u>
Total expenditures	<u>1,010,640</u>	<u>1,010,640</u>	<u>1,028,786</u>	<u>(18,146)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	690	690
Fund balance at beginning of year	-	-	16,721	16,721
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,411</u>	<u>\$ 17,411</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, 2021

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 155,590	\$ 155,590	\$ 151,984	\$ (3,606)
Investment earnings	5,000	5,000	381	(4,619)
Miscellaneous	491,920	491,920	461,458	(30,462)
Total revenues	<u>652,510</u>	<u>652,510</u>	<u>613,823</u>	<u>(38,687)</u>
Expenditures				
Current:				
General government	3,320	3,320	860	2,460
Highways and streets	18,850	18,850	3,367	15,483
Total current	<u>22,170</u>	<u>22,170</u>	<u>4,227</u>	<u>17,943</u>
Capital outlay:				
Highways and streets	2,874,000	2,874,000	-	2,874,000
Sewer	253,000	253,000	-	253,000
Total capital outlay	<u>3,127,000</u>	<u>3,127,000</u>	<u>-</u>	<u>3,127,000</u>
Debt service:				
Principal	201,000	201,000	201,000	-
Interest	424,340	424,340	424,332	8
Fiscal charges	5,000	5,000	3,500	1,500
Total debt service	<u>630,340</u>	<u>630,340</u>	<u>628,832</u>	<u>1,508</u>
Contingency reserves	-	-	-	-
Total expenditures	<u>3,779,510</u>	<u>3,779,510</u>	<u>633,059</u>	<u>3,146,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,127,000)</u>	<u>(3,127,000)</u>	<u>(19,236)</u>	<u>3,107,764</u>
Fund balance at beginning of year	3,127,000	3,127,000	3,156,759	29,759
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,137,523</u>	<u>\$ 3,137,523</u>



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Statistical Section

2021

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									
	2012*	2013	2014	2015**	2016	2017^	2018***	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$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	\$102,352,425
Restricted	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	1,360,769
Unrestricted	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	21,854,380
Total governmental activities net position	<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>	<u>\$125,567,574</u>
Business-type activities										
Net investment in capital assets	\$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	\$29,163,964
Restricted	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	1,004,712
Unrestricted	(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)	(1,253,802)
Total business-type activities net position	<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>	<u>\$28,914,874</u>
Primary government										
Net investment in capital assets	\$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	\$131,516,389
Restricted	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	2,365,481
Unrestricted	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	20,600,578
Total primary government net position	<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>	<u>\$154,482,448</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									
	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 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	\$ 7,390,603
Public safety	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	10,677,334
Culture and recreation	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	3,132,254
Highways and streets	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	11,679,857
Interest, amortization, and issuance costs of long-term debt	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	950,743
Total governmental activities expenses	<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>	<u>33,830,791</u>
Business-type activities: Sewer	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	3,574,085
Total business-type activities expenses	<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>	<u>3,574,085</u>
Total primary government expenses	<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>	<u>\$ 37,404,876</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 348,701	\$ 378,578	\$ 424,426	\$ 391,278	\$ 419,942	\$ 350,842	\$ 429,723	\$ 399,847	\$ 338,288	\$ 518,811
Public safety	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	3,281,518
Culture and recreation	103,665	99,350	90,545	133,340	121,980	134,009	178,665	162,617	156,994	213,222
Highways and streets	-	-	-	-	-	-	-	-	2,536	15,721
Operating grants and contributions	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	5,517,384
Capital grants and contributions	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	2,617,913
Total governmental activities program revenues	<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>	<u>12,164,569</u>
Business-type activities										
Charges for services: Sewer	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	4,959,531
Capital grants and contributions	-	-	-	-	250,000	-	359,148	367,035	-	830,556
Total business-type activities program revenues	<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>	<u>5,790,087</u>
Total primary government program revenues	<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>	<u>\$ 17,954,656</u>
Net (Expenses)/Revenues										
Governmental activities	\$(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)	\$(21,666,222)
Business-type activities	845,845	(151,499)	(173,591)	(442,404)	(313,909)	(465,077)	625,269	1,131,149	1,033,710	2,216,002
Total primary government (expense)/revenue	<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>	<u>\$(19,450,220)</u>

