



City of Sierra Vista, ***Arizona***

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2015

**Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2015**



**Issued By:
CITY OF SIERRA VISTA, ARIZONA**

**City Manager Department
Finance Division**

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**CITY OF SIERRA VISTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2015**

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INTRODUCTORY SECTION

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City of Sierra Vista

1011 N Coronado Drive, Sierra Vista, Arizona 85635
520/458-3315 • fax 520/417-6932 • www.ci.sierra-vista.az.us

January 5, 2016

Honorable Mayor and City Council
City of Sierra Vista
1011 North Coronado Drive
Sierra Vista, Arizona 85635

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Sierra Vista, Arizona for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City of Sierra Vista, Arizona. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Sierra Vista, Arizona's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The schedule of expenditures of Federal awards required by the Single Audit Act is included in a separate report, along with the auditors' report on the internal control and compliance with applicable laws and regulations.

The City of Sierra Vista, Arizona's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sierra Vista, Arizona for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Sierra Vista, Arizona's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sierra Vista, Arizona was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Sierra Vista, Arizona's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Sierra Vista is located in the southeastern part of Arizona. Included within the city limits is Fort Huachuca. To the east of the City lies the San Pedro River and to the southwest lie the Huachuca Mountains. Sierra Vista serves as a regional hub for Cochise County. Retail services serve as a major economic factor within the City.

The 2010 census indicated the City population grew 6,130 people, an average rate of 1.6% per year, from 2000. Fort Huachuca was not on the 2005 BRAC base closure list. The final results of the realignment have the Fort gaining a nominal number of positions.

The annual operating budget serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the City Council. The City's proposed operating budget is presented to the City Council for review throughout the budget cycle starting in January and tentatively approved in June or July. The City Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. The City has adopted budgets in accordance with A.R.S. requirements for the General and Special Revenue Funds. Expenditures may not legally exceed appropriations at the individual fund level.

POLICIES AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates and the City's financial policy.

Local Economy. Sierra Vista is the economic and retail hub for Cochise County. Fort Huachuca continues to be the major employer in the area. Due to the construction of a new regional medical center, the City's construction tax revenues received a short term boost..

Funding Street Maintenance. The City's policy is to search for alternate funding sources for street maintenance. In line with this policy, the City transferred 100% of the new electricity franchise fee that was approved by the voters to fund street maintenance.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sierra Vista for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Sierra Vista has received a Certificate of Achievement for the last twenty-seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of this Division who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Charles P. Potucek
City Manager

David J. Felix, CPA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sierra Vista
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

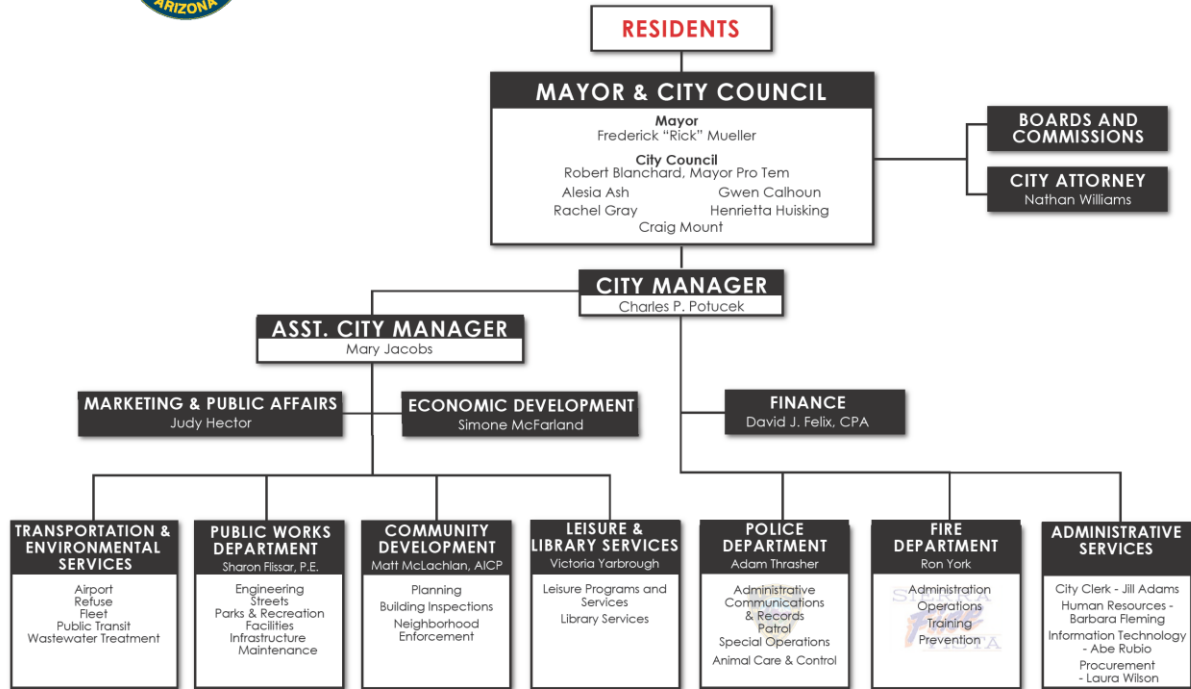
June 30, 2014

Executive Director/CEO



CITY OF SIERRA VISTA

CHART OF ORGANIZATION



City of Sierra Vista Officials

Mayor

Frederick W. "Rick" Mueller

City Council

Robert Blanchard, Mayor Pro Tem

Alesia Ash

Gwendolyn Calhoun

Rachel Gray

Henrietta "Hank" Huisking

Craig Mount

City Manager

Charles P. Potucek

City Clerk

Jill Adams

City Attorney

Nathan Williams

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Sierra Vista, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona, as of June 30, 2015, 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.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability and other postemployment benefit information, 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 City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual 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 Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2016, on our consideration of City of Sierra Vista, Arizona'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 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 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 City of Sierra Vista, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

January 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

As management of the City of Sierra Vista, Arizona, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2015 as follows.

- The City's total net position of governmental activities decreased \$2.1 million to \$54.0 million and business-type activities decreased \$0.8 million to \$30.5 million representing 63.9 percent and 36.1 percent respectively, of the total net position of \$84.5 million.
- General revenues from governmental activities accounted for \$33.3 million in revenue, or 74.8 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11.2 million or 25.2 percent of total governmental activities revenues.
- The City had \$46.8 million in expenses related to governmental activities; of which \$11.2 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$33.3 million were insufficient to provide for the remaining costs of these programs. The City had \$7.9 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and grants and contributions of \$7.2 million.
- The General Fund had \$32.0 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$30.5 million. The General Fund's fund balance increased \$0.1 million, to \$4.1 million.
- The City implemented GASB 68 - *Accounting and Financial Reporting for Pension*. This resulted in a restatement of the net position from \$130.7 million on June 30, 2014 to \$87.4 million on July 1, 2014

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental 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 City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows and outflows 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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the City's activities are presented in the following categories.

- **Governmental activities** – Governmental activities include most of the City's basic services, such as general government, public safety, public works, culture and recreation, and community development. Sales taxes, municipal and State taxes, intergovernmental revenues and charges for services finance most of these activities.
- **Business type activities** – Business-type activities include the services provided by the City, which are sewer and refuse services. The services are financed through user fees and charges.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 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 the City'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 City's near-term financing decision. 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.

Proprietary funds. The City maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for sewer and refuse services. The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides additional information for the Sewer and Refuse Funds, which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

Notes to the financial statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General, HURF, Fire and Park Development Fee Funds as required supplementary information.

Combining statements for non-major governmental funds, internal service and the agency funds are presented immediately following the required supplemental information on budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$54.0 million as of June 30, 2015, a decrease of \$2.1 million from June 30, 2014.

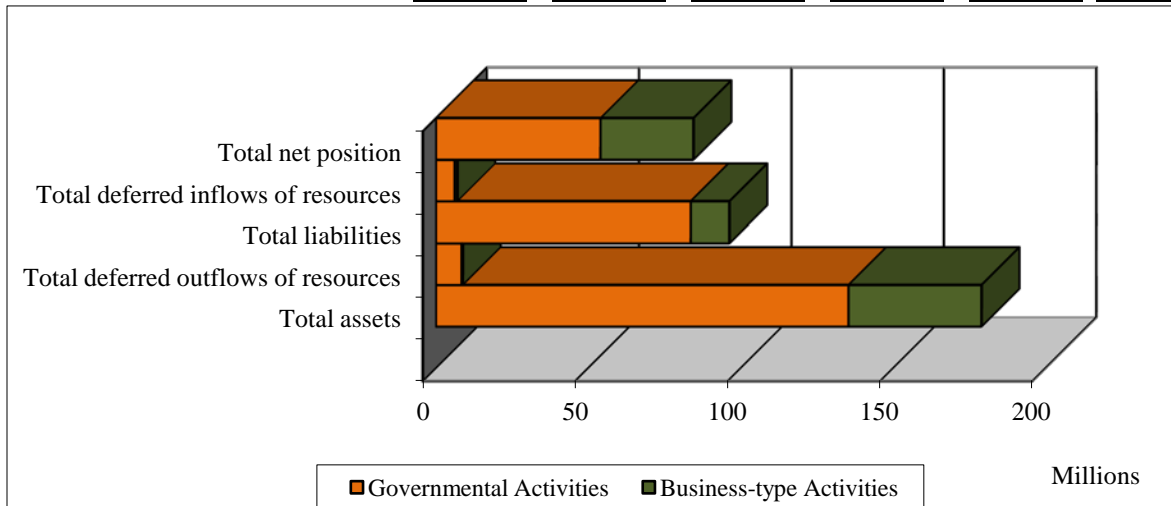
A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2015 and 2014.

	2015 Governmental Activities	2014 Governmental Activities	2015 Business-type Activities	2014 Business-type Activities	2015 Total	2014 Total
Current and other assets	\$16,171,650	\$13,709,443	\$969,114	\$1,307,128	\$17,140,764	\$15,016,571
Non-current assets	<u>119,216,730</u>	<u>122,234,242</u>	<u>42,619,233</u>	<u>44,046,340</u>	<u>161,835,963</u>	<u>166,280,582</u>
Total assets	<u>135,388,380</u>	<u>135,943,685</u>	<u>43,588,347</u>	<u>45,353,468</u>	<u>178,976,727</u>	<u>181,297,153</u>
Pension plan items	<u>8,431,709</u>		<u>369,890</u>		<u>8,801,599</u>	
Total deferred outflows of resources	<u>8,431,709</u>		<u>369,890</u>		<u>8,801,599</u>	
Current liabilities	8,732,260	7,869,787	1,748,377	1,887,388	10,480,637	\$9,757,175
Non-current liabilities	<u>74,898,690</u>	<u>32,488,745</u>	<u>10,885,434</u>	<u>8,391,042</u>	<u>85,784,124</u>	<u>40,879,787</u>
Total liabilities	<u>83,630,950</u>	<u>40,358,532</u>	<u>12,633,811</u>	<u>10,278,430</u>	<u>96,264,761</u>	<u>50,636,962</u>
Pension plan items	<u>6,169,560</u>		<u>864,690</u>		<u>7,034,250</u>	
Total deferred inflows of resources	<u>6,169,560</u>		<u>864,690</u>		<u>7,034,250</u>	
Net position						
Net investment in capital assets	99,075,363	99,144,355	35,024,841	35,493,373	134,100,204	134,637,728
Restricted	6,909,429	4,966,561	51,233	51,233	6,960,662	5,017,794
Unrestricted	<u>(51,965,213)</u>	<u>(8,525,763)</u>	<u>(4,616,338)</u>	<u>(469,568)</u>	<u>(56,581,551)</u>	<u>(8,995,331)</u>
Total net position	<u>\$54,019,579</u>	<u>\$95,585,153</u>	<u>\$30,459,736</u>	<u>\$35,075,038</u>	<u>\$84,479,315</u>	<u>\$130,660,191</u>



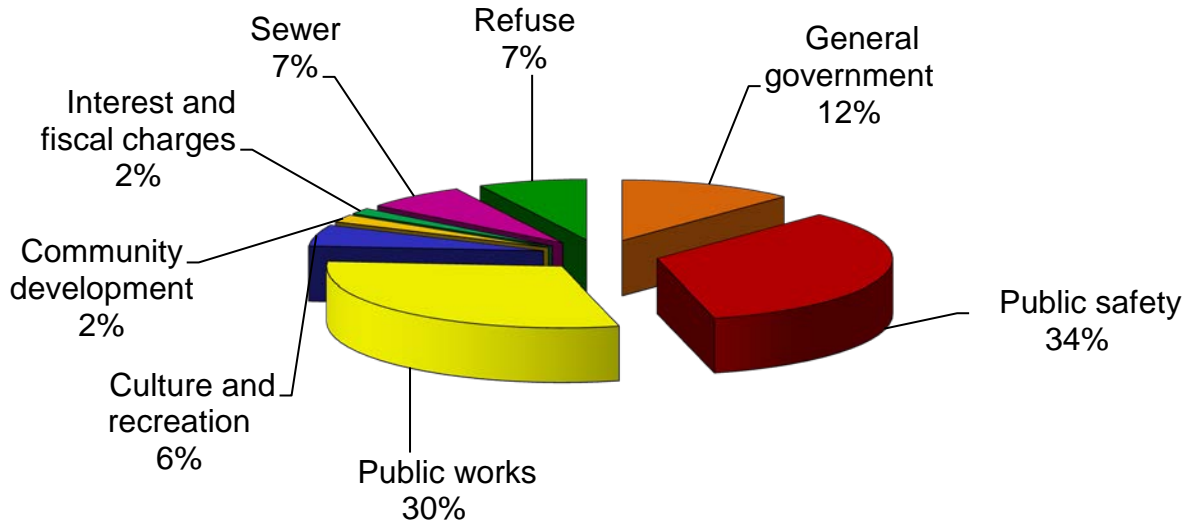
**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2015, were \$51.7 million. The total cost of all programs and services was \$54.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014.

	2015 Governmental Activities	2014 Governmental Activities	2015 Business-type Activities	2014 Business-type Activities	2015 Total	2014 Total
Revenues:						
Program revenues:						
Charges for services	\$ 7,340,561	\$ 7,482,873	\$ 6,914,339	\$ 8,722,648	\$ 14,254,900	\$ 16,205,521
Operating grants and contributions	2,010,368	1,783,822			2,010,368	1,783,822
Capital grants and contributions	1,853,539	3,303,899	293,936	2,060,847	2,147,475	5,364,746
General revenues:						
Property taxes	371,634	390,759			371,634	390,759
Sales taxes	17,555,028	16,650,008			17,555,028	16,650,008
State shared revenues	14,369,609	13,494,847			14,369,609	13,494,847
Other revenues	990,238	648,058			990,238	648,058
Investment income	15,870	21,877			15,870	21,877
Total revenues	<u>\$44,506,847</u>	<u>\$43,776,143</u>	<u>\$7,208,275</u>	<u>\$10,783,495</u>	<u>\$51,715,122</u>	<u>\$54,559,638</u>
	2015 Governmental Activities	2014 Governmental Activities	2015 Business-type Activities	2014 Business-type Activities	2015 Total	2014 Total
Expenses:						
General government	6,609,010	6,461,623			6,609,010	6,461,623
Public safety	18,599,902	16,892,244			18,599,902	16,892,244
Public works	16,486,381	15,894,553			16,486,381	15,894,553
Culture and recreation	3,107,107	3,891,908			3,107,107	3,891,908
Community development	1,088,865	1,174,014			1,088,865	1,174,014
Interest and fiscal charges	881,623	984,643			881,623	984,643
Sewer			3,804,727	3,991,879	3,804,727	3,991,879
Refuse			4,088,053	4,272,556	4,088,053	4,272,556
Total expenses	<u>46,772,888</u>	<u>45,298,985</u>	<u>7,892,780</u>	<u>8,264,435</u>	<u>54,665,668</u>	<u>53,563,420</u>
Increase (decrease) before transfers	<u>\$ (2,266,041)</u>	<u>\$ (1,522,842)</u>	<u>\$(684,505)</u>	<u>\$2,519,060</u>	<u>\$(2,950,546)</u>	<u>\$996,218</u>
Transfers	<u>149,813</u>	<u>149,813</u>	<u>(149,813)</u>	<u>(149,813)</u>		
Increase (decrease) in net position	<u>\$ (2,116,228)</u>	<u>\$ (1,373,029)</u>	<u>\$(834,318)</u>	<u>\$2,369,247</u>	<u>\$(2,950,546)</u>	<u>\$996,218</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

EXPENSES



	2015		2014	
	Total Expenses	Net (Expense)/Revenue	Total Expenses	Net (Expense)/Revenue
Governmental Activities:				
General government	\$ 6,609,010	\$ (5,046,861)	\$ 6,461,623	\$ (4,883,550)
Public safety	18,599,902	(16,572,131)	16,892,244	(14,237,034)
Public works	16,486,381	(11,242,762)	15,894,553	(10,335,247)
Culture and recreation	3,107,107	(1,876,165)	3,891,908	(2,553,843)
Community development	1,088,865	51,122	1,174,014	265,926
Interest and fiscal charges	881,623	(881,623)	984,643	(984,643)
Total expenses	<u>\$ 46,772,888</u>	<u>\$ (35,568,420)</u>	<u>\$ 45,298,985</u>	<u>\$ (32,728,391)</u>
Business-Type Activities:				
Sewer	\$ 3,804,727	(924,322)	\$ 3,991,879	2,153,467
Refuse	4,088,053	239,817	4,272,556	365,593
Total expenses	<u>\$7,892,780</u>	<u>\$(684,505)</u>	<u>\$ 8,264,435</u>	<u>\$2,519,060</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS

Overall. The City had two items that account for most of the changes in both the government-wide and fund financial statements, and one item that account for the changes in the government-wide financial statements.