(continued)

Town of Sahuarita, Arizona

Changes in Net Position Last 10 Fiscal Years

(accrual basis of accounting)
(Unaudited)

(concluded)

	Fiscal Year									
	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 289,751	\$ 289,408	\$ 299,920	\$ 354,728	\$ 411,260	\$ 468,496	\$ 523,940	\$ 657,199	\$ 805,403	\$ 1,041,778
Sales taxes	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	13,343,651
Franchise taxes	313,653	310,304	303,598	316,332	318,035	310,987	355,583	369,157	366,966	376,714
Share of state income taxes	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	4,490,500
Share of state sales taxes	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	3,727,571
Share of state vehicle license tax	911,007	925,392	962,878	1,006,277	1,058,242	1,215,841	1,279,817	1,349,348	1,383,205	1,632,938
Grants and contributions not restricted to specific programs	10,746	-	-	-	-	-	83,823	171,454	-	-
Contributions restricted for debt service~	712,311	746,148	729,689	683,926	636,349	276,843	176,917	709,764	524,614	612,476
Investment earnings	337,457	59,754	368,272	191,184	319,547	171,364	246,449	715,484	646,904	104,506
Miscellaneous	55,819	118,693	167,961	172,989	68,988	123,661	142,817	174,125	183,536	272,297
Extraordinary or special items	-	-	-	-	-	-	-	(3,168,076)	-	-
Transfers	-	-	(693,080)	(699,540)	(733,244)	(9,133)	3,390	(4,916,558)	12,952	(487,996)
Total governmental activities	13,016,233	14,584,827	14,069,579	13,993,285	14,607,110	15,604,355	17,998,684	12,358,391	21,744,116	25,114,435
Business-type activities										
Investment earnings (losses)	(45,978)	(16,707)	(41,352)	(25,446)	(42,924)	(23,617)	(40,204)	(7,436)	(54,480)	(7,469)
Miscellaneous	42,330	48,312	2,428	1,612	22,112	96,552	-	17,260	17,260	17,260
Extraordinary or special items	-	-	-	-	-	(1,840,453)	-	-	-	-
Transfers	-	-	693,080	699,540	733,244	9,133	(3,390)	4,916,558	(12,952)	487,996
Total business-type activities	(3,648)	31,605	654,156	675,706	712,432	(1,758,385)	(43,594)	4,926,382	(50,172)	497,787
Total primary government	\$ 13,012,585	\$ 14,616,432	\$ 14,723,735	\$ 14,668,991	\$ 15,319,542	\$ 13,845,970	\$ 17,955,090	\$ 17,284,773	\$ 21,693,944	\$ 25,612,222
Change in Net Position										
Governmental activities	\$ 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)	\$ 3,448,213
Business-type activities	842,197	(119,894)	480,565	233,302	398,523	(2,223,462)	581,675	6,057,531	983,538	2,713,789
Total primary government	\$ 1,170,290	\$ 10,371,414	\$ 10,210,124	\$ 6,005,801	\$ (892,669)	\$ (8,573,889)	\$ (1,591,703)	\$ (4,036,501)	\$ 685,968	\$ 6,162,002

* 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>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>	<u>2021</u>
General Fund										
Non-spendable	\$ 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	\$ 1,365,482
Restricted	166,658	137,294	-	-	-	-	-	-	-	-
Committed	-	3,772,040	3,810,700	3,947,700	4,336,250	4,752,160	4,819,510	5,355,390	5,000,000	5,000,000
Assigned	-	-	-	-	500,000	500,000	-	-	-	-
Unassigned	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	17,054,135
Total general fund	<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>	<u>\$ 23,419,617</u>
All Other Governmental Funds										
Non-spendable	\$ 2,017,562	\$ 2,545,717	\$ 2,545,717	\$ -	\$ 4,250	\$ -	\$ 475	\$ -	\$ -	\$ -
Restricted	654,018	822,403	952,732	1,029,692	1,216,960	1,416,342	4,801,853	1,377,953	4,236,284	4,164,635
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	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	4,300,798
Unassigned	(402,000)	-	-	-	(3,750)	-	(3,338)	-	(45,775)	-
Total all other governmental funds	<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>	<u>\$ 8,465,433</u>
Total governmental funds	<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>	<u>\$ 31,885,050</u>

Town of Sahuarita, Arizona

Changes in Fund Balances-Governmental Funds Last 10 Fiscal Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	<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>	<u>2021</u>
Revenues										
Taxes	\$ 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	\$ 14,801,091
Licenses and permits	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	3,310,486
Intergovernmental	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	15,640,182
Charges for services	997,209	941,508	885,253	818,730	897,726	790,468	808,810	878,237	1,001,866	1,054,089
Fines and forfeitures	541,803	398,853	437,903	305,497	284,850	220,717	228,990	233,294	234,156	351,497
Investment earnings	337,457	59,754	368,272	191,184	319,547	171,364	246,449	715,484	646,904	104,506
Miscellaneous	877,867	883,130	903,525	948,880	3,674,431	516,844	479,445	1,327,314	829,542	891,881
Total revenues	24,078,778	35,892,042	25,904,630	28,682,664	27,421,074	23,120,506	23,724,441	27,426,685	33,056,817	36,153,732
Expenditures										
General government	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	7,139,333
Public safety	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	14,035,010
Culture and recreation	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	2,250,476
Highways and streets	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	3,294,954
Capital outlay	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	1,871,831
Debt service:										
Principal	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	2,952,350
Interest	1,529,366	1,477,721	1,420,705	1,207,835	1,039,066	910,645	592,592	984,151	857,433	932,735
Fiscal charges	6,525	5,150	5,150	5,150	5,919	5,650	8,850	9,600	9,600	10,900
Debt issuance costs	-	-	-	113,190	-	492,273	425,853	-	347,250	-
Total expenditures	20,933,960	32,582,039	28,572,806	30,648,955	24,195,208	33,152,849	26,356,080	29,842,748	32,803,819	32,487,589
Excess (deficiency) of revenues over (under) expenditures	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	3,666,143
Other Financing Sources (Uses)										
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	419,958
Proceeds from the sale of assets	-	-	-	-	-	-	1,800	106,414	22,083	22,901
Transfers in	1,983,609	5,345,638	3,316,838	118,013	16,697	2,565,863	1,284,236	715,868	2,882,793	680,798
Transfers out	(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)	(1,168,794)
Net other financing sources (uses)	-	-	(693,080)	(586,350)	(446,917)	10,287,170	6,481,904	(3,965,144)	3,908,790	(45,137)
Net change in fund balances	\$ 3,144,818	\$ 3,310,003	\$ (3,361,256)	\$ (2,552,641)	\$ 2,778,949	\$ 254,827	\$ 3,850,265	\$ (6,381,207)	\$ 4,161,788	\$ 3,621,006
Debt service as a percentage of noncapital expenditures	16.8%	16.2%	16.1%	14.5%	13.8%	39.7%	10.5%	14.1%	13.6%	12.7%