The item that accounts for the changes in the government-wide financial statements is the implementation of GASB 68. This increased the expenses in the government-wide financial statements by \$1.7 million over FY14.

The first item that accounts for the changes in both sets of financial statements is the construction of a regional medical center in the City. This resulted in a noticeable, short term, increase in the City's privilege taxes.

The second item is the upgrade of the City's wastewater treatment plant. This resulted in the disposal and decommissioning of \$1.4 million of sewer fund buildings and improvements assets.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$6.9 million, an increase of \$1.6 million.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$93,855, and met the City Council's goal of no reserve usage for the fiscal year.

The \$1.3 million increase in the Capital Improvements Fund is due to the sale of two pieces of property, revenues above budget and the fund not paying for any capital expenditure this year.

Proprietary fund. Net position of the enterprise funds at the end of the year amounted to \$30.5 million. This is a decrease of \$0.8 million from 2014.

BUDGETARY HIGHLIGHTS

The City did not amend the General Fund budget during the year. The City conducts a mid-year budget review which provides an opportunity to adjust the fiscal year budget. The fiscal year 2015 mid-year review focused on maintaining the General Fund ending fund balance at a prudent level and maintaining programs and capital expenditures at planned levels. The major budget variances in General Fund revenues are due to the construction of a regional medical center in the City during the year. The major budget variance in General Fund expenditures is the delay in hiring replacement staff and the freezing of certain positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the City had a net investment of \$161.8 million in capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$8.9 million.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

The following schedule presents capital asset balances for the fiscal years ended June 30, 2015 and 2014.

	2015		2014	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$8,807,716	\$1,488,882	\$8,807,866	\$1,488,882
Infrastructure	144,193,987	42,791,940	141,462,547	40,155,645
Buildings and improvements	57,874,414	9,691,164	57,841,274	12,684,195
Machinery and equipment	28,526,388	7,346,913	26,470,686	6,920,211
Construction in progress	739,961		1,394,844	2,034,425
Accumulated depreciation	<u>(120,925,736)</u>	<u>(18,699,666)</u>	<u>(113,742,975)</u>	<u>(19,237,018)</u>
Total	<u>\$119,216,730</u>	<u>\$42,619,233</u>	<u>\$122,234,242</u>	<u>\$44,046,340</u>

For additional information on the City's capital assets, see the capital asset section in the footnotes, starting on page 46.

Debt Administration. At year-end, the City had \$27.7 million in long-term debt outstanding with \$3.8 million due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2015 and 2014.

	2015		2014	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Revenue Bonds	\$18,205,000	\$	\$20,805,000	\$
Notes Payable	<u>1,936,367</u>	<u>7,594,392</u>	<u>2,284,887</u>	<u>8,552,967</u>
Total	<u>\$20,141,367</u>	<u>\$ 7,594,392</u>	<u>\$23,089,887</u>	<u>\$ 8,552,967</u>

State statutes currently limit the amount of general obligation debt a city may issue. The City currently has no general obligation debt outstanding. For additional information on the City's debt, see the debt section in the footnotes, starting on page 48.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2015-2016 budget. The priorities set for the fiscal year 2016 budget include the following:

- Implementing a class and compensation payroll plan
- Completing objectives on the City Council's adopted strategic plan

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Department, City of Sierra Vista, 1101 Coronado Drive, Sierra Vista, AZ 85635.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF SIERRA VISTA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 13,387,700	\$ 153,034	\$ 13,540,734
Intergovernmental receivable	2,095,144		2,095,144
Accounts receivable	516,923	816,080	1,333,003
Inventory	171,883		171,883
Total current assets	<u>16,171,650</u>	<u>969,114</u>	<u>17,140,764</u>
Noncurrent assets:			
Land and improvements	8,807,716	1,488,882	10,296,598
Buildings and improvements	57,874,414	9,691,164	67,565,578
Infrastructure	144,193,987	42,791,940	186,985,927
Machinery and equipment	28,526,388	7,346,913	35,873,301
Construction in progress	739,961		739,961
Accumulated depreciation	(120,925,736)	(18,699,666)	(139,625,402)
Total noncurrent assets	<u>119,216,730</u>	<u>42,619,233</u>	<u>161,835,963</u>
Total assets	<u>135,388,380</u>	<u>43,588,347</u>	<u>178,976,727</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	<u>8,431,709</u>	<u>369,890</u>	<u>8,801,599</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,356,902	786,507	3,143,409
Compensated absences payable	1,468,319	81,946	1,550,265
Interest payable	394,685		394,685
Accrued salaries	1,183,365	96,415	1,279,780
Claims payable	214,055		214,055
Revenue bonds payable	2,690,000		2,690,000
Notes payable	334,798	783,509	1,118,307
Other liabilities	86,022		86,022
Customer deposits	4,114		4,114
Total current liabilities	<u>8,732,260</u>	<u>1,748,377</u>	<u>10,480,637</u>
Noncurrent liabilities:			
Net OPEB obligation	14,416,028	928,000	15,344,028
Net pension liability	43,366,093	3,146,551	46,512,644
Revenue bonds payable	15,515,000		15,515,000
Notes payable	1,601,569	6,810,883	8,412,452
Total non-current liabilities	<u>74,898,690</u>	<u>10,885,434</u>	<u>85,784,124</u>
Total liabilities	<u>83,630,950</u>	<u>12,633,811</u>	<u>96,264,761</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	<u>6,169,560</u>	<u>864,690</u>	<u>7,034,250</u>
NET POSITION			
Net investment in capital assets	99,075,363	35,024,841	134,100,204
Restricted for			
Donations	458,486		458,486
Police Special Programs	299,595		299,595
Development Fees	1,835,144		1,835,144
Special purposes	793,854	51,233	845,087
Debt Service	1,339,024		1,339,024
Capital projects	2,183,326		2,183,326
Unrestricted	(51,965,213)	(4,616,338)	(56,581,551)
Total net position	<u>\$ 54,019,579</u>	<u>\$ 30,459,736</u>	<u>\$ 84,479,315</u>

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

**CITY OF SIERRA VISTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,609,010	\$ 1,486,331	\$ 75,818	\$
Public safety	18,599,902	1,545,943	187,885	293,943
Public works	16,486,381	2,355,411	1,328,612	1,559,596
Culture and recreation	3,107,107	1,062,303	168,639	
Community development	1,088,865	890,573	249,414	
Interest and fiscal charges	881,623			
Total governmental activities	46,772,888	7,340,561	2,010,368	1,853,539
Business-type activities:				
Sewer	3,804,727	2,586,469		293,936
Refuse	4,088,053	4,327,870		
Total business-type activities	7,892,780	6,914,339		293,936
Total primary government	\$ 54,665,668	\$ 14,254,900	\$ 2,010,368	\$ 2,147,475

General revenues:

Taxes:

Property taxes

Sales taxes

Unrestricted State revenues

Investment income

Other revenues

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net
Position

Governmental Activities	Business- type Activities	Totals
\$ (5,046,861)	\$	\$ (5,046,861)
(16,572,131)		(16,572,131)
(11,242,762)		(11,242,762)
(1,876,165)		(1,876,165)
51,122		51,122
<u>(881,623)</u>		<u>(881,623)</u>
<u>(35,568,420)</u>		<u>(35,568,420)</u>
	(924,322)	(924,322)
	239,817	239,817
	<u>(684,505)</u>	<u>(684,505)</u>
<u>\$ (35,568,420)</u>	<u>\$ (684,505)</u>	<u>\$ (36,252,925)</u>
371,634		371,634
17,555,028		17,555,028
14,369,609		14,369,609
15,870		15,870
990,238		990,238
149,813	(149,813)	
<u>33,452,192</u>	<u>(149,813)</u>	<u>33,302,379</u>
(2,116,228)	(834,318)	(2,950,546)
<u>56,135,807</u>	<u>31,294,054</u>	<u>87,429,861</u>
<u>\$ 54,019,579</u>	<u>\$30,459,736</u>	<u>\$ 84,479,315</u>

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FUND FINANCIAL STATEMENTS

**CITY OF SIERRA VISTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>HURF</u>	<u>Park Development Fee</u>
<u>ASSETS</u>			
Cash and investments	\$4,471,175	\$1,182,273	\$
Intergovernmental receivable	1,291,832	354,555	
Accounts receivable	332,527	20,144	
Due from other funds	213,279		
Inventory	71,316		
Total assets	<u><u>\$6,380,129</u></u>	<u><u>\$1,556,972</u></u>	<u><u>\$</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$1,215,457	\$ 841,054	\$ 590
Due to other funds			2,399,871
Interest payable			
Accrued salaries	1,076,662	61,902	
Other liabilities	17,221	41,828	
Customer deposits	4,114		
Total liabilities	<u><u>2,313,454</u></u>	<u><u>944,784</u></u>	<u><u>2,400,461</u></u>
Fund balances (deficits):			
Unassigned	4,066,675		(2,400,461)
Restricted		612,188	
Total fund balances	<u><u>4,066,675</u></u>	<u><u>612,188</u></u>	<u><u>(2,400,461)</u></u>
Total liabilities and fund balances	<u><u>\$6,380,129</u></u>	<u><u>\$1,556,972</u></u>	<u><u>\$</u></u>

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

Fire Development Fee	Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 2,624,253	\$ 8,277,701
	448,757	2,095,144
	74,105	426,776
	3,989,966	4,203,245
	100,567	171,883
<u>\$</u>	<u>\$ 7,237,648</u>	<u>\$ 15,174,749</u>
\$ 590	\$ 297,791	\$ 2,355,482
1,021,560	781,814	4,203,245
	394,685	394,685
	44,801	1,183,365
	26,973	86,022
		4,114
<u>1,022,150</u>	<u>1,546,064</u>	<u>8,226,913</u>
(1,022,150)	(605,657)	38,407
	6,297,241	6,909,429
<u>(1,022,150)</u>	<u>5,691,584</u>	<u>6,947,836</u>
<u>\$</u>	<u>\$ 7,237,648</u>	<u>\$ 15,174,749</u>

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Governmental Fund balances **\$6,947,836**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$240,142,466	
Less accumulated depreciation	<u>(120,925,736)</u>	
		119,216,730

Long-term liabilities are not due and payable in the current period therefore are not reported in the funds.

Lease revenue bonds payable	(18,205,000)	
Notes payable	(1,936,367)	
Net OPEB obligation	(14,416,028)	
Net pension liability	(43,366,093)	
Compensated absences payable	<u>(1,468,319)</u>	
		(79,391,807)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred pension plan inflows	(6,169,560)	
Deferred pension plan outflows	<u>8,431,709</u>	
		2,262,149

Internal service funds are used by management to charge the cost of certain activities to the individual funds. The assets and liabilities of the funds are included in the Statement of Net Position.

Health and Accident Fund	4,767,779	
Unemployment Insurance Fund	10,919	
Self-Insured Retention Fund	<u>205,973</u>	
		<u>4,984,671</u>

Net Position of Governmental Activities **\$54,019,579**

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

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	General	HURF
Revenues:		
Taxes	\$ 13,999,509	\$
Licenses and permits	1,775,419	
Intergovernmental	11,621,209	3,304,995
Charges for services	4,038,615	
Fines	22,319	
Investment income	15,017	821
Contributions	140,156	1,226,805
Other revenues	386,384	31,138
Total revenues	31,998,628	4,563,759
Expenditures:		
Current -		
General government	6,063,432	70,902
Public safety	14,058,173	
Public works	6,414,028	5,016,356
Culture and recreation	2,904,849	
Community development	961,651	
Debt service -		
Interest and fiscal charges	4,864	2,696
Principal	114,988	63,773
Total expenditures	30,521,985	5,153,727
Excess (deficiency) of revenues over expenditures	1,476,643	(589,968)
Other financing sources (uses):		
Transfers out	(1,382,788)	
Transfer in		806,939
Total other financing sources (uses)	(1,382,788)	806,939
Changes in fund balances	93,855	216,971
Fund balances (deficits), beginning of year	3,972,820	395,217
Fund balances (deficits), end of year	\$ 4,066,675	\$ 612,188

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

Park Development Fee	Fire Development Fee	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$ 3,927,153	\$ 17,926,662
			1,775,419
		1,712,236	16,638,440
70,500	90,143	1,343,565	5,542,823
			22,319
		32	15,870
		228,115	1,595,076
		572,716	990,238
<u>70,500</u>	<u>90,143</u>	<u>7,783,817</u>	<u>44,506,847</u>
		927	6,135,261
	4,568	589,862	14,652,603
		2,790,986	14,221,370
4,568		87,886	2,997,303
		230,184	1,191,835
20,199		853,864	881,623
<u>106,431</u>		<u>2,663,328</u>	<u>2,948,520</u>
<u>131,198</u>	<u>4,568</u>	<u>7,217,037</u>	<u>43,028,515</u>
<u>(60,698)</u>	<u>85,575</u>	<u>566,780</u>	<u>1,478,332</u>
(23,250)	(261,466)	(3,047,824)	(4,715,328)
	24,497	4,033,705	4,865,141
<u>(23,250)</u>	<u>(236,969)</u>	<u>985,881</u>	<u>149,813</u>
<u>(83,948)</u>	<u>(151,394)</u>	<u>1,552,661</u>	<u>1,628,145</u>
(2,316,513)	(870,756)	4,138,923	5,319,691
<u><u>\$(2,400,461)</u></u>	<u><u>\$(1,022,150)</u></u>	<u><u>\$ 5,691,584</u></u>	<u><u>\$ 6,947,836</u></u>

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Net Changes in Fund Balances - Total Governmental Funds **\$ 1,628,145**

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

Governmental funds report capital outlays as expenditures whereas the Statement of Activities expenses these assets over their estimated useful lives as depreciation.

Expenditures for capital assets	\$ 4,453,859	
Current year depreciation	<u>(7,608,613)</u>	(3,154,754)

Governmental funds report debt principal payments as expenditures whereas the Statement of Activities does not recognize principal payments as expenditures.		2,948,520
--	--	-----------

Loss on disposal of fixed assets are included in the Statement of Activities		(150)
--	--	-------

Capital assets donated to the City are included in the Statement of Activities as program revenues.		137,392
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Compensated absences expenses are included in the Statement of Activities.		16,568
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OPEB obligation expenses are included in the Statement of Activities		(2,068,650)
--	--	-------------

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position.		2,764,590
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The change in pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.		(4,419,188)
--	--	-------------

Internal service funds are used by management to charge the cost of certain activities to the individual funds . The changes in net position are included in the Statement of Activities.