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
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%
2021	227,663,338	76,129,797	29,901,771	273,891,364	8.2900	3,020,422,005	9.07%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Rates										
Town of Sahuarita-primary	-	-	-	-	-	-	-	-	-	-
Town of Sahuarita-debt service	-	-	-	-	-	-	-	-	-	-
Quail Creek CFD-operations & maintenance	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
Quail Creek CFD-debt service	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Rancho Sahuarita CFD-operations & maintenance	-	-	-	-	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Rancho Sahuarita CFD -debt service	-	-	-	-	-	-	-	4.6900	4.6900	4.6900
Total Direct Rate	\$3.3000	\$3.3000	\$3.3000	\$3.3000	\$3.6000	\$3.6000	\$3.6000	\$8.2900	\$8.2900	\$8.2900
Overlapping Rates										
State of Arizona Education Assistance	\$0.4259	\$0.4717	\$0.5123	\$0.5089	\$0.5054	\$0.5010	\$0.4875	\$0.4741	\$0.4566	\$0.4426
Central Arizona Water Conservation District	0.1000	0.1000	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Pima County	4.1978	4.1978	4.4465	4.9779	5.0877	4.9896	5.1596	4.7596	4.6896	4.4420
Free Library District	0.3460	0.3460	0.3753	0.4353	0.5153	0.5153	0.5053	0.5153	0.5353	0.5353
Fire District Assistance	0.0418	0.0447	0.0456	0.0472	0.0467	0.0468	0.0459	0.0441	0.0430	0.0416
Flood Control District	0.2635	0.2635	0.2635	0.3035	0.3135	0.3335	0.3135	0.3335	0.3335	0.3335
Pima County Community College District	1.1093	1.1741	1.2933	1.3344	1.3689	1.3733	1.3890	1.3983	1.3758	1.3359
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	5.4067	5.5183	6.6341	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712	7.4213
Continental School District #39	2.0258	1.5729	1.7027	2.6146	2.6512	2.4626	2.4991	2.5037	2.1280	2.3249
Green Valley Fire District	1.9000	2.0400	2.2100	2.2800	2.3807	2.3804	2.5299	2.5299	2.5299	2.5298

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

Town of Sahuarita, Arizona

Property Tax Levies and Collections

Last 10 Years

(Unaudited)

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended	Tax Levy	Collections in Levy Year	%	Collections in Subsequent Years	Total Collections	%
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%	3,494	299,465	99.8%
2015	354,729	349,511	98.5%	4,740	354,251	99.9%
2016	409,390	403,518	98.6%	5,573	409,091	99.9%
2017	466,290	459,558	98.6%	6,432	465,990	99.9%
2018	521,909	514,526	98.6%	6,942	521,468	99.9%
2019	597,653	588,900	98.5%	8,281	597,181	99.9%
2020	727,846	718,842	98.8%	9,005	727,847	100.0%
2021	881,727	859,020	97.4%	N/A	859,020	97.4%

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

Fiscal Year Ended	Tax Levy	Collections in Levy Year	%	Collections in Subsequent Years	Total Collections	%
2016	\$ 2,361	\$ 2,361	100.0%	\$ -	\$ 2,361	100.0%
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%	1,001	77,792	100.0%
2021	158,925	147,845	93.0%	N/A	147,845	93.0%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Communications and utilities	\$ 765,632	\$ 770,052	\$ 800,476	\$ 808,461	\$ 821,809	\$ 782,871	\$ 889,527	\$ 865,519	\$ 889,208	\$ 955,654
Construction	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	5,324,520
Manufacturing	248,127	207,854	216,527	260,282	-	-	-	-	-	-
Retail trade	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	5,531,330
Real estate, rental and leasing	247,630	267,564	282,915	326,081	299,969	335,178	332,545	425,461	441,743	581,914
Restaurant and bar	299,601	295,327	327,043	365,677	513,744	552,429	600,408	699,785	803,652	873,264
Services	57,841	61,450	73,430	86,165	-	-	-	-	-	-
Other	177,919	218,662	219,884	166,020	94,771	98,611	150,136	118,021	111,584	76,969
Total	\$ 6,279,865	\$ 7,487,481	\$ 6,916,291	\$ 6,601,243	\$ 7,101,219	\$ 6,955,290	\$ 8,849,348	\$ 9,788,930	\$ 10,708,391	\$13,343,651
Direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

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

Town of Sahuarita, Arizona

Direct and Overlapping Sales Tax Rates

Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Town Direct Rates				State	Regional Transportation Authority
	General	Construction Contracting	Transient Lodging			
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%
2021	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 2021 and 2012 (Unaudited)

Tax Remitter ¹	Fiscal Year 2021			Fiscal Year 2012		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Business A	\$ 1,458,258	1	10.93%	\$ 536,034	2	8.54%
Business B	1,230,944	2	9.22%	1,049,497	1	16.71%
Business C	809,565	3	6.07%			
Business D	723,439	4	5.42%			
Business E	538,198	5	4.03%			
Business F	505,039	6	3.78%	144,071	9	2.29%
Business G	477,555	7	3.58%	306,056	4	4.87%
Business H	398,989	8	2.99%	265,492	6	4.23%
Business I	393,929	9	2.95%	299,472	5	4.77%
Business J	339,150	10	2.54%			
Business K				449,101	3	7.15%
Business L				266,746	7	4.25%
Business M				157,614	8	2.51%
Business N				151,256	10	2.41%
	<u>\$ 6,875,066</u>		<u>51.51%</u>	<u>\$ 3,625,339</u>		<u>57.73%</u>

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

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

Town of Sahuarita, Arizona

Monthly Sewer User Rates

Last 10 Fiscal Years

(Unaudited)

Wastewater Flow Contribution Rate (per ccf) User Classification

Fiscal Year	Average Household Bill	Admin Service Charge	Economy of Scale Factor	Wastewater Flow Contribution Rate (per ccf)																
				General	3C	3K	3N	4E	4G	4H	5A	5C	5F	5G	5I	5J	5K	5L	5M	5S
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
				Wastewater Flow Contribution Rate (per Kgal)																
2018	\$50.24	\$16.60	1.000	\$8.120	\$17.052	\$8.851	\$8.851	\$9.744	\$16.484	\$18.838	\$9.663	\$6.801	\$8.201	\$1.603	\$8.607	\$29.476	\$18.920	\$10.150	\$19.326	\$9.988
2019	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2020	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320
2021	\$51.07	\$18.97	1.000	\$8.390	\$17.619	\$9.145	\$9.145	\$10.068	\$17.032	\$19.465	\$9.984	\$6.801	\$8.474	\$1.603	\$8.893	\$30.456	\$19.549	\$10.488	\$19.968	\$10.320

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 GO Bonds	2016 Refunding QC CFD GO Bonds	2018 Series RS CFD GO Bonds	2020 Series RS CFD GO Bonds	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				
2012	\$11,655,000				\$12,378,252	\$6,165,722					\$26,225,657	\$2,200,888		\$58,625,519	7.60%	\$2,188	
2013	11,285,000				11,658,502	5,913,032					25,073,245	2,477,454		56,407,233	7.65%	2,061	
2014	10,900,000				10,908,752	5,650,343					23,898,673	2,356,789		53,714,557	7.17%	1,924	
2015	10,495,000				1,602,808	5,377,653	\$8,840,000				22,680,372	2,251,130		51,246,963	6.69%	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	5.81%	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	5.29%	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	5.38%	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	4.53%	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	3.84%	1,304	
2021	-	8,049,027	5,651,000	3,475,000	-	-	4,775,000	3,606,000	1,223,793		-	1,639,978	12,358,000	40,777,798	3.35%	1,163	

Town of Sahuarita, Arizona

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

Fiscal Year	Quail Creek CFD¹ General Obligation Bonds	Percentage of Actual Taxable Value of District Property	Estimated Per Capita Amount in District
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
2021	8,049,027	30%	5,093

Fiscal Year	Rancho Sahuarita CFD¹ General Obligation Bonds	Percentage of Actual Taxable Value of District Property	Estimated Per Capita Amount in District	Estimated Amount of Bonds Per Taxable Value of Non-Residential Property
2018	\$5,780,000	706%	n/a	\$7.06
2019	5,780,000	488%	n/a	\$4.88
2020	9,255,000	590%	\$41,146	\$5.90
2021	9,126,000	285%	\$19,778	\$2.85