Health and Accident Fund	58,144	
Unemployment Insurance Fund	(10,378)	
Self-Insured Retention Fund	<u>(16,467)</u>	
		31,299

Changes in Net Position of Governmental Activities **\$ (2,116,228)**

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

**CITY OF SIERRA VISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Enterprise Funds	
	Sewer	Refuse
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 51,233	\$ 101,801
Accounts receivable	473,922	342,158
Due from other funds		1,658,632
Total current assets	525,155	2,102,591
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	39,242,051	3,377,182
Total noncurrent assets	39,242,051	3,377,182
Total assets	39,767,206	5,479,773
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension plan items	172,282	197,608
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	133,078	653,429
Compensated absences payable	29,945	52,001
Claims payable		
Due to other funds	1,658,632	
Accrued salaries	38,762	57,653
Notes payable	493,900	289,609
Total current liabilities	2,354,317	1,052,692
Noncurrent liabilities:		
Net OPEB obligation	442,000	486,000
Net pension liability	1,465,554	1,680,997
Notes payable	6,392,060	418,823
Total non-current liabilities	8,299,614	2,585,820
Total liabilities	10,653,931	3,638,512
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension plan items	402,743	461,947
<u>NET POSITION</u>		
Net investment in capital assets	32,356,091	2,668,750
Restricted	51,233	
Unrestricted	(3,524,510)	(1,091,828)
Total net position	\$ 28,882,814	\$ 1,576,922

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

Total	Governmental Activities: Internal Service Funds
\$ 153,034	\$ 5,109,999
816,080	90,147
1,658,632	
<u>2,627,746</u>	<u>5,200,146</u>
42,619,233	
<u>42,619,233</u>	
<u>45,246,979</u>	<u>5,200,146</u>
369,890	
786,507	1,420
81,946	
	214,055
1,658,632	
96,415	
783,509	
<u>3,407,009</u>	<u>215,475</u>
928,000	
3,146,551	
6,810,883	
<u>10,885,434</u>	
<u>14,292,443</u>	<u>215,475</u>
864,690	
35,024,841	
51,233	
(4,616,338)	4,984,671
<u>\$ 30,459,736</u>	<u>\$ 4,984,671</u>

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds	
	Sewer	Refuse
Operating revenues:		
Charges for services	\$ 3,617,257	\$ 4,323,670
Contributions		
Other revenues	97,733	317
Total operating revenues	<u>3,714,990</u>	<u>4,323,987</u>
Operating expenses:		
Salaries, wages and related expenses	1,361,070	1,494,163
Operations and maintenance	1,365,532	2,138,425
Depreciation	883,420	438,902
Benefits paid		
Premiums paid		
Total operating expenses	<u>3,610,022</u>	<u>4,071,490</u>
Operating income	<u>104,968</u>	<u>252,497</u>
Nonoperating revenues (expenses):		
Connection income	286,614	
Investment income		
Gain (loss) on disposal of fixed assets	(1,415,135)	3,883
Interest and fiscal charges	(194,705)	(16,563)
Total nonoperating revenues (expenses)	<u>(1,323,226)</u>	<u>(12,680)</u>
Income (loss) before capital contributions and transfers	<u>(1,218,258)</u>	<u>239,817</u>
Intergovernmental capital contribution	293,936	
Transfers out	<u>(149,813)</u>	
Changes in net position	<u>(1,074,135)</u>	<u>239,817</u>
Total net position, beginning of year, as restated	29,956,949	1,337,105
Total net position, end of year	<u>\$ 28,882,814</u>	<u>\$ 1,576,922</u>

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

Total	Governmental Activities: Internal Service Funds
\$ 7,940,927	\$
	3,755,275
98,050	284,238
<u>8,038,977</u>	<u>4,039,513</u>
2,855,233	
3,503,957	300,223
1,322,322	
	3,319,408
	392,603
<u>7,681,512</u>	<u>4,012,234</u>
<u>357,465</u>	<u>27,279</u>
286,614	
	4,020
(1,411,252)	
(211,268)	
<u>(1,335,906)</u>	<u>4,020</u>
<u>(978,441)</u>	<u>31,299</u>
293,936	
(149,813)	
<u>(834,318)</u>	<u>31,299</u>
31,294,054	4,953,372
<u>\$ 30,459,736</u>	<u>\$ 4,984,671</u>

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds		
	Sewer	Refuse	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 3,509,118	\$ 4,370,892	\$ 7,880,010
Cash paid to suppliers for goods and services	(1,307,843)	(2,162,088)	(3,469,931)
Cash payments to employees for services	(1,337,175)	(1,524,312)	(2,861,487)
Other operating revenues	97,733	317	98,050
	961,833	684,809	1,646,642
Cash flows from noncapital financing activities:			
Transfers	(149,813)		(149,813)
Change in intrafund borrowing	(118,386)	118,386	-
	(268,199)	118,386	(149,813)
Cash flows from capital and related financing activities:			
Interest paid on equipment contracts	(194,705)	(16,563)	(211,268)
Acquisition of capital assets	(611,547)	(705,236)	(1,316,783)
Sale of capital assets	13,046	3,883	16,929
Intergovernmental	293,936		293,936
Principal paid on equipment contracts	(480,978)	(477,597)	(958,575)
Capital contributed by customers	286,614		286,614
	(693,634)	(1,195,513)	(1,889,147)
Cash flows from investing activities:			
Investment income			-
	-	-	-
Net increase (decrease) in cash and cash equivalents	-	(392,318)	(392,318)
Cash and cash equivalents, July 1, 2014	51,233	494,119	545,352
Cash and cash equivalents, June 30, 2015	\$ 51,233	\$ 101,801	\$ 153,034

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

Governmental
Activities:
Internal
Service Funds

\$ 3,755,275
(4,039,059)
348,182
64,398

4,020
4,020
68,418
5,041,581
\$ 5,109,999

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

	Enterprise Funds		
	Sewer	Refuse	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Operating income (loss)	\$ 104,968	\$ 252,497	\$ 357,465
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	883,420	438,902	1,322,322
Increase (decrease) in uncollectible accounts	60,000	60,000	120,000
Change in assets and liabilities:			
Decrease (Increase) in gross accounts receivable	(168,139)	(12,778)	(180,917)
Increase (decrease) in operating portion of accounts payable	57,689	(23,663)	34,026
Increase (decrease) in accrued salaries	2,582	929	3,511
Increase (decrease) in OPEB obligations	86,696	44,654	131,350
Increase (decrease) in net pension obligations	(295,497)	(338,936)	(634,433)
Increase (decrease) in net pension inflows	402,743	461,947	864,690
Decrease (increase) in net pension outflows	(172,282)	(197,608)	(369,890)
Increase (decrease) in compensated absences	(347)	(1,135)	(1,482)
Total adjustments	856,865	432,312	1,289,177
Net cash provided by (used for) operating activities	\$ 961,833	\$ 684,809	\$ 1,646,642

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

Governmental
Activities:
Internal
Service Funds

\$ 27,279

63,944

(26,825)

37,119

\$ 64,398

**CITY OF SIERRA VISTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 712,406
Accounts receivable	61
Total assets	<u><u>\$ 712,467</u></u>
<u>LIABILITIES</u>	
Accounts payable	23,168
Customer deposits	689,299
Total liabilities	<u><u>\$ 712,467</u></u>

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Significant Accounting Policies

The City of Sierra Vista (City) was incorporated in May 1956. The City operates on a Council-Manager form of government and provides all municipal services, excluding water and electricity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. All funds and entities related to the City of Sierra Vista that are controlled by the Mayor and Council are included in this report.

During the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

A. Reporting Entity

The City is a municipal entity governed by an elected mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

Blended Component Units. The Sierra Vista Municipal Property Corporation (SVMPC), an Arizona nonprofit corporation, and the Sierra Vista Municipal Planning Organization (SVMPO) have been included in the accompanying financial statements as blended component units. The Municipal Property Corporation was organized and established solely for the purpose of financing the acquisition and construction of property for use by the City. The Sierra Vista Municipal Planning Organization was established per Federal regulations because the Sierra Vista metropolitan area has a population in excess of 50,000 people. Although a separate legal entity, three of the five board members of the organization are city council members so the City meets the control requirement to make it a blended component unit. Both organizations have June 30 year ends. Separate financial statements are not prepared on a stand-alone basis for either entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements present financial information about the City as a whole. These statements include the Statement of Net Position and the Statement of Activities. The reported information includes all of the nonfiduciary activities of the City and its component units. Most of the internal activity has been removed from these statements to avoid duplicating information with some exceptions, such as proprietary fund to governmental fund activity. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City of Sierra Vista reports the following major funds:

Governmental Funds

General Fund – This fund is the general operating fund of the City. It is used to account for all of the financial resources except those for which another fund is required or desired.

Highway User Revenue Fund – To account for the state-shared Highway User Revenue Taxes, which must be used for roadway construction and maintenance

Park Development Fee Fund - To account for fees collected from subdivision developers to acquire land for parks and recreation sites or improve existing parks within the subdivision. Any unused monies must be returned to the developers after ten years.

Fire Development Fee Fund - To account for fees collected from subdivision developers to expand current facilities and add new equipment to maintain the City's current level of fire service. Any unused monies must be returned to the developers after ten years.

Proprietary Funds

Sewer Fund – This fund accounts for the operation of the City's sewer system

Refuse Fund – This fund accounts for the operation of the City's refuse system

Additionally, the City reports the following fund types:

Internal Service Funds – Internal Service Funds are established to account for financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The Internal Service Funds consist of the Health and Accident Insurance Fund, Unemployment Insurance Fund and the Self-Insured Retention Fund.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Fiduciary Funds – Fiduciary Funds account for assets held by the City on behalf of others and include the Customer Deposits Fund and the Partnership Deposits Fund.

C. Measurement Focus/Basis of Accounting

Government-wide and proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Revenues are recorded when earned and expenses when incurred.

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues collected within 30 days after the end of the period to be available. Expenditures are recorded when the liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In addition, compensated absences and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, city sales taxes, and state and county shared revenues. In addition, the City follows the policy that grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sewer and refuse services. Operating expenses for these funds include salaries, operations and maintenance and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency funds are custodial in nature and do not have a measurement focus and are reported on the accrual basis of accounting. The agency funds are reported by fund type.

D. Budgets and Budgetary Accounting

Arizona State Statutes establish a limitation on local government expenditures at the city-wide level. Based upon fiscal year 1979-80 amounts, this limitation restricts expenditure growth to increases in population and inflation with certain exclusions allowed.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. All governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed during the fiscal year. Encumbrances of the current year budget are reappropriated in the succeeding year.

F. Inventories

Purchases of fuel are held in inventory until sold. The City uses the First-In-First-Out (FIFO) method for expensing fuel in the Airport Fund and the average cost method of expensing fuel in the General Fund.

G. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 1980.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, if applicable.

Most capital assets are depreciated under the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Land Improvements	5-30 years
Infrastructure	5-30 years
Building and Improvements	5-30 years
Wastewater Facility	30 years
Other Improvements	5-100 years
Equipment	5-10 years

H. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund type statement of net position.

I. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest after six months at the employee's current

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

rate of pay. All of an employee's accrued vacation is paid to them when they end employment with the City. An employee's accrued sick leave is only paid if an employee retires from the City. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. The liabilities for governmental compensated absences are generally liquidated with resources from the General Fund.

J. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2015 were cash in bank and on hand and pooled investment with the State Treasurer.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depositor's compliance with the program.

K. Interfund Services Provided and Used

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

L. Estimates

The preparation of the financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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 market value.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. Cash and Investments

Arizona Revised Statutes authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, towns, school districts, and special districts as specified by statute. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments.

The captions and carrying amounts of cash and investments at June 30, 2015, consist of the following.

	Cash on hand	\$ 8,014
	Cash in Bank (Checking / Repurchase)	4,423,646
	Investments with State Treasurer	7,190,601
	Investments held by trustee	1,738,709
	Cash held by trustee	179,764
	Cash held as trustee	712,406
Total	\$	<u><u>14,253,140</u></u>

The City's total cash in bank/trustee (bank balance) was entirely covered by Federal depository insurance, except approximately \$1.0 million of the City's deposits were covered by collateral held by the pledging financial institution's trust department or agent, but not in the City's name.

Investments at June 30, 2015 were as follows:

	<u>Fair Value</u>
State Treasurer's Investment Pool – 47 day weighted average maturity	\$ 7,190,601
US Treasuries – Money market – less than 1 year	<u>1,738,709</u>
Total	<u><u>\$ 8,929,310</u></u>

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no investment policy that would further limit its investment choices. The State Treasurer's investment pool 5 was rated AAAF/S1+ by Standard and Poor's at year end.

Custodial Credit Risk. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however the City's portion is not identified with specific investments and are not subject to custodial credit risk. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on their average monthly balances.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

3. Property Tax

Property taxes are levied and collected by the Cochise County Treasurer on behalf of the City. Property taxes are levied no later than the third Monday in August on property values assessed as of January 1 and are payable in two installments due October 1 and March 1. Taxes become delinquent after the first business day of November and May, respectively. Interest at the rate of 16 percent per annum attaches on installments following the delinquency date. Pursuant to A.R.S., a lien against property assessed attaches on the first day of January preceding the levy, however according to case law, an enforceable legal claim to the asset does not arise.

The State Constitution and State law specify a property tax levy limitation system. The system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may only be used to retire bonded indebtedness.

The primary tax levy is limited to an increase of two percent over the previous year's maximum allowable primary levy, plus an increased dollar amount due to a net gain in property not taxed the previous year. Also, the primary tax from all taxing jurisdictions for homeowners may not exceed one percent of the market value of the home. If the combined primary property tax (for the City, County, etc.) exceed one percent of the market value of the homes, the school districts will reduce their rate until the homeowners rate is equal to or less than the allowable one percent. The State will then subsidize the school districts for the reduced revenue. This one percent limitation applies to primary property taxes and does not affect the secondary property tax levy.

There is also a control on the assessed value of property for primary tax purposes. The base year for this tax system is fiscal year 1978-79. From this base year, two assessed values evolve. The primary assessed values are controlled by being allowed to grow or increase by no more than ten percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the assessed property is used in determining the tax rate.

4. Intergovernmental Receivables

Intergovernmental receivables, net of allowances for uncollectibles, as of year end for the City's individual major funds and non-major funds in the aggregate were as follows.

	General Fund	HURF Fund	Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Receivables due from:			
Federal government	\$ 20,231	\$ 66,172	\$ 447,416
State government	1,240,437	288,383	1,341
Other governments	31,164		
Total intergovernmental receivables	<u>\$1,291,832</u>	<u>\$354,555</u>	<u>\$448,757</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

5. Capital Assets

A summary of capital asset activity for the fiscal year ended June 30, 2015 is as follows.