¹ 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, 2021 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Pima County	\$ 138,191,000	3.00%	\$ 4,145,730
Pima County Community College	54,574,993	3.00%	1,637,250
Sahuarita Unified School District	39,425,000	49.7%	19,594,225
Continental School District	12,180,000	25.7%	3,130,260
Green Valley Fire District	11,245,000	36.4%	4,093,180
Subtotal, overlapping debt	<u>\$ 255,615,993</u>		<u>32,600,645</u>
Town direct debt-governmental activities			<u>26,779,820</u>
Total direct and overlapping debt			<u>\$ 59,380,465</u>

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

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

Town of Sahuarita, Arizona

Legal Debt Margin Information

Last 10 Fiscal Years

(Unaudited)

Legal Debt Margin Calculation for 2021

Assessed Value	\$ 273,891,364
Debt Limit:	
6% of assessed value ¹	16,433,482
20% of assessed value ²	54,778,273
Total debt limit	71,211,755
Debt applicable to limit:	
General obligation bonds ³	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 71,211,755

	Fiscal Year									
	<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>	<u>2021</u>
Debt Limit:	\$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	\$ 71,211,755
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$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	\$ 71,211,755
Total net debt applicable to the limit as a percentage of debt limit.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

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

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

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

Town of Sahuarita, Arizona

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

Loans¹

Fiscal Year	Pledged Revenues			Debt Service			Coverage Ratio	Required Ratio
	State Shared Revenues	Excise Tax Revenues	Total Revenues	Principal	Interest	Total Debt Service ²		
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	14,643,990	23,080,862	1,684,296	305,402	1,989,698	11.60	2.00
2021	9,851,009	18,374,087	28,225,096	1,726,748	260,845	1,987,593	14.20	2.00

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

² 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			Coverage Ratio	Required Ratio
	Wastewater System Revenues	Wastewater O&M Expenses	Other Sources ¹		Principal	Interest	Total Debt Service		
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 [^]	3,480,164	(1,751,439)	750,000	2,478,725	1,359,502	748,546	2,108,048	1.18	1.20
2018 [^]	3,789,603	(1,750,830)	750,000	2,788,773	1,410,115	697,933	2,108,048	1.32	1.20
2019	4,380,139	(1,832,850)	750,000	3,297,289	1,462,615	645,433	2,108,048	1.56	1.20

BBVA Refunding Obligations

Fiscal Year	Pledged Resources			Net System Revenues	Debt Service			Coverage Ratio	Required Ratio
	Wastewater System Revenues	Wastewater O&M Expenses			Principal	Interest	Total Debt Service		
2020	\$4,758,751	\$(1,998,070)		\$2,760,681	\$1,119,000	\$164,599	\$1,283,599	2.15	1.20
2021	5,799,878	(2,147,318)		3,652,560	1,001,000	282,998	1,283,998	2.84	1.20

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

[^] 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	Unemployment Rate
2011	26,338	93.6%	33.1%	\$ 78,777	5.8%
2012	26,791	94.3%	35.1%	\$ 78,529	6.0%
2013	27,367	95.1%	35.2%	\$ 75,284	4.6%
2014	27,914	94.8%	32.8%	\$ 76,183	3.8%
2015	28,287	96.0%	38.0%	\$ 77,250	4.6%
2016	28,839	94.6%	37.5%	\$ 81,212	4.1%
2017	29,455	94.6%	39.0%	\$ 84,454	3.5%
2018	30,282	95.5%	38.9%	\$ 86,713	3.7%
2019	31,421	95.5%	40.3%	\$ 91,499	3.6%
2020	34,134	N/A		\$ 93,237	N/A
2021	35,063	N/A		\$ 95,009	N/A

Sources: US Census Bureau, American Fact Finder website.
2020 and 2021 Town-estimated.