Governmental activities:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Non-depreciable assets:				
Land	\$ 8,807,866	\$	\$ (150)	\$ 8,807,716
Construction in progress	1,394,844	487,146	(1,142,029)	739,961
Depreciable assets:				
Infrastructure	141,462,547	2,731,440		144,193,987
Buildings and improvements	57,841,274	122,539	(89,399)	57,874,414
Machinery and Equipment	<u>26,470,686</u>	<u>2,392,155</u>	<u>(336,453)</u>	<u>28,526,388</u>
Total Capital Assets	<u>235,977,217</u>	<u>5,733,280</u>	<u>(1,568,031)</u>	<u>240,142,466</u>
Less accumulated depreciation for:				
Infrastructure	67,565,479	4,389,463		71,954,942
Buildings and improvements	25,792,251	1,927,676	(89,399)	27,630,528
Machinery and Equipment	<u>20,385,245</u>	<u>1,291,474</u>	<u>(336,453)</u>	<u>21,340,266</u>
Total Accumulated Depreciation	<u>113,742,975</u>	<u>7,608,613</u>	<u>(425,852)</u>	<u>120,925,736</u>
Total Capital Assets, Net	<u>\$122,234,242</u>	<u>\$(1,875,333)</u>	<u>\$(1,142,179)</u>	<u>\$ 119,216,730</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 398,318
Public safety	1,283,280
Public works	5,416,541
Culture and recreation	<u>510,474</u>
Total Depreciation Expense	<u>\$ 7,608,613</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Business-type activities:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Non-depreciable assets				
Land	\$ 1,488,882	\$	\$	\$ 1,488,882
Construction in progress	2,034,425		(2,034,425)	
Depreciable assets				
Infrastructure	40,155,645	2,645,971	(9,676)	42,791,940
Buildings and improvements	12,684,195		(2,993,031)	9,691,164
Machinery and Equipment	<u>6,920,211</u>	<u>705,236</u>	<u>(278,534)</u>	<u>7,346,913</u>
Total Capital Assets	<u>63,283,358</u>	<u>3,351,207</u>	<u>(5,315,666)</u>	<u>61,318,899</u>
Less accumulated depreciation for:				
Infrastructure	6,037,046	683,191	(9,676)	6,710,561
Buildings and improvements	8,991,716	174,820	(1,571,463)	7,595,073
Machinery and Equipment	<u>4,208,256</u>	<u>464,310</u>	<u>(278,534)</u>	<u>4,394,032</u>
Total Accumulated Depreciation	<u>19,237,018</u>	<u>1,322,321</u>	<u>(1,859,673)</u>	<u>18,699,666</u>
Total Capital Assets, Net	<u>\$ 44,046,340</u>	<u>\$ 2,028,886</u>	<u>\$(3,455,993)</u>	<u>42,619,233</u>

Depreciation expense was charged to business-type activities as follows:

Sewer	\$ 883,419
Refuse	<u>438,902</u>
Total Depreciation Expense	<u>\$ 1,322,321</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

6. Long-term Debt

**Outstanding
Principal at
June 30, 2015**

Business-type activities:

A. Note payable in quarterly installments of \$ 168,042 including interest at 2.66% until June 2027; collateralized by specified vehicles (paid by Sewer Fund).	\$ 6,885,960
B. Note payable in quarterly installments of \$ 42,921 including interest at 1.48% until June 2017; collateralized by specified vehicles (paid by Refuse Fund).	337,720
C. Note payable in quarterly installments of \$ 31,539 including interest at 1.28% until June 2018; collateralized by specified vehicles and land (paid by Refuse Fund).	<u>370,712</u> 7,594,392
Less current portion	<u>(783,509)</u>
Total business-type activity long-term debt	<u><u>\$ 6,810,883</u></u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental activities:

Revenue Bonds

A.	2008 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to construct a fire station, animal care facility, parks office building, parks storage facility, phase one of Cyr Center Park and expand the police station; due in varying annual installments through 2023 with interest ranging from 4.00% to 5.00% (paid by MPC I & R Fund).	\$12,030,000
B.	2010 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to refinance the Series 2000 Municipal Property Corporation Lease Revenue Bonds; due in varying annual installments through 2021 with interest ranging from 4.00% to 5.00% (paid by MPC I & R Fund).	6,175,000

Notes Payable

A.	Note payable in quarterly installments of \$ 18,837 including interest at 2.02% until June 2023; (paid by Airport Fund).	555,297
B.	Note payable in quarterly installments of \$ 10,803 including interest at 1.48% until June 2017; collateralized by specified vehicles (paid by HURF Fund).	85,006
C.	Note payable in quarterly installments of \$ 31,657 including interest at 2.02% until June 2023; collateralized by specified property (paid by Park Development Fund).	933,251
D.	Note payable in quarterly installments of \$ 30,867 including interest at 1.28% until June 2018; collateralized by specified vehicles (paid by 81% General Fund, 19% HURF Fund).	<u>362,813</u>
		20,141,367
	Less current portion of revenue bonds	(2,690,000)
	Less current portion of notes payable	<u>(334,798)</u>
	Total governmental activity long-term debt	<u>\$17,116,569</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Changes in Long-term Debt

Governmental Activities

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Repayments/ Retirements</u>	<u>Balance at June 30, 2015</u>	<u>Current Portion</u>
Revenue bonds	\$ 20,805,000	\$	\$ 2,600,000	\$ 18,205,000	\$ 2,690,000
Notes payable	2,284,887		348,520	1,936,367	334,798
Net OPEB obligation	12,347,378	2,778,000	709,350	14,416,028	
Net pension obligation	39,449,346	3,916,747		43,366,093	
Compensated absences	1,484,887	1,096,512	1,113,080	1,468,319	1,468,319
Total	<u>\$ 76,371,498</u>	<u>\$ 7,791,259</u>	<u>\$ 4,770,950</u>	<u>\$ 79,391,807</u>	<u>\$ 4,493,117</u>

Business-type Activities

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Repayments/ Retirements</u>	<u>Balance at June 30, 2014</u>	<u>Current Portion</u>
Notes payable	\$ 8,552,967	\$	\$ 958,575	\$ 7,594,392	\$ 783,509
Net OPEB obligation	796,650	214,696	83,346	928,000	
Net pension obligation	3,780,984		634,433	3,146,551	
Compensated absences	83,428	59,135	60,617	81,946	81,946
Total	<u>\$ 13,214,029</u>	<u>\$ 273,831</u>	<u>\$ 1,736,971</u>	<u>\$ 11,750,889</u>	<u>\$ 865,455</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Debt Service Requirements to Maturity

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2015, is detailed below.

Year ending 30-Jun	Business-type Activities		Governmental Activities				Total
	Installment Contracts		Revenue Bonds		Installment Contracts		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	783,509	186,499	2,690,000	735,570	334,798	33,859	4,764,235
2017	800,842	169,166	2,805,000	623,376	340,487	28,170	4,767,041
2018	645,948	152,375	2,915,000	503,101	302,823	22,621	4,541,868
2019	534,787	137,380	2,240,000	393,433	184,007	17,969	3,507,576
2020	549,155	123,012	2,335,000	295,210	187,752	14,224	3,504,353
2021	563,909	108,258	2,435,000	192,013	191,574	10,402	3,501,156
2022	579,059	93,108	1,360,000	105,250	195,473	6,503	2,339,393
2023	594,617	77,551	1,425,000	35,625	199,453	2,524	2,334,770
2024	610,592	61,575					672,167
2025	626,996	45,171					672,167
2026	643,841	28,326					672,167
2027	661,137	11,028					672,165
Total	7,594,392	1,193,449	18,205,000	2,883,578	1,936,367	136,272	31,949,058

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Continuing Disclosure Requirements

The City has pledged its future excise tax revenues to repay outstanding municipal facilities revenue bonds. Included in the excise taxes pledged are the City's transaction privilege taxes and State shared sales and income taxes. These bonds were issued by the City's Municipal Property Corporation to fund the construction of an aquatics facility, government maintenance facility, fire station, animal care facility, parks maintenance building, parks office building, water detention basin and expand the police station. The outstanding principal balance of these bonds as of June 30, 2015 was \$18.2 million. The following table shows the total excise taxes pledged, annual debt service and coverage ratio of excise taxes to debt service. The City is obligated, by bond indenture, to maintain a 3 times coverage ratio of prior year pledged excise tax revenues to current year debt service.

Year ending	Pledged		
<u>30-Jun</u>	<u>Excise Taxes</u>	<u>MFRB's</u>	<u>Coverage</u>
2006	\$ 24,713,649	\$ 2,291,174	
2007	28,233,562	1,954,761	12.64
2008	29,542,082	1,957,796	14.42
2009	28,432,239	4,184,643	7.06
2010	27,930,976	3,475,089	8.18
2011	26,120,663	2,990,708	9.34
2012	25,688,339	3,437,020	7.60
2013	25,745,669	3,445,345	7.46
2014	27,381,922	3,445,220	7.47
2015	28,681,141	3,436,845	7.97
2016		3,425,570	8.37
2017		3,428,376	
2018		3,418,101	
2019		2,633,433	
2020		2,630,210	
2021		2,627,013	
2022		1,465,250	
2023		1,460,625	

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

7. Pensions and Other Post Employment Benefits

The City contributes to the two plans described below. The plans are component units of the State and benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The City does not participate in the Elected Officials Retirement Plan.

The City reported \$2,764,589 of pension expenditures in the Governmental Funds related to both pension plans. This amount is for pensions only and does not include long term disability or health benefit contributions.

Arizona State Retirement System

The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer health insurance premium benefit (OPEB) plan, and a cost-sharing multi-employer defined benefit long-term disability (OPEB) plan. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on ASRS's 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:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
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 months of last 120 months	Highest 60 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 based on excess investment earnings. 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 members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. 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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2015 were \$1,100,673.

The City's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:		
2015	\$59,632	\$12,129
2014	60,283	24,113
2013	69,936	25,822

Pension Liability

At June 30, 2015, the City reported a liability of \$16,494,189 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.111473 percent, which was a decrease of 0.014217 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$368,720 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$838,283	\$
Net difference between projected and actual earnings on pension plan investments		2,884,324
Changes in proportion and differences between contributions and proportionate share of contributions		1,648,372
Contributions subsequent to the measurement date	1,100,673	
Total	<u>\$1,938,956</u>	<u>\$4,532,696</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:

2016	(\$1,073,294)
2017	(\$1,073,294)
2018	(826,745)
2019	(721,080)
2020	-
Thereafter	-

Actuarial Assumptions

The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 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 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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25	3.20
Real estate	8	4.75
Commodities	4	4.50
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 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 pension plan's 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
City's proportionate share of the net pension liability	\$20,847,809	\$16,494,189	\$14,132,132

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Public Safety Personnel Retirement System

City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

benefit health insurance premium benefit (OPEB) plan. A seven-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 their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
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%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% of retired member's pension benefit	
Active members	80% 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 excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the agent pension plan's benefit terms:

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	PSPRS – Police	PSPRS – Fire
Retirees and beneficiaries	32	18
Inactives, nonretired members	10	11
Active members	63	45
Total	<u>105</u>	<u>74</u>

Contributions and Annual OPEB Cost

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. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS – Police	PSPRS – Fire
Active members – pension	11.05%	11.05%
City:		
Pension	30.28%	26.65%
Health insurance	1.68%	1.85%

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	PSPRS – Police	PSPRS – Fire
Pension:		
Contributions made	1,243,188	630,702
Health insurance premium benefit:		
Annual OPEB cost	68,975	43,782
Contributions made	68,975	43,782

Pension Liability

At June 30, 2015, the City reported \$19,318,987 in net pension liability for police and \$10,699,468 net pension liability for fire. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	3.25%
Absolute return	4	6.75
Risk parity	4	6.04
Fixed income	7	4.75
Real assets	8	5.96
GTAA	10	5.73
Private equity	11	9.50
Real estate	11	6.50
Credit opportunities	13	8.00
Non-U.S. equity	14	8.63
U.S. equity	16	7.60
Total	<u>100%</u>	

Pension Discount Rates

The discount rate of 7.85% was used to measure the total pension liability. The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Sierra Vista Police Department's and Sierra Vista Fire Department's pension plan's 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 pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Changes in the Agent Plans Net Pension Liability

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Police			
Balances at June 30, 2014	\$28,700,565	\$12,480,308	\$16,220,257
Changes for the year:			
Service cost	881,966		881,966
Interest on the total pension liability	2,221,142		2,221,142
Changes of benefit terms	697,428		697,428
Differences between expected and actual experience in the measurement of the pension liability	(1,116,200)		(1,116,200)
Changes of assumptions or other inputs	3,733,060		3,733,060
Contributions – employer		1,218,115	(1,218,115)
Contributions – employee		434,697	(434,697)
Net investment income		1,714,865	(1,714,865)
Benefit payments, including refunds of employee contributions	(1,693,486)	(1,693,486)	
Administrative expense		(13,811)	13,811
Other changes		(35,200)	(35,200)
Net changes	<u>\$4,723,910</u>	<u>\$1,625,180</u>	<u>\$3,098,730</u>
Balances at June 30, 2015	<u>\$33,424,475</u>	<u>\$14,105,488</u>	<u>\$19,318,987</u>

Changes in the Agent Plans Net Pension Liability

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Fire			
Balances at June 30, 2014	\$20,847,542	\$11,763,532	\$9,084,010
Changes for the year:			
Service cost	554,360		554,360
Interest on the total pension liability	1,621,190		1,621,190
Changes of benefit terms	383,303		383,303
Differences between expected and actual experience in the measurement of the pension liability	(564,575)		(564,575)
Changes of assumptions or other inputs	2,198,015		2,198,015
Contributions – employer		675,704	(675,704)
Contributions – employee		280,114	(280,114)
Net investment income		1,617,085	(1,617,085)

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Benefit payments, including refunds of employee contributions	(945,243)	(945,243)	
Administrative expense		(13,024)	13,024
Other changes		16,956	(16,956)
Net changes	<u>\$3,247,050</u>	<u>\$1,631,592</u>	<u>\$1,615,458</u>
Balances at June 30, 2015	<u>\$24,094,592</u>	<u>\$13,395,124</u>	<u>\$10,699,468</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS – Police:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$23,440,905	\$19,318,987	\$15,894,238
PSPRS – Fire:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$13,624,505	\$10,699,468	\$8,265,714

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense

For the year ended June 30, 2015, the City recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS – Police	\$2,710,393
PSPRS – Fire	\$1,410,416

Pension Deferred Outflows/Inflows of Resource.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSPRS – Police		
Differences between expected and actual experience	\$	\$924,472
Changes of assumptions or other inputs	3,091,839	
Net difference between projected and actual earnings on pension plan investments		560,915

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Contributions subsequent to the measurement date	1,243,188	
Total	\$4,335,027	\$1,485,387
	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
PSPRS – Fire		
Differences between expected and actual experience	\$	\$487,235
Changes of assumptions or other inputs	1,896,913	
Net difference between projected and actual earnings on pension plan investments		528,932
Contributions subsequent to the measurement date	630,702	
Total	\$2,527,615	\$1,016,167

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Police	Fire
2016	\$309,264	\$91,529
2017	309,264	91,529
2018	309,264	91,529
2019	309,264	91,529
2020	369,396	223,762
Thereafter		290,868

Agent Plan OPEB Trend Information

The table below presents the annual OPEB cost information for the health insurance premium benefit for the three most recent years available:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS – Police:			
June 30, 2015	\$82,103	100%	\$-0-
June 30, 2014	75,853	100%	\$-0-
June 30, 2013	76,180	100%	\$-0-
PSPRS – Fire:			
June 30, 2015	\$57,090	100%	\$-0-
June 30, 2014	48,314	100%	\$-0-
June 30, 2013	47,352	100%	\$-0-

Agent Plan OPEB Actuarial Assumptions

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for Projections of benefits are based on (1) the plan as understood by the City and plan's members and include the types of benefits inforce at the valuation date, and (2) the pattern of sharing benefit costs between the City and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.5%-8.5% 4.5%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4%-8% 4%

Agent Plan OPEB Funded Status

The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2015.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
Actuarial value of assets	\$687,807	\$563,686
Actuarial accrued liability	1,082,918	773,791
Unfunded actuarial accrued liability (funding excess)	395,111	210,105
Funded ratio	63.51%	72.85%
Annual covered payroll	3,903,831	2,760,877
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	10.12%	7.61%

Post-employment Benefits Other Than Pensions

The City provides post-employment medical care (OPEB) for its employees through a single employer defined benefit plan. To be eligible for benefits, the employee must retire normally with ASRS or PSPRS and participate in the City insurance program while an active employee. The qualified retiree remains on the City's self-funded program until they are Medicare eligible. Once the retiree is Medicare eligible, they must transfer to the State's insurance plan. For employees hired before October 25, 2009, the City will pay for the qualified retiree's State Medicare supplement. For employees hired after July 1, 2012, the City will not pay any of the retiree's health care. Part of the cost of this retirement benefit is funded by the State depending on the years of services and State funding available.

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for 2015 is:

Annual Required Contribution (ARC)	\$3,162,000
ARC Adjustment	(731,000)
Interest adjustment on Net OPEB obligation	<u>526,000</u>
Annual OPEB Cost	2,957,000
Contributions Made	<u>757,000</u>
Net Increase in OPEB Obligation	2,200,000
Net OPEB Obligation – Beginning of Year	<u>13,144,028</u>
Net OPEB Obligation – End of Year	<u>\$15,344,028</u>

The plan is not accounted for as a trust fund. The City's Health and Accident Insurance fund has net position of \$4,767,779 that can be used to help fund its OPEB liability. However, the City has not elected to establish an irrevocable trust and restrict any of that net position at this time. The plan does not issue a separate financial report.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for fiscal year 2013, 2014 and 2015 are as follows:

Fiscal Year Ended June 30,	Annual OPEB cost	Employer Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation
2013	\$3,608,720	\$707,573	19.61%	\$10,242,881
2014	3,608,720	707,573	19.61	13,144,028
2015	2,957,000	757,000	25.60	15,344,028

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded, The actuarial accrued liability for benefits was \$30,297,000 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability of \$30,297,000. The covered payroll (annual payroll of active employees covered by the plan) was \$16,627,945. The ratio of unfunded actuarially accrued liabilities to covered payroll is 182.21%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plans assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Calculations are based on the types of benefits provided under terms of the substantive plan at the time of each valuation and on the pattern of cost sharing between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial methods and significant assumptions used to determine the ARC for the current year are:

Valuation Date:	07/01/2014
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level dollar method, closed
Remaining Amortization Period:	30 years
Asset Valuation:	Market value
Inflation Rate:	3.00%
Investment Rate of Return:	4.00%
Future Payroll Increases:	N/A
Ultimate Rate of Medical Inflation:	4.50%

Termination Benefits

Upon voluntary or involuntary termination, excluding retirement, an employee is only entitled to his or her unused vacation balance. A retiring employee is entitled to his or her unused vacation and a percentage of his or her unused sick leave. These costs are included in the compensated absences balance in the debt section.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

8. Beginning Net Position Restatement

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activities	Sewer Fund	Refuse Fund
Net position, June 30, 2014, as previously reported	\$ 95,585,153	\$ 31,718,000	\$ 3,357,038
Net pension liability	<u>(39,449,346)</u>	<u>(1,761,051)</u>	<u>(2,019,933)</u>
Net position, July 1, 2014, as restated	\$ 56,135,807	\$ 29,956,949	\$ 1,337,105

9. Construction Commitments

At June 30, 2015, the City had \$242,985 in unperformed construction contracts and commitments outstanding.

10. Stewardship, Compliance and Accountability

Negative Fund Balances

The Grants, Park Development Fee, Sierra Vista Municipal Planning Organization, Police Development Fee and Fire Development Fee Funds had negative fund balances on June 30, 2015. The negative balance in the Grants fund is a grant expenditure that will qualify for reimbursement in Fiscal Year 2016. The negative balances in the development fee funds are due to bond payment transfers to the SVMPC I&R fund. Future impact fee revenues are expected to remove the development fee funds' negative fund balances.

Excess Expenditures Over Budget

At year end, expenditures in the Police Special Programs Fund and SVMPO Fund exceeded the budget, however, this does not constitute a violation of any legal provisions.

11. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, committed, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the City's fund balance classifications at year end.

	Major Funds					Total Funds
	General	HURF	Park Development Fee	Fire Development Fee	Non-Major Funds	
Fund Balances:						
Restricted for:						
Debt Service	\$	\$	\$	\$	\$1,339,024	\$1,339,024
Street Projects		612,188			1,830,568	2,442,756
Other Projects					3,127,649	3,127,649
Unassigned:	4,066,675		(2,400,461)	(1,022,150)	(605,657)	38,407
Total fund balances	<u>\$4,066,675</u>	<u>\$ 612,188</u>	<u>\$(2,400,461)</u>	<u>\$(1,022,150)</u>	<u>\$5,691,584</u>	<u>\$6,947,836</u>

12. Contingencies

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. At June 30, 2015, it is the opinion of City management, based on the advice of the City Attorney, that there is not any pending litigation that would have a material effect on the City's financial position.

13. Risk Management

The City 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. The City was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the City established the following self-insurance funds.

The City established the Self-Insured Retention Fund, an Internal Service Fund, to account for and finance its uninsured risks of loss related to property and liability claims. Under this program, the Self-Insured Retention Fund provides coverage for up to a maximum of \$10,000 for each property claim and general liability claim. The City joined the Arizona Municipal Risk Retention Pool (AMRRP), together with other cities and towns in the State to provide coverage for amounts over \$10,000. AMRRP is a public entity risk pool currently operating as a common risk management and insurance program for 59 member cities and towns. The City pays an annual premium to AMRRP for its general insurance coverage. The agreement provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000 for general liability claims and \$100,000 for property claims for each insured event.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The City established the Health and Accident Insurance Fund, an Internal Service Fund, to account for and finance its uninsured risks of loss related to employee health and accidents. Under this program, the Health and Accident Insurance Fund provides coverage for up to a maximum of \$100,000 for each employee health and accident claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for risks of loss for workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City also established the Unemployment Insurance Fund, an Internal Service Fund, to account for and finance its risks of loss related to unemployment claims. The City has fully assumed the liability risk associated with this program.

The Unemployment Insurance Fund is fully funded, and therefore, no contribution was made to it. The City has designated the net position in this fund of \$10,919 as future catastrophe loss reserves. The Self Insured Retention Fund received restitution payments of \$37,512 during the year. Employees paid from the General, Special Revenue and Enterprise Funds participate in the Health and Accident Insurance Fund and make payments based on historical experience estimates of the amounts needed to pay prior and current year claims.

The claims liabilities reported in the Funds at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in fiscal years 2013-2014 and 2014-2015 were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year End</u>
Health and Accident Insurance:				
2013-14	\$226,470	\$3,391,414	\$3,399,933	\$217,951
2014-15	\$217,951	\$3,255,051	\$3,286,404	\$186,598
Unemployment Insurance:				
2013-14	-0-	\$8,552	\$8,552	-0-
2014-15	-0-	\$10,378	\$10,378	-0-
Self-Insured Retention:				
2013-14	-0-	\$104,127	\$104,127	-0-
2014-15	-0-	\$53,979	\$26,522	\$27,457

The City continues to carry commercial insurance for worker's compensation and airport liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

14. Interfund Balances and Transfers

Individual interfund balances for due to/ from to other funds at June 30, 2015 are as follows.

<u>Governmental Funds</u>	<u>Due to other funds</u>	<u>Due from other funds</u>
General	\$	\$ 213,279
Infrastructure Development		1,802,332
Capital Improvements		2,187,634
Refuse		1,658,632
Sewer	1,658,632	
LTAf	63,671	
Grants	69,833	
SVMPO	28,826	
Capital Improvements	50,949	
Park Development	2,399,871	
Police Development	568,535	
Fire Development	1,021,560	
Total	\$ <u>5,861,877</u>	\$ <u>5,861,877</u>

All of the due to other funds is for cash balancing purposes. The LTAf and Grants Funds will be repaid during the following fiscal year from cash inflows into the funds. The three development fee funds will be repaid as development fees are received.

Individual interfund transfers for Fiscal Year 2015 were:

<u>Fund</u>	Individual Fund Transfer	Total Fund Transfer out	Individual Fund Transfer	Total Fund Transfer In
General	\$	\$ 1,382,788	\$	\$
LTAf	463,963			
HURF	806,939			
Grants	10,335			
Police Development	13,981			
Infrastructure Development	63,073			
Fire Development	24,497			
Capital Improvements		2,835,781		
SVMPC I&R	2,835,781			
Sewer		149,813		
SVMPC I&R	149,813			
Park Development		23,250		
SVMPC I&R	23,250			
Police Development		212,043		
SVMPC I&R	212,043			
Fire Development		261,466		
SVMPC I&R	261,466			
HURF				806,939
General			806,939	
LTAf				463,963

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

General	463,963	
Grants		10,335
General	10,335	
SVMPC I&R		3,482,353
Capital Improvements	2,835,781	
Sewer	149,813	
Park Development	23,250	
Police Development	212,043	
Fire Development	261,466	
Police Development		13,981
General	13,981	
Infrastructure Development		63,073
General	63,073	
Fire Development		24,497
General	24,497	
Total Transfers	\$ 4,865,141	\$ 4,865,141

Transfers to the SVMPC Interest and Redemption Fund are to cover bond principal and interest payments. The transfers to the Local Transportation Assistance, Grants and Highway User Revenue Fund are to cover grant match requirements and capital maintenance. The General Fund transfers to the development fee funds are required by the City's development fee code.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Taxes	\$13,318,746	\$ 13,999,509	\$ 680,763
Licenses and permits	1,902,500	1,775,419	(127,081)
Intergovernmental	12,708,784	11,621,209	(1,087,575)
Charges for services	4,305,000	4,038,615	(266,385)
Fines	25,000	22,319	(2,681)
Investment income	10,000	15,017	5,017
Contributions	1,000	140,156	139,156
Other revenues	515,500	386,384	(129,116)
Total revenues	<u>32,786,530</u>	<u>31,998,628</u>	<u>(787,902)</u>
Expenditures:			
Current -			
General government	6,274,344	6,063,432	210,912
Public safety	15,641,994	14,058,173	1,583,821
Public works	6,553,303	6,414,028	139,275
Culture and recreation	3,146,600	2,904,849	241,751
Community development	853,279	961,651	(108,372)
Debt service -			
Interest and fiscal charges	5,000	4,864	136
Principal	115,000	114,988	12
Total expenditures	<u>32,589,520</u>	<u>30,521,985</u>	<u>2,067,535</u>
Excess (deficiency) of revenues over expenditures	<u>197,010</u>	<u>1,476,643</u>	<u>1,279,633</u>
Other financing sources (uses):			
Transfers out	(1,333,556)	(1,382,788)	(49,232)
Transfer in	862,046		(862,046)
Proceeds from installment purchase	274,500		(274,500)
Total other financing sources (uses)	<u>(197,010)</u>	<u>(1,382,788)</u>	<u>(1,185,778)</u>
Change in fund balances		<u>93,855</u>	<u>93,855</u>
Fund balances, July 1, 2014		3,972,820	3,972,820
Fund balances, June 30, 2015	<u>\$</u>	<u>\$ 4,066,675</u>	<u>\$ 4,066,675</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HURF
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental	\$ 5,133,861	\$ 3,304,995	\$(1,828,866)
Investment income		821	821
Contributions	1,400,000	1,226,805	(173,195)
Other revenues		31,138	31,138
Total revenues	<u>6,533,861</u>	<u>4,563,759</u>	<u>(1,970,102)</u>
Expenditures:			
Current -			
General government	83,171	70,902	12,269
Public works	7,621,677	5,016,356	2,605,321
Debt service -			
Interest and fiscal charges	2,800	2,696	104
Principal	64,000	63,773	227
Total expenditures	<u>7,771,648</u>	<u>5,153,727</u>	<u>2,617,921</u>
Excess (deficiency) of revenues over expenditures	<u>(1,237,787)</u>	<u>(589,968)</u>	<u>647,819</u>
Other financing sources (uses):			
Transfer in	700,000	806,939	106,939
Proceeds from installment purchase	244,800		(244,800)
Total other financing sources (uses)	<u>944,800</u>	<u>806,939</u>	<u>(137,861)</u>
Change in fund balances	<u>(292,987)</u>	<u>216,971</u>	<u>509,958</u>
Fund balances, July 1, 2014	292,987	395,217	102,230
Fund balances, June 30, 2015	<u>\$</u>	<u>\$ 612,188</u>	<u>\$ 612,188</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARK DEVELOPMENT FEE
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Charges for services	\$ 150,000	\$ 70,500	\$ (79,500)
Total revenues	<u>150,000</u>	<u>70,500</u>	<u>(79,500)</u>
Expenditures:			
Current -			
Culture and recreation	12,000	4,568	7,432
Debt service -			
Interest and fiscal charges	20,250	20,199	51
Principal	106,500	106,431	69
Total expenditures	<u>138,750</u>	<u>131,198</u>	<u>7,552</u>
Excess (deficiency) of revenues over expenditures	<u>11,250</u>	<u>(60,698)</u>	<u>(71,948)</u>
Other financing sources (uses):			
Transfers out	(23,250)	(23,250)	
Total other financing sources (uses)	<u>(23,250)</u>	<u>(23,250)</u>	
Change in fund balances	<u>(12,000)</u>	<u>(83,948)</u>	<u>(71,948)</u>
Fund balances (deficits), July 1, 2014	12,000	(2,316,513)	(2,328,513)
Fund balances (deficits), June 30, 2015	<u>\$</u>	<u>\$(2,400,461)</u>	<u>\$(2,400,461)</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - FIRE DEVELOPMENT FEE
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Charges for services	\$ 49,392	\$ 90,143	\$ 40,751
Total revenues	<u>49,392</u>	<u>90,143</u>	<u>40,751</u>
Expenditures:			
Current -			
Public safety	12,000	4,568	7,432
Total expenditures	<u>12,000</u>	<u>4,568</u>	<u>7,432</u>
Excess (deficiency) of revenues over expenditures	<u>37,392</u>	<u>85,575</u>	<u>48,183</u>
Other financing sources (uses):			
Transfers out	(261,466)	(261,466)	
Transfer in	16,464	24,497	8,033
Total other financing sources (uses)	<u>(245,002)</u>	<u>(236,969)</u>	<u>8,033</u>
Change in fund balances	<u>(207,610)</u>	<u>(151,394)</u>	<u>56,216</u>
Fund balances (deficits), July 1, 2014	207,610	(870,756)	(1,078,366)
Fund balances (deficits), June 30, 2015	<u>\$</u>	<u>\$(1,022,150)</u>	<u>\$(1,022,150)</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
City's proportion of the net pension liability (asset)	0.11%
City's proportionate share of the net pension liability (asset)	\$ 16,494,189
City's covered-employee payroll	\$ 10,129,227
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	162.84%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2015**

2015

Arizona State Retirement System:

Actuarially determined contribution	\$ 1,100,673
Contributions in relation to the actuarially determined contribution	<u>1,100,673</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 10,107,190
Contributions as a percentage of covered-employee payroll	10.89%

Public Safety Personnel Retirement System - Police:

Actuarially determined contribution	\$ 1,243,188
Contributions in relation to the actuarially determined contribution	<u>1,243,188</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 4,105,641
Contributions as a percentage of covered-employee payroll	30.28%

Public Safety Personnel Retirement System - Fire:

Actuarially determined contribution	\$ 630,702
Contributions in relation to the actuarially determined contribution	<u>630,702</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 2,366,612
Contributions as a percentage of covered-employee payroll	26.65%

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF FUNDING PROGRESS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM AND POST-EMPLOYMENT MEDICAL CARE PLAN
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE ACTUARIAL VALUATIONS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
PSPRS - Police:						
2015	\$ 687,807	\$ 1,082,918	\$ 395,111	63.51 %	\$ 3,903,831	10.12 %
2014	675,223	1,049,038	373,815	64.37	4,088,232	9.14
2013		1,007,849	1,007,849	-	4,475,266	22.52
PSPRS - Fire:						
2015	\$ 563,686	\$ 773,791	\$ 210,105	72.85 %	\$ 2,760,877	7.61 %
2014	536,399	741,808	205,409	72.31	2,643,679	7.77
2013		731,542	731,542	-	2,825,891	25.89
Post-Employment Medical Care:						
2014	\$	\$ 30,297,000	\$ 30,297,000	- %	16,627,945	182.21 %
2012		33,702,000	33,702,000	-	17,771,350	189.64
2010		22,425,000	22,425,000	-	18,630,856	120.36

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
YEAR ENDED JUNE 30, 2015**

	2015
Total pension liability	
Service cost	\$ 881,966
Interest	2,221,142
Changes of benefit terms	697,428
Differences between expected and actual	(1,116,200)
Changes of assumptions	3,733,060
Benefit payments, including refunds	(1,693,486)
Net change in total pension liability	4,723,910
Total pension liability—beginning	28,700,565
Total pension liability—ending	\$ 33,424,475
 Plan fiduciary net position	
Contributions—employer	\$ 1,218,115
Contributions—employee	434,697
Net investment income	1,714,865
Benefit payments, including refunds	(1,693,486)
Administrative expense	(13,811)
Other	(35,200)
Net change in plan fiduciary net position	1,625,180
Plan fiduciary net position—beginning	12,480,308
Plan fiduciary net position—ending	\$ 14,105,488
 Net pension liability—ending	\$ 19,318,987
 Plan fiduciary net position as a percentage of the total pension liability	42.20%
 Covered-employee payroll	\$ 4,120,822
 Net pension liability as a percentage of covered-employee payroll	468.81%

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE
YEAR ENDED JUNE 30, 2015**

	2015
Total pension liability	
Service cost	\$ 554,360
Interest	1,621,190
Changes of benefit terms	383,303
Differences between expected and actual	(564,575)
Changes of assumptions	2,198,015
Benefit payments, including refunds	(945,243)
Net change in total pension liability	3,247,050
Total pension liability—beginning	20,847,542
Total pension liability—ending	\$ 24,094,592
 Plan fiduciary net position	
Contributions—employer	\$ 675,704
Contributions—employee	280,114
Net investment income	1,617,085
Benefit payments, including refunds	(945,243)
Administrative expense	(13,024)
Other	16,956
Net change in plan fiduciary net position	1,631,592
Plan fiduciary net position—beginning	11,763,532
Plan fiduciary net position—ending	\$ 13,395,124
 Net pension liability—ending	\$ 10,699,468
 Plan fiduciary net position as a percentage of the total pension liability	55.59%
 Covered-employee payroll	\$ 2,757,976
 Net pension liability as a percentage of covered-employee payroll	387.95%

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 2 –PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The actuarial assumptions used in the June 30, 2014 valuation of PSPRS were based on the results of an actuarial experience study for the five year period ended June 30, 2011. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014 reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumptions from 4.5% to 4.0%

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY
 FUND TYPE
 JUNE 30, 2015**