Town of Sahuarita, Arizona

Principal Employers 2021 and 2012 (Unaudited)

Employer	2021		2012	
	Employees	Percentage of Total Town Employment	Employees	Percentage of Total Town Employment
Sahuarita Unified School District	732	20.91%	743	27.20%
La Posada	575	16.43%		
Walmart	356	10.17%	395	14.46%
Farmers Investment Company	238	6.80%	218	7.98%
Fry's	221	6.31%	159	5.82%
Northwest Medical Center	185	5.29%		
Town of Sahuarita	173	4.94%	135	4.94%
Safeway	115	3.29%	90	3.29%
Sprouts	90	2.57%		
Jim Click Ford	51	1.46%	44	1.61%
Climax Engineered Materials			60	2.20%
El Charro			52	1.90%
Ross			28	1.02%
Total	2,736	78.17%	1,924	70.42%

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)

	Full-time Equivalent Employees as of June 30									
<u>Function/Department</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>	<u>2021</u>
General Government										
Town Manager	6.3	6.3	5.0	6.0	6.0	6.0	6.0	4.0	6.0	6.0
Economic Development	-	-	-	-	-	-	-	2.0	2.0	2.0
Town Clerk	3.4	3.4	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Finance	8.0	8.0	8.0	8.0	9.0	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	3.0	3.0	3.0
Planning & Zoning	5.0	5.2	5.4	5.0	5.0	5.0	5.0	5.0	4.6	4.6
Public Works-Facilities	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	1.8
Municipal Court	8.0	8.0	8.0	8.0	8.0	7.0	6.0	6.0	6.0	8.0
Law	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
General Government Total	<u>37.7</u>	<u>37.9</u>	<u>38.4</u>	<u>39.0</u>	<u>40.0</u>	<u>40.0</u>	<u>39.0</u>	<u>40.0</u>	<u>41.6</u>	<u>43.4</u>
Public Safety										
Building Safety	6.0	6.0	6.0	7.0	7.0	7.0	7.0	8.0	9.4	9.4
Public Works-Engineering	3.2	3.5	3.5	3.5	3.5	3.5	3.5	5.0	4.2	3.8
Police Dept	50.5	51.0	50.0	51.0	51.0	53.0	55.0	58.0	60.0	62.0
Public Safety Total	<u>59.7</u>	<u>60.5</u>	<u>59.5</u>	<u>61.5</u>	<u>61.5</u>	<u>63.5</u>	<u>65.5</u>	<u>71.0</u>	<u>73.6</u>	<u>75.2</u>
Culture & Recreation										
Parks & Recreation	15.1	15.1	14.7	14.7	15.1	15.3	16.3	17.4	18.4	18.4
Highways & Streets										
Streets	13.5	14.0	14.0	12.7	12.7	9.7	10.7	10.5	11.9	11.3
Sewer										
Wastewater Utility	8.0	7.3	7.3	6.9	6.9	6.3	6.3	6.5	6.5	6.5
Finance-Billing & Collections	-	-	-	-	1.0	2.0	2.0	2.0	2.5	2.7
Sewer Total	<u>8.0</u>	<u>7.3</u>	<u>7.3</u>	<u>6.9</u>	<u>7.9</u>	<u>8.3</u>	<u>8.3</u>	<u>8.5</u>	<u>9.0</u>	<u>9.2</u>
Total	<u>134.0</u>	<u>134.8</u>	<u>133.9</u>	<u>134.8</u>	<u>137.2</u>	<u>136.8</u>	<u>139.8</u>	<u>147.4</u>	<u>154.4</u>	<u>157.4</u>

Source: Town Finance Department.

Town of Sahuarita, Arizona

Operating Indicators Last 10 Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ²
Town Clerk										
Business licenses issued	1,045	1,152	1,272	1,277	1,485	1,514	1,507	1,422	1,394	1,320
<i>Licenses with Sahuarita or Green Valley address</i>	269	328	397	505	612	602	615	664	592	553
Building Safety										
Building permits-single family residential	247	267	169	206	277	248	370	324	464	559
Building permits-other	528	592	686	701	724	711	673	580	691	1,243
Police										
Traffic citations	1,433	2,116	2,209	1,452	1,221	1,183	807	1,765	1,203	1,273
Calls for service	7,933	8,380	8,259	8,111	8,429	8,129	8,416	8,504	8,136	7,299
Human Resources										
Number of job openings	14	21	20	22	25	40	42	50	44	45
Number of applicants	564	741	611	1,027	1,103	698	785	844	757	531
Turnover rate	7%	9%	12%	11%	11%	12%	18%	13%	15%	10%
Municipal Court										
Hearings/Court sessions	9,596	11,090	12,007	10,304	10,007	Note 1	4,794	5,532	5,841	5,544
Filings ¹	2,279	3,066	3,387	2,494	2,373	2,602	2,204	3,248	3,051	3,270
Public Works										
Street resurfacing (<i>miles</i>)	19.7	17.8	18.0	18.0	20.5	28.1	3.0	32.0	24.6	60.5
Potholes repaired	196	225	172	122	87	64	8	81	56	147
Road Overall Condition Index (OCI)	Information Not Available (N/A)								75	76
Parks and Recreation										
Number of recreation programs offered	37	42	55	47	43	43	181	114	191	58
Athletic court/field permits issued					127	114	67	84	105	Note 2
Recreation center permits issued					32	27	22	56	101	
Ramada/Gazebo permits issued					158	166	141	130	133	117
Special event/commercial permits issued	N/A				57	55	29	29	25	48
Special event attendance					26,400	31,919	42,878	53,546	31,135	12,100
Recreation program participants					17,189	15,630	10,881	11,005	8,461	5,938
Wastewater										
Average daily sewage treated (thousands of gallons)	807.3	760.0	765.0	755.0	777.0	802.0	828.4	867.0	887.5	890.7
Long-term storage credits (<i>acre feet</i>)	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>	\$273,860	\$308,513	\$543,484	\$740,809	\$871,752	\$1,101,043	\$1,339,241	\$1,506,631	\$1,780,887	N/A
<i>Estimated value of LTSCs, CAGR rates</i>	\$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 1: In 2017, the Court implemented a new case management system in the year. As such, the number of hears and court sessions was not determinable.

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

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

² COVID-19 pandemic impacted operations throughout the year.

Source: The applicable Town of Sahuarita departments.

Town of Sahuarita, Arizona

Capital Asset Statistics

Last 10 Fiscal Years

(Unaudited)

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Planning & Building										
Vehicles	Information not collected					4	4	4	4	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles ¹	39	39	41	42	46	50	50	56	75	81
Public Works										
Streets and highways (<i>miles</i>)	144	144	144	146	146	156	157	163	169	171
Streetlights	53	53	53	59	59	69	69	69	69	69
Traffic signals	15	15	15	16	16	16	16	16	17	17
Parks and Recreation										
Park acreage	107	107	107	107	107	107	107	107	114	206
Basketball courts	4	4	4	4	4	4	5	5	8	8
Playgrounds	5	5	5	5	5	5	5	5	6	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	8	8
Soccer/football fields (lighted)	6	6	6	6	8	8	6	6	7	7
Soccer/football outfield overlays (lighted)	-	-	-	-	-	-	2	2	1	1
Pickleball courts	-	-	-	-	-	-	-	-	3	3
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	21	22	25	25
Restroom facilities	8	8	8	8	8	8	9	9	10	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	8	8	8	8	8	8	8	8	9	9
Wastewater										
Permitted treatment capacity (<i>gallons in 1,000s</i>)	1,500	1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000	3,000

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

Source: The applicable Town of Sahuarita departments.