	Special Revenue	Municipal Property Corporation Interest and Redemption
<u>ASSETS</u>		
Cash and investments	\$ 885,544	\$ 1,738,709
Intergovernmental receivable	448,757	
Accounts receivable	27,464	
Due from other funds	1,802,332	
Inventory	100,567	
Total assets	\$ 3,264,664	\$ 1,738,709
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 292,791	\$ 5,000
Due to other funds	730,865	
Interest payable		394,685
Accrued salaries	44,801	
Other liabilities	26,973	
Total liabilities	1,095,430	399,685
Fund balances:		
Unassigned	(605,657)	
Restricted	2,774,891	1,339,024
Total fund balances	2,169,234	1,339,024
Total liabilities and fund balances	\$ 3,264,664	\$ 1,738,709

Capital Improvements	Total Non-Major Governmental Funds
\$	\$ 2,624,253
	448,757
46,641	74,105
2,187,634	3,989,966
	100,567
<u>\$ 2,234,275</u>	<u>\$ 7,237,648</u>
\$	\$ 297,791
50,949	781,814
	394,685
	44,801
	26,973
<u>50,949</u>	<u>1,546,064</u>
	(605,657)
<u>2,183,326</u>	<u>6,297,241</u>
<u>2,183,326</u>	<u>5,691,584</u>
<u>\$ 2,234,275</u>	<u>\$ 7,237,648</u>

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue</u>	<u>Municipal Property Corporation Interest and Redemption</u>
Revenues:		
Taxes	\$	\$
Intergovernmental	1,712,236	
Charges for services	1,343,565	
Investment income		32
Contributions	228,115	
Other revenues	323,228	
Total revenues	<u>3,607,144</u>	<u>32</u>
Expenditures:		
Current -		
General government	927	
Public safety	589,862	
Public works	2,790,986	
Culture and recreation	87,886	
Community development	230,184	
Debt service -		
Interest and fiscal charges	12,019	841,845
Principal	63,328	2,600,000
Total expenditures	<u>3,775,192</u>	<u>3,441,845</u>
 Excess (deficiency) of revenues over expenditures	 <u>(168,048)</u>	 <u>(3,441,813)</u>
 Other financing sources (uses):		
Transfers out	(212,043)	
Transfer in	551,352	3,482,353
Total other financing sources (uses)	<u>339,309</u>	<u>3,482,353</u>
 Change in fund balances	 <u>171,261</u>	 <u>40,540</u>
 Fund balances, beginning of year	 1,997,973	 1,298,484
 Fund balances, end of year	 <u>\$ 2,169,234</u>	 <u>\$ 1,339,024</u>

Capital Improvements	Total Non-Major Governmental Funds
\$ 3,927,153	\$ 3,927,153
	1,712,236
	1,343,565
	32
	228,115
249,488	572,716
<u>4,176,641</u>	<u>7,783,817</u>
	927
	589,862
	2,790,986
	87,886
	230,184
	853,864
	<u>2,663,328</u>
	<u>7,217,037</u>
<u>4,176,641</u>	<u>566,780</u>
(2,835,781)	(3,047,824)
	4,033,705
<u>(2,835,781)</u>	<u>985,881</u>
<u>1,340,860</u>	<u>1,552,661</u>
842,466	4,138,923
<u>\$ 2,183,326</u>	<u>\$ 5,691,584</u>

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NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific sources. They are usually required by state statute, local ordinance or Federal Regulation to finance a particular operation or function.

Sierra Vista Municipal Planning Organization Fund (SVMPO) - To account for the operations of the local MPO.

Local Transportation Assistance Fund (LTAF) - To account for the operation of the City's transit service.

Police Special Programs Fund - To account for criminal investigation activities that result in the seizure of assets and Animal Control's Paws-to-Recycle program.

Grants Fund - To account for certain grants received by the City.

Judicial Collection Enhancement Fund - To account for special fees and surcharges assessed pursuant to State statute. This money can only be used for approved expenditures which improve, maintain or enhance the judiciary's ability to collect and manage monies assessed or received by the courts.

Airport Fund – This fund accounts for the operation of the Sierra Vista Municipal Airport.

Miscellaneous Donations Fund - To account for contributions from private sources restricted according to the donors request.

Library Development Fee Fund - To account for fees collected from subdivision developers to construct a branch library or expand the current library. Any unused monies must be returned to the developers after ten years.

Police Development Fee Fund - To account for fees collected from subdivision developers to expand current facilities and add new equipment to maintain the City's current level of police service. Any unused monies must be returned to the developers after ten years.

Infrastructure Development Fee Fund - To account for fees collected from subdivision developers to construct certain infrastructure improvements attributable to new growth. Any unused monies must be returned to the developers after ten years.

**CITY OF SIERRA VISTA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015**

	<u>SVMPO</u>	<u>LTAf</u>	<u>Police Special Programs</u>
<u>ASSETS</u>			
Cash and investments	\$	\$	\$ 373,023
Intergovernmental receivable	131,456	225,050	
Accounts receivable		534	
Due from other funds			
Inventory			
Total assets	<u>\$ 131,456</u>	<u>\$ 225,584</u>	<u>\$ 373,023</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 102,399	\$ 8,567	\$ 73,428
Due to other funds	28,826	63,671	
Accrued salaries	1,034	37,052	
Other liabilities			
Total liabilities	<u>132,259</u>	<u>109,290</u>	<u>73,428</u>
Fund balances (deficits):			
Unassigned	(803)		
Restricted		116,294	299,595
Total fund balances	<u>(803)</u>	<u>116,294</u>	<u>299,595</u>
Total liabilities and fund balances	<u>\$ 131,456</u>	<u>\$ 225,584</u>	<u>\$ 373,023</u>

<u>Grants</u>	<u>Judicial Collection Enhancement</u>	<u>Airport</u>	<u>Miscellaneous Donations</u>	<u>Library Development Fee</u>	<u>Police Development Fee</u>
\$	\$ 157	\$ 14,749	\$ 463,623	\$ 5,166	\$
89,203		3,048			
		26,830	100		
		100,567			
<u>\$ 89,203</u>	<u>\$ 157</u>	<u>\$ 145,194</u>	<u>\$ 463,723</u>	<u>\$ 5,166</u>	<u>\$</u>
\$ 28,125	\$	\$ 73,264	\$ 5,237	\$ 590	\$ 591
69,833					568,535
		6,715			
26,973					
<u>124,931</u>		<u>79,979</u>	<u>5,237</u>	<u>590</u>	<u>569,126</u>
(35,728)					(569,126)
	157	65,215	458,486	4,576	
<u>(35,728)</u>	<u>157</u>	<u>65,215</u>	<u>458,486</u>	<u>4,576</u>	<u>(569,126)</u>
<u>\$ 89,203</u>	<u>\$ 157</u>	<u>\$ 145,194</u>	<u>\$ 463,723</u>	<u>\$ 5,166</u>	<u>\$</u>

(Continued)

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015
 (Concluded)**

	Infrastructure Development Fee	Totals
<u>ASSETS</u>		
Cash and investments	\$ 28,826	\$ 885,544
Intergovernmental receivable		448,757
Accounts receivable		27,464
Due from other funds	1,802,332	1,802,332
Inventory		100,567
Total assets	\$ 1,831,158	\$ 3,264,664
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 590	\$ 292,791
Due to other funds		730,865
Accrued salaries		44,801
Other liabilities		26,973
Total liabilities	590	1,095,430
 Fund balances (deficits):		
Unassigned		(605,657)
Restricted	1,830,568	2,774,891
Total fund balances	1,830,568	2,169,234
Total liabilities and fund balances	\$ 1,831,158	\$ 3,264,664

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**CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015**

	SVMPO	LTAF	Police Special Programs
Revenues:			
Intergovernmental	\$ 376,084	\$ 812,518	\$ 11,933
Charges for services		116,690	11,526
Contributions			1,561
Other revenues		904	318,958
Total revenues	<u>376,084</u>	<u>930,112</u>	<u>343,978</u>
Expenditures:			
Current -			
General government			
Public safety			154,225
Public works	376,887	1,352,014	
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>376,887</u>	<u>1,352,014</u>	<u>154,225</u>
Excess (deficiency) of revenues over expenditures	<u>(803)</u>	<u>(421,902)</u>	<u>189,753</u>
Other financing sources (uses):			
Transfers out			
Transfer in		463,963	
Total other financing sources (uses)		<u>463,963</u>	
Change in fund balances	<u>(803)</u>	<u>42,061</u>	<u>189,753</u>
Fund balances (deficits), beginning of year		74,233	109,842
Fund balances (deficits), end of year	<u>\$ (803)</u>	<u>\$ 116,294</u>	<u>\$ 299,595</u>

<u>Grants</u>	<u>Judicial Collection Enhancement</u>	<u>Airport</u>	<u>Miscellaneous Donations</u>	<u>Library Development Fee</u>	<u>Police Development Fee</u>
\$ 471,340	\$	\$ 40,361	\$	\$	\$
81,216		930,629	145,338	9,144	46,769
		3,366			
<u>552,556</u>		<u>974,356</u>	<u>145,338</u>	<u>9,144</u>	<u>46,769</u>
378,957		814,638	927 52,112 4,851 83,318 500	4,568	4,568
229,684		12,019 63,328			
<u>608,641</u>		<u>889,985</u>	<u>141,708</u>	<u>4,568</u>	<u>4,568</u>
<u>(56,085)</u>		<u>84,371</u>	<u>3,630</u>	<u>4,576</u>	<u>42,201</u>
10,335					(212,043)
<u>10,335</u>					<u>13,981</u>
					<u>(198,062)</u>
<u>(45,750)</u>		<u>84,371</u>	<u>3,630</u>	<u>4,576</u>	<u>(155,861)</u>
10,022	157	(19,156)	454,856		(413,265)
<u>\$ (35,728)</u>	<u>\$ 157</u>	<u>\$ 65,215</u>	<u>\$ 458,486</u>	<u>\$ 4,576</u>	<u>\$ (569,126)</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015
(Concluded)

	Infrastructure Development Fee	Totals
Revenues:		
Intergovernmental	\$	\$ 1,712,236
Charges for services	228,807	1,343,565
Contributions		228,115
Other revenues		323,228
Total revenues	228,807	3,607,144
Expenditures:		
Current -		
General government		927
Public safety		589,862
Public works	242,596	2,790,986
Culture and recreation		87,886
Community development		230,184
Debt service -		
Interest and fiscal charges		12,019
Principal		63,328
Total expenditures	242,596	3,775,192
Excess (deficiency) of revenues over expenditures	(13,789)	(168,048)
Other financing sources (uses):		
Transfers out		(212,043)
Transfer in	63,073	551,352
Total other financing sources (uses)	63,073	339,309
Change in fund balances	49,284	171,261
Fund balances (deficits), beginning of year	1,781,284	1,997,973
Fund balances (deficits), end of year	\$ 1,830,568	\$ 2,169,234

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**CITY OF SIERRA VISTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2015**

	SVMPO		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$ 376,084	\$ 376,084
Charges for services			
Fines			
Contributions			
Other revenues			
Total revenues		<u>376,084</u>	<u>376,084</u>
Expenditures:			
Current -			
General government			
Public safety			
Public works		376,887	(376,887)
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures		<u>376,887</u>	<u>(376,887)</u>
Excess (deficiency) of revenues over expenditures		<u>(803)</u>	<u>(803)</u>
Other financing sources (uses):			
Transfers out			
Transfer in			
Total other financing sources (uses)			
Change in fund balances		<u>(803)</u>	<u>(803)</u>
Fund balances (deficits), July 1, 2014			
Fund balances (deficits), June 30, 2015	<u>\$</u>	<u>\$ (803)</u>	<u>\$ (803)</u>

LTAF			Police Special Programs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 1,189,647	\$ 812,518	\$ (377,129)	\$ 100,250	\$ 11,933	\$ (88,317)
110,000	116,690	6,690		11,526	11,526
				1,561	1,561
5,000	904	(4,096)		318,958	318,958
<u>1,304,647</u>	<u>930,112</u>	<u>(374,535)</u>	<u>100,250</u>	<u>343,978</u>	<u>243,728</u>
1,858,660	1,352,014	506,646	100,250	154,225	(53,975)
<u>1,858,660</u>	<u>1,352,014</u>	<u>506,646</u>	<u>100,250</u>	<u>154,225</u>	<u>(53,975)</u>
(554,013)	(421,902)	132,111		189,753	189,753
463,963	463,963		(35,000)		35,000
<u>463,963</u>	<u>463,963</u>		<u>(35,000)</u>		<u>35,000</u>
(90,050)	42,061	132,111	(35,000)	189,753	224,753
90,050	74,233	(15,817)	35,000	109,842	74,842
<u>\$</u>	<u>\$ 116,294</u>	<u>\$ 116,294</u>	<u>\$</u>	<u>\$ 299,595</u>	<u>\$ 299,595</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015
(Continued)

	Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 1,821,401	\$ 471,340	\$(1,350,061)
Charges for services			
Fines			
Contributions	2,830,000	81,216	(2,748,784)
Other revenues			
Total revenues	<u>4,651,401</u>	<u>552,556</u>	<u>(4,098,845)</u>
Expenditures:			
Current -			
General government	80,000		80,000
Public safety	2,472,331	378,957	2,093,374
Public works	1,500,000		1,500,000
Culture and recreation	200,000		200,000
Community development	513,340	229,684	283,656
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>4,765,671</u>	<u>608,641</u>	<u>4,157,030</u>
Excess (deficiency) of revenues over expenditures	<u>(114,270)</u>	<u>(56,085)</u>	<u>58,185</u>
Other financing sources (uses):			
Transfers out			
Transfer in	106,939	10,335	(96,604)
Total other financing sources (uses)	<u>106,939</u>	<u>10,335</u>	<u>(96,604)</u>
Change in fund balances	<u>(7,331)</u>	<u>(45,750)</u>	<u>(38,419)</u>
Fund balances (deficits), July 1, 2014	7,331	10,022	2,691
Fund balances (deficits), June 30, 2015	<u>\$</u>	<u>\$ (35,728)</u>	<u>\$ (35,728)</u>

Judicial Collection Enhancement			Airport		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 2,281,257	\$ 40,361	\$(2,240,896)
4,500		(4,500)	1,140,157	930,629	(209,528)
			5,000	3,366	(1,634)
4,500		(4,500)	3,426,414	974,356	(2,452,058)
4,500		4,500	3,470,557	814,638	2,655,919
			12,050	12,019	31
			63,350	63,328	22
4,500		4,500	3,545,957	889,985	2,655,972
			(119,543)	84,371	203,914
			119,543		(119,543)
			119,543		(119,543)
				84,371	84,371
	157	157		(19,156)	(19,156)
\$	\$ 157	\$ 157	\$	\$ 65,215	\$ 65,215

(Continued)

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015
(Continued)

	Miscellaneous Donations		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Fines			
Contributions	395,154	145,338	(249,816)
Other revenues			
Total revenues	<u>395,154</u>	<u>145,338</u>	<u>(249,816)</u>
Expenditures:			
Current -			
General government		927	(927)
Public safety	210,074	52,112	157,962
Public works		4,851	(4,851)
Culture and recreation	185,080	83,318	101,762
Community development		500	(500)
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>395,154</u>	<u>141,708</u>	<u>253,446</u>
Excess (deficiency) of revenues over expenditures		<u>3,630</u>	<u>3,630</u>
Other financing sources (uses):			
Transfers out			
Transfer in			
Total other financing sources (uses)			
Change in fund balances		<u>3,630</u>	<u>3,630</u>
Fund balances (deficits), July 1, 2014		454,856	454,856
Fund balances (deficits), June 30, 2015	<u>\$</u>	<u>\$ 458,486</u>	<u>\$ 458,486</u>

Library Development Fee			Police Development Fee		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 10,000	\$ 9,144	\$ (856)	\$ 41,944	\$ 46,769	\$ 4,825
<u>10,000</u>	<u>9,144</u>	<u>(856)</u>	<u>41,944</u>	<u>46,769</u>	<u>4,825</u>
12,000	4,568	7,432	12,000	4,568	7,432
<u>12,000</u>	<u>4,568</u>	<u>7,432</u>	<u>12,000</u>	<u>4,568</u>	<u>7,432</u>
(2,000)	4,576	6,576	29,944	42,201	12,257
(10,000)		10,000	(212,043)	(212,043)	
<u>(10,000)</u>		<u>10,000</u>	<u>13,981</u>	<u>13,981</u>	
(12,000)	4,576	16,576	(168,118)	(155,861)	12,257
12,000		(12,000)	168,118	(413,265)	(581,383)
<u>\$</u>	<u>\$ 4,576</u>	<u>\$ 4,576</u>	<u>\$</u>	<u>\$ (569,126)</u>	<u>\$ (569,126)</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015
(Concluded)

	Infrastructure Development Fee		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	189,220	228,807	39,587
Fines			
Contributions			
Other revenues			
Total revenues	189,220	228,807	39,587
Expenditures:			
Current -			
General government			
Public safety			
Public works	2,012,000	242,596	1,769,404
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	2,012,000	242,596	1,769,404
Excess (deficiency) of revenues over expenditures	(1,822,780)	(13,789)	1,808,991
Other financing sources (uses):			
Transfers out			
Transfer in	63,073	63,073	
Total other financing sources (uses)	63,073	63,073	
Change in fund balances	(1,759,707)	49,284	1,808,991
Fund balances (deficits), July 1, 2014	1,759,707	1,781,284	21,577
Fund balances (deficits), June 30, 2015	\$	\$ 1,830,568	\$ 1,830,568

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 5,392,555	\$ 1,712,236	\$ (3,680,319)
1,491,321	1,343,565	(147,756)
4,500		(4,500)
3,225,154	228,115	(2,997,039)
10,000	323,228	313,228
<u>10,123,530</u>	<u>3,607,144</u>	<u>(6,516,386)</u>
84,500	927	83,573
2,794,655	589,862	2,204,793
8,841,217	2,790,986	6,050,231
397,080	87,886	309,194
513,340	230,184	283,156
12,050	12,019	31
<u>63,350</u>	<u>63,328</u>	<u>22</u>
<u>12,706,192</u>	<u>3,775,192</u>	<u>8,931,000</u>
<u>(2,582,662)</u>	<u>(168,048)</u>	<u>2,414,614</u>
(257,043)	(212,043)	45,000
<u>767,499</u>	<u>551,352</u>	<u>(216,147)</u>
<u>510,456</u>	<u>339,309</u>	<u>(171,147)</u>
<u>(2,072,206)</u>	<u>171,261</u>	<u>2,243,467</u>
2,072,206	1,997,973	(74,233)
<u>\$</u>	<u>\$ 2,169,234</u>	<u>\$ 2,169,234</u>

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NON-MAJOR DEBT SERVICE FUND

Debt Service Funds are created to account for the payment of interest and principal on long-term debt other than debt issued for and serviced primarily by a government enterprise.

Sierra Vista Municipal Property Corporation Interest and Redemption Fund - To account for the accumulation of resources and payment of principal and interest on Sierra Vista Municipal Property Corporation Municipal Facilities Revenue Bonds. Principal and interest on the bonds are payable from and secured by a pledge of and first lien on all excise tax revenues received by the City.

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
 JUNE 30, 2015**

	<u>Municipal Property Corporation Interest and Redemption</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 1,738,709</u>
Total assets	<u><u>\$ 1,738,709</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 5,000
Interest payable	<u>394,685</u>
Total liabilities	<u>399,685</u>
Fund balances:	
Unassigned	
Restricted	<u>1,339,024</u>
Total fund balances	<u>1,339,024</u>
 Total liabilities and fund balances	 <u><u>\$ 1,738,709</u></u>

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES -
 NON-MAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2015**

	Municipal Property Corporation Interest and Redemption
Revenues:	
Investment income	\$ 32
Total revenues	32
 Expenditures:	
Debt service -	
Interest and fiscal charges	841,845
Principal	2,600,000
Total expenditures	3,441,845
Excess (deficiency) of revenues over expenditures	(3,441,813)
 Other financing sources (uses):	
Transfer in	3,482,353
Total other financing sources (uses)	3,482,353
Change in fund balances	40,540
Fund balances, beginning of year	1,298,484
Fund balances, end of year	\$ 1,339,024

**CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2015**

	Municipal Property Corporation Interest and Redemption		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Investment income	\$	\$ 32	\$ 32
Total revenues		32	32
Expenditures:			
Debt service -			
Interest and fiscal charges	845,400	841,845	3,555
Principal	2,600,000	2,600,000	
Total expenditures	3,445,400	3,441,845	3,555
Excess (deficiency) of revenues over expenditures	(3,445,400)	(3,441,813)	3,587
Other financing sources (uses):			
Transfer in	3,445,400	3,482,353	36,953
Total other financing sources (uses)	3,445,400	3,482,353	36,953
Change in fund balances		40,540	40,540
Fund balances, July 1, 2014		1,298,484	1,298,484
Fund balances, June 30, 2015	\$	\$1,339,024	\$1,339,024

NON-MAJOR CAPITAL PROJECT FUND

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by Enterprise or Special Revenue Funds. Capital Projects Funds provide a mechanism to ensure that revenues dictated to a certain, relatively restricted purpose are used only from that purpose.

Capital Improvements Fund - To account for local transaction privilege taxes designated for capital improvements and debt service on capital improvements.

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015**

	Capital Improvements
<u>ASSETS</u>	
Accounts receivable	\$ 46,641
Due from other funds	2,187,634
Total assets	\$ 2,234,275
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Due to other funds	\$ 50,949
Total liabilities	50,949
Fund balances:	
Unassigned:	
Restricted	2,183,326
Total fund balances	2,183,326
 Total liabilities and fund balances	 \$ 2,234,275

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES -
 NON-MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2015**

	<u>Capital Improvements</u>
Revenues:	
Taxes	\$ 3,927,153
Other revenues	<u>249,488</u>
Total revenues	<u>4,176,641</u>
Excess (deficiency) of revenues over expenditures	<u>4,176,641</u>
Other financing sources (uses):	
Transfers out	<u>(2,835,781)</u>
Total other financing sources (uses)	<u>(2,835,781)</u>
Change in fund balances	<u>1,340,860</u>
Fund balances, beginning of year	842,466
Fund balances, end of year	<u><u>\$ 2,183,326</u></u>

**CITY OF SIERRA VISTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2015**

	Capital Improvements		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$3,773,897	\$3,927,153	\$ 153,256
Other revenues	100,000	249,488	149,488
Total revenues	<u>3,873,897</u>	<u>4,176,641</u>	<u>302,744</u>
Expenditures:			
Capital outlay	870,000		870,000
Total expenditures	<u>870,000</u>		<u>870,000</u>
Excess (deficiency) of revenues over expenditures	<u>3,003,897</u>	<u>4,176,641</u>	<u>1,172,744</u>
Other financing sources (uses):			
Transfers out	(3,776,281)	(2,835,781)	940,500
Transfer in	10,000		(10,000)
Total other financing sources (uses)	<u>(3,766,281)</u>	<u>(2,835,781)</u>	<u>930,500</u>
Change in fund balances	<u>(762,384)</u>	<u>1,340,860</u>	<u>2,103,244</u>
Fund balances, July 1, 2014	762,384	842,466	80,082
Fund balances, June 30, 2015	<u>\$</u>	<u>\$2,183,326</u>	<u>\$2,183,326</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are created to account for the financing of goods or services provided by one department or agency to another department or agency on a cost-reimbursement basis.

Health and Accident Insurance Fund - To account for the accumulation of resources to be used for payments under our Health and Accident Insurance Program. Each department is billed an estimated cost and in case of dependent coverage, the employee must contribute via payroll deduction. Actual costs include administration of the plan, claims paid and premiums paid to limit risk.

Unemployment Insurance Fund - To account for the accumulation of resources for payment of unemployment benefits at such time as they become due. Presently, earnings from accumulated assets are sufficient for the fund to be self-sustaining.

Self-Insured Retention Fund - To account for the accumulation of resources to be used for payments of liability claims, premiums paid to limit loss, and plan administration fees. Funding is being provided by charges to the various funds based upon anticipated loss reserve requirements.

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2015**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 4,865,650	\$ 10,919	\$ 233,430	\$ 5,109,999
Accounts receivable	90,147			90,147
Total assets	4,955,797	10,919	233,430	5,200,146
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 1,420	\$	\$	\$ 1,420
Claims payable	186,598		27,457	214,055
Total liabilities	188,018		27,457	215,475
 <u>NET POSITION</u>				
Unrestricted	4,767,779	10,919	205,973	4,984,671
Total net position	\$ 4,767,779	\$ 10,919	\$ 205,973	\$ 4,984,671

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
Operating revenues:				
Contributions	\$ 3,755,275	\$	\$	\$ 3,755,275
Other revenues	246,726		37,512	284,238
Total operating revenues	<u>4,002,001</u>		<u>37,512</u>	<u>4,039,513</u>
Operating expenses:				
Operations and maintenance	300,223			300,223
Benefits paid	3,255,051	10,378	53,979	3,319,408
Premiums paid	392,603			392,603
Total operating expenses	<u>3,947,877</u>	<u>10,378</u>	<u>53,979</u>	<u>4,012,234</u>
Operating income (loss)	<u>54,124</u>	<u>(10,378)</u>	<u>(16,467)</u>	<u>27,279</u>
Nonoperating revenues (expenses):				
Investment income	4,020			4,020
Total nonoperating revenues (expenses)	<u>4,020</u>			<u>4,020</u>
Change in net position	<u>58,144</u>	<u>(10,378)</u>	<u>(16,467)</u>	<u>31,299</u>
Total net position, beginning of year	4,709,635	21,297	222,440	4,953,372
Total net position, end of year	<u>\$ 4,767,779</u>	<u>\$ 10,919</u>	<u>\$ 205,973</u>	<u>\$ 4,984,671</u>

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Health and Accident Insurance	Unemployment Insurance	Self- Insured Retention	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 3,755,275	\$	\$	\$ 3,755,275
Cash paid to suppliers for goods and services	(3,995,902)	(14,210)	(28,947)	(4,039,059)
Other operating revenues	310,670		37,512	348,182
Net cash provided by (used for) operating activities	70,043	(14,210)	8,565	64,398
Cash flows from investing activities:				
Investment income	4,020			4,020
Net cash provided by investing activities	4,020			4,020
Net increase (decrease) in cash and cash equivalents	74,063	(14,210)	8,565	68,418
Cash and cash equivalents, July 1, 2014	4,791,587	25,129	224,865	5,041,581
Cash and cash equivalents, June 30, 2015	\$ 4,865,650	\$ 10,919	\$ 233,430	\$ 5,109,999
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided By (Used for) Operating Activities</u>				
Operating income (loss)	\$ 54,124	\$ (10,378)	\$ (16,467)	\$ 27,279
Adjustments to reconcile operating income (loss)				
to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
Decrease (increase) in gross accounts receivable	63,944			63,944
Increase (decrease) in operating portion				
of accounts payable	(48,025)	(3,832)	25,032	(26,825)
Total adjustments	15,919	(3,832)	25,032	37,119
Net cash provided by (used for) operating activities	\$ 70,043	\$ (14,210)	\$ 8,565	\$ 64,398

AGENCY FUNDS

Agency Funds are created to account for monies held by the City on behalf of others.

Customer Deposit Fund - To account for deposits paid by developers and utility customers.

Partnership Deposit Fund - To account for monies held by the City on behalf of the Upper San Pedro Partnership. The City is acting as the fiscal agent for the Partnership

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2015**

	Customer Deposits	Partnership Deposits	Totals
<u>ASSETS</u>			
Cash and investments	\$ 317,976	\$ 394,430	\$ 712,406
Accounts receivable	61		61
Total assets	\$ 318,037	\$ 394,430	\$ 712,467
 <u>LIABILITIES</u>			
Accounts payable	3,710	19,458	23,168
Customer deposits	314,327	374,972	689,299
Total liabilities	\$ 318,037	\$ 394,430	\$ 712,467

CITY OF SIERRA VISTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Customer Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 355,147	\$ 245,091	\$ 282,262	\$ 317,976
Accounts receivable	61			61
Total assets	<u>\$ 355,208</u>	<u>\$ 245,091</u>	<u>\$ 282,262</u>	<u>\$ 318,037</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,384	\$ 2,138	\$ 1,812	\$ 3,710
Customer deposits	351,824	265,608	303,105	314,327
Total liabilities	<u>\$ 355,208</u>	<u>\$ 267,746</u>	<u>\$ 304,917</u>	<u>\$ 318,037</u>
<u>Partnership Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 328,129	\$ 495,939	\$ 429,638	\$ 394,430
Accounts receivable		483,179	483,179	
Total assets	<u>\$ 328,129</u>	<u>\$ 979,118</u>	<u>\$ 912,817</u>	<u>\$ 394,430</u>
<u>Liabilities</u>				
Accounts payable	\$	\$ 432,396	\$ 412,938	\$ 19,458
Customer deposits	328,129	505,314	458,471	374,972
Total liabilities	<u>\$ 328,129</u>	<u>\$ 937,710</u>	<u>\$ 871,409</u>	<u>\$ 394,430</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 683,276	\$ 741,030	\$ 711,900	\$ 712,406
Accounts receivable	61	483,179	483,179	61
Total assets	<u>\$ 683,337</u>	<u>\$ 1,224,209</u>	<u>\$ 1,195,079</u>	<u>\$ 712,467</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,384	\$ 434,534	\$ 414,750	\$ 23,168
Customer deposits	679,953	770,922	761,576	689,299
Total liabilities	<u>\$ 683,337</u>	<u>\$ 1,205,456</u>	<u>\$ 1,176,326</u>	<u>\$ 712,467</u>

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STATISTICAL SECTION

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The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. These statistics are divided into five categories.

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

Revenue Capacity - These schedules contain information to help assess the City's most significant local revenue source, the transaction privilege tax ('sales' tax).

Debt Capacity - These schedules present information to help assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to understand the environment within which the City's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to the services it provides and the activities it performs.

City of Sierra Vista
Net Position by Component
Last 10 Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 65,756,390	\$ 79,561,766	\$ 71,669,712	\$ 93,879,321
Restricted	1,792,318	2,067,402	892,345	1,388,809
Unrestricted	7,273,386	7,170,997	25,539,943	2,958,036
Total governmental activities net position	<u>\$ 74,822,094</u>	<u>\$ 88,800,165</u>	<u>\$ 98,102,000</u>	<u>\$ 98,226,166</u>
Business-type activities				
Net investment in capital assets	28,244,714	29,809,478	30,854,970	33,105,955
Restricted				
Unrestricted	(216,080)	(751,405)	(1,335,420)	(2,981,587)
Total business-type activities net position	<u>\$ 28,028,634</u>	<u>\$ 29,058,073</u>	<u>\$ 29,519,550</u>	<u>\$ 30,124,368</u>
Primary government				
Net investment in capital assets	\$ 94,001,104	\$ 109,371,244	\$ 102,524,682	\$ 126,985,276
Restricted	1,792,318	2,067,402	892,345	1,388,809
Unrestricted	7,057,306	6,419,592	24,204,523	(23,551)
Total primary government net position	<u>\$ 102,850,728</u>	<u>\$ 117,858,238</u>	<u>\$ 127,621,550</u>	<u>\$ 128,350,534</u>

Note: In FY2015, the City implemented GASB 68, *Accounting and Financial Reporting for Pension*.
This resulted in a restatement of beginning net assets from \$130.7 million to \$87.4 million.

Source: City of Sierra Vista

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 97,100,275	\$ 98,629,178	\$ 98,771,323	\$ 97,557,911	\$ 99,144,355	\$ 99,075,363
1,214,338	1,582,118	2,500,401	4,524,148	4,966,561	6,909,429
3,600,823	857,128	(250,806)	(5,123,877)	(8,525,763)	(51,965,213)
<u>\$ 101,915,436</u>	<u>\$ 101,068,424</u>	<u>\$ 101,020,918</u>	<u>\$ 96,958,182</u>	<u>\$ 95,585,153</u>	<u>\$ 54,019,579</u>
33,790,428	34,181,472	34,333,688	33,088,657	35,493,373	35,024,841
(3,011,800)	(2,975,726)	(1,819,668)	(382,866)	51,233	51,233
<u>\$ 30,778,628</u>	<u>\$ 31,205,746</u>	<u>\$ 32,514,020</u>	<u>\$ 32,705,791</u>	<u>\$ 35,075,038</u>	<u>\$ 30,459,736</u>
\$ 130,890,703	\$ 132,810,650	\$ 133,105,011	\$ 130,646,568	\$ 134,637,728	\$ 134,100,204
1,214,338	1,582,118	2,500,401	4,524,148	5,017,794	6,960,662
589,023	(2,118,598)	(2,070,474)	(5,506,743)	(8,995,331)	(56,581,551)
<u>\$ 132,694,064</u>	<u>\$ 132,274,170</u>	<u>\$ 133,534,938</u>	<u>\$ 129,663,973</u>	<u>\$ 130,660,191</u>	<u>\$ 84,479,315</u>

City of Sierra Vista
Changes in Net Position
Last 10 Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental activities:				
General government	\$ 5,410,627	\$ 5,674,130	\$ 5,400,652	\$ 6,295,912
Public safety	9,642,075	11,404,231	12,982,854	15,383,618
Public works	11,494,632	11,114,468	13,397,910	14,704,763
Culture and recreation	5,651,213	6,186,719	6,730,299	5,669,339
Community development	1,565,209	1,309,034	1,354,739	1,460,767
Interest and fiscal charges	1,410,338	1,145,314	1,168,106	2,052,274
Total governmental activities expenses	<u>35,174,094</u>	<u>36,833,896</u>	<u>41,034,560</u>	<u>45,566,673</u>
Business-type activities:				
Sewer	3,272,135	3,558,063	4,138,394	4,195,950
Refuse	3,279,250	3,597,034	3,737,762	4,432,709
Leisure				1,382,032
Total business-type activities expenses	<u>6,551,385</u>	<u>7,155,097</u>	<u>7,876,156</u>	<u>10,010,691</u>
Total primary government expenses	<u>\$ 41,725,479</u>	<u>\$ 43,988,993</u>	<u>\$ 48,910,716</u>	<u>\$ 55,577,364</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 248,797	\$ 261,907	\$ 262,840	\$ 271,822
Public safety	1,110,743	1,191,123	1,388,991	1,346,379
Public works	2,212,506	2,129,322	2,968,974	2,380,250
Culture and recreation	1,301,172	1,658,455	1,703,407	351,461
Community development	2,128,351	1,155,139	1,012,268	1,728,017
Operating grants and contributions	901,037	1,148,015	1,350,710	1,163,531
Capital grants and contributions	8,918,625	9,070,377	6,077,483	4,178,833
Total governmental activities program revenues	<u>16,821,231</u>	<u>16,614,338</u>	<u>14,764,673</u>	<u>11,420,293</u>
Business-type activities:				
Charges for services:				
Sewer	3,161,055	3,069,160	3,101,539	3,394,053
Refuse	3,833,817	3,962,942	4,054,365	4,497,864
Leisure				980,472
Capital grants and contributions	772,290	1,118,437	1,165,433	1,534,673
Total business-type activities program revenues	<u>7,767,162</u>	<u>8,150,539</u>	<u>8,321,337</u>	<u>10,407,062</u>
Total primary government program revenues	<u>\$ 24,588,393</u>	<u>\$ 24,764,877</u>	<u>\$ 23,086,010</u>	<u>\$ 21,827,355</u>
Net (Expense)/Revenue				
Governmental activities	\$ (18,352,863)	\$ (20,219,558)	\$ (26,269,887)	\$ (34,146,380)
Business-type activities	1,215,777	995,442	445,181	396,371
Total primary government net expense	<u>\$ (17,137,086)</u>	<u>\$ (19,224,116)</u>	<u>\$ (25,824,706)</u>	<u>\$ (33,750,009)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 299,347	\$ 332,244	\$ 347,249	\$ 368,755
Sales taxes	14,734,321	17,364,207	17,797,427	17,433,009
Franchise taxes	293,997	312,137	273,177	413,668
State shared revenues	13,685,090	15,425,650	16,185,925	15,557,391
Investment income	371,579	452,530	329,808	62,461
Other revenues	483,349	310,861	638,136	643,443
Transfers				(208,181)
Total governmental activities	<u>29,867,683</u>	<u>34,197,629</u>	<u>35,571,722</u>	<u>34,270,546</u>
Business-type activities:				
Investment income		33,997	16,296	
Transfers				208,181
Total business-type activities		<u>33,997</u>	<u>16,296</u>	<u>208,181</u>
Total primary government	<u>\$ 29,867,683</u>	<u>\$ 34,231,626</u>	<u>\$ 35,588,018</u>	<u>\$ 34,478,727</u>
Change in Net Position				
Governmental activities	\$ 11,514,820	\$ 13,978,071	\$ 9,301,835	\$ 124,166
Business-type activities	1,215,777	1,029,439	461,477	604,552
Total primary government	<u>\$ 12,730,597</u>	<u>\$ 15,007,510</u>	<u>\$ 9,763,312</u>	<u>\$ 728,718</u>

Source: City of Sierra Vista

Note: Starting in 2013 franchise fees were accounted for as license and permit revenue instead of tax revenue

	2010	2011	2012	2013	2014	2015
\$	6,373,071	\$ 6,105,723	\$ 5,416,997	\$ 5,733,325	\$ 6,461,623	\$ 6,609,010
	15,936,516	15,361,959	15,741,058	16,679,199	16,892,244	18,599,902
	13,493,614	14,466,185	15,684,106	13,971,626	15,894,553	16,486,381
	5,413,023	6,612,745	4,682,921	5,451,451	3,891,908	3,107,107
	1,314,933	1,284,149	1,256,425	922,944	1,174,014	1,088,865
	1,597,221	1,322,280	1,193,187	1,094,226	984,643	881,623
	<u>44,128,378</u>	<u>45,153,041</u>	<u>43,974,694</u>	<u>43,852,771</u>	<u>45,298,985</u>	<u>46,772,888</u>
	3,800,591	3,828,618	3,695,564	3,995,159	3,991,879	3,804,727
	4,054,523	4,058,302	4,244,047	4,421,364	4,272,556	4,088,053
	1,261,163					
	<u>9,116,277</u>	<u>7,886,920</u>	<u>7,939,611</u>	<u>8,416,523</u>	<u>8,264,435</u>	<u>7,892,780</u>
\$	<u>53,244,655</u>	<u>53,039,961</u>	<u>51,914,305</u>	<u>52,269,294</u>	<u>53,563,420</u>	<u>54,665,668</u>
\$	259,992	\$ 263,643	\$ 267,922	\$ 1,048,052	\$ 1,525,767	\$ 1,486,331
	1,562,677	1,759,035	1,721,067	1,691,539	1,221,295	1,545,943
	2,039,748	3,411,247	2,522,046	2,384,010	2,560,147	2,355,411
	489,592	1,478,401	1,079,641	1,124,673	1,036,840	1,062,303
	2,470,275	541,794	1,627,780	767,063	1,138,824	890,573
	1,418,887	1,498,867	1,522,872	1,282,624	1,783,822	2,010,368
	6,773,655	3,464,727	4,376,706	1,152,159	3,303,899	1,853,539
	<u>15,014,826</u>	<u>12,417,714</u>	<u>13,118,034</u>	<u>9,450,120</u>	<u>12,570,594</u>	<u>11,204,468</u>
	3,842,782	3,916,860	4,274,980	4,029,798	4,084,499	2,586,469
	4,412,952	4,535,961	4,720,748	4,679,431	4,638,149	4,327,870
	730,698					
	359,605	10,890	401,970	48,878	2,060,847	293,936
	<u>9,346,037</u>	<u>8,463,711</u>	<u>9,397,698</u>	<u>8,758,107</u>	<u>10,783,495</u>	<u>7,208,275</u>
\$	<u>24,360,863</u>	<u>20,881,425</u>	<u>22,515,732</u>	<u>18,208,227</u>	<u>23,354,089</u>	<u>18,412,743</u>
\$	(29,113,552)	\$ (32,735,327)	\$ (30,856,660)	\$ (34,402,651)	\$ (32,728,391)	\$ (35,568,420)
	229,760	576,791	1,458,087	341,584	2,519,060	(684,505)
\$	<u>(28,883,792)</u>	<u>(32,158,536)</u>	<u>(29,398,573)</u>	<u>(34,061,067)</u>	<u>(30,209,331)</u>	<u>(36,252,925)</u>
\$	373,046	\$ 378,251	\$ 400,517	\$ 397,349	\$ 390,759	\$ 371,634
	17,230,912	17,086,526	16,757,320	16,192,020	16,650,008	17,555,028
	646,654	620,704	620,157	-	-	-
	14,087,082	12,692,598	11,712,579	12,775,428	13,494,847	14,369,609
	8,073	6,722	14,763	35,631	21,877	15,870
	881,273	953,701	1,154,004	789,674	648,058	990,238
	(424,218)	149,813	149,813	149,813	149,813	149,813
	<u>32,802,822</u>	<u>31,888,315</u>	<u>30,809,153</u>	<u>30,339,915</u>	<u>31,355,362</u>	<u>33,452,192</u>
	282	140				
	424,218	(149,813)	(149,813)	(149,813)	(149,813)	(149,813)
	424,500	(149,673)	(149,813)	(149,813)	(149,813)	(149,813)
\$	<u>33,227,322</u>	<u>31,738,642</u>	<u>30,659,340</u>	<u>30,190,102</u>	<u>31,205,549</u>	<u>33,302,379</u>
\$	3,689,270	\$ (847,012)	\$ (47,507)	\$ (4,062,736)	\$ (1,373,029)	\$ (2,116,228)
	654,260	427,118	1,308,274	191,771	2,369,247	(834,318)
\$	<u>4,343,530</u>	<u>(419,894)</u>	<u>1,260,767</u>	<u>(3,870,965)</u>	<u>996,218</u>	<u>(2,950,546)</u>

City of Sierra Vista
Fund Balances, Governmental Funds
Last 10 Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Unreserved	\$2,808,600	\$3,178,722	\$ 3,493,303	\$ 3,776,988
Unassigned				
Total General Fund balance	<u>\$2,808,600</u>	<u>\$3,178,722</u>	<u>\$ 3,493,303</u>	<u>\$ 3,776,988</u>
All Other Governmental Funds				
Restricted				
Unassigned				
Unreserved, reported in:				
Special revenue funds	5,363,088	4,332,400	3,090,300	2,038,723
Capital projects funds	924,206	1,809,493	18,955,800	4,885,226
Debt service funds	519,268	553,288	574,223	1,034,839
Total all other governmental funds	<u>6,806,562</u>	<u>6,695,181</u>	<u>22,620,323</u>	<u>7,958,788</u>
Total all governmental funds	<u>\$9,615,162</u>	<u>\$9,873,903</u>	<u>\$26,113,626</u>	<u>\$11,735,776</u>

Source: City of Sierra Vista

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,851,411					
	\$ 3,863,565	\$ 3,878,908	\$ 3,898,837	\$ 3,972,820	\$ 4,066,675
<u>\$ 3,851,411</u>	<u>\$ 3,863,565</u>	<u>\$ 3,878,908</u>	<u>\$ 3,898,837</u>	<u>\$ 3,972,820</u>	<u>\$ 4,066,675</u>
	3,697,571	4,437,036	4,524,148	4,966,561	6,909,429
	(1,692,419)	(1,936,635)	(2,758,173)	(3,619,690)	(4,028,268)
1,601,406					
2,002,537					
744,177					
<u>4,348,120</u>	<u>2,005,152</u>	<u>2,500,401</u>	<u>1,765,975</u>	<u>1,346,871</u>	<u>2,881,161</u>
<u>\$ 8,199,531</u>	<u>\$ 5,868,717</u>	<u>\$ 6,379,309</u>	<u>\$ 5,664,812</u>	<u>\$ 5,319,691</u>	<u>\$ 6,947,836</u>

City of Sierra Vista
Changes in Fund Balances, Governmental Funds
Last 10 Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:				
Taxes	\$ 15,327,665	\$ 18,008,588	\$ 18,417,853	\$ 18,215,432
Licenses and permits	1,409,809	1,222,792	1,201,168	974,873
Intergovernmental	19,965,160	19,824,836	18,524,043	18,328,714
Charges for services	5,564,586	5,147,332	6,105,738	5,071,891
Fines	27,174	25,822	29,574	31,165
Investment income	371,579	452,530	329,808	62,461
Contributions	990,829	236,509	405,175	412,013
Other revenues	483,349	310,861	638,136	643,443
Total revenues	<u>44,140,151</u>	<u>45,229,270</u>	<u>45,651,495</u>	<u>43,739,992</u>
Expenditures:				
General government	5,576,091	6,022,584	6,306,083	6,193,351
Public safety	9,998,321	11,292,687	12,183,789	13,732,763
Public works	14,220,495	15,126,255	13,143,762	12,478,750
Culture and recreation	5,349,117	6,783,492	6,570,074	5,025,905
Community development	1,564,828	1,610,196	1,430,534	1,411,283
Capital outlay	180,393	2,115,900	9,130,044	9,010,524
Debt service -				
Interest and fiscal charges	1,410,338	1,145,314	1,168,106	2,052,274
Principal	6,976,529	2,237,375	2,498,766	8,891,434
Total expenditures	<u>45,276,112</u>	<u>46,333,803</u>	<u>52,431,158</u>	<u>58,796,284</u>
Excess (deficiency) of revenues over expenditures	(1,135,961)	(1,104,533)	(6,779,663)	(15,056,292)
Other financing sources (uses):				
Transfers out	(8,742,545)	(3,827,229)	(6,442,246)	(11,929,506)
Transfer in	8,742,545	3,827,229	6,442,246	11,721,325
Net Proceeds from sale of bonds			22,500,000	
Proceeds from installment purchase	2,162,400	1,363,274	519,386	886,623
Total other financing sources (uses)	<u>2,162,400</u>	<u>1,363,274</u>	<u>23,019,386</u>	<u>678,442</u>
Net Change in fund balances	<u>\$ 1,026,439</u>	<u>\$ 258,741</u>	<u>\$ 16,239,723</u>	<u>\$(14,377,850)</u>
Debt service as a percentage of noncapital expenditures	22.3%	10.2%	9.8%	23.8%
Source: City of Sierra Vista				

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 18,250,612	\$ 18,085,481	\$ 17,777,994	\$ 16,589,369	\$ 17,040,767	\$ 17,926,662
1,207,778	815,087	1,093,475	1,444,445	1,855,217	1,775,419
20,719,892	17,231,563	14,233,771	14,916,649	16,911,860	16,638,440
5,581,742	6,607,534	6,095,979	5,545,131	5,602,590	5,542,823
32,764	31,499	29,002	25,761	25,066	22,319
8,073	6,722	14,763	35,631	21,877	15,870
735,101	103,620	2,960,309	153,794	1,670,708	1,595,076
881,273	953,701	1,154,004	789,674	648,058	990,238
<u>47,417,235</u>	<u>43,835,207</u>	<u>43,359,297</u>	<u>39,500,454</u>	<u>43,776,143</u>	<u>44,506,847</u>
6,432,811	5,940,858	5,095,292	5,962,304	5,931,492	6,135,261
13,269,989	13,183,030	13,580,188	13,831,076	15,097,854	14,652,603
15,865,085	13,280,984	15,444,339	12,325,352	14,719,023	14,221,370
4,648,446	5,263,125	3,743,441	4,639,890	3,171,277	2,997,303
1,291,078	1,222,838	1,186,790	836,423	1,082,532	1,191,835
3,907,207	3,097,265	268,626	364,628	234,592	
1,694,277	1,322,280	1,193,187	1,094,226	984,643	881,623
13,628,968	3,005,454	2,694,552	3,733,604	3,049,664	2,948,520
<u>60,737,861</u>	<u>46,315,834</u>	<u>43,206,415</u>	<u>42,787,503</u>	<u>44,271,077</u>	<u>43,028,515</u>
(13,320,626)	(2,480,627)	152,882	(3,287,049)	(494,934)	1,478,332
(6,639,225)	(5,040,530)	(4,843,907)	(5,160,541)	(5,368,626)	(4,715,328)
6,215,007	5,190,343	4,993,720	5,310,354	5,518,439	4,865,141
10,117,056					
91,543		207,896	2,422,739		
<u>9,784,381</u>	<u>149,813</u>	<u>357,709</u>	<u>2,572,552</u>	<u>149,813</u>	<u>149,813</u>
<u>\$ (3,536,245)</u>	<u>\$ (2,330,814)</u>	<u>\$ 510,591</u>	<u>\$ (714,497)</u>	<u>\$ (345,121)</u>	<u>\$ 1,628,145</u>
31.4%	11.3%	10.4%	12.6%	10.4%	10.0%

City of Sierra Vista
Sales Tax by Category
Last 10 years
(modified accrual basis of accounting)

Business Category	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Communications & utilities	\$ 1,218,312	\$ 1,512,693	\$ 1,513,742	\$ 1,623,435
Transportation & warehousing	9,800	7,743	10,113	9,927
Construction	1,566,609	1,611,591	1,616,467	1,221,945
Manufacturing	363,851	373,629	347,894	415,227
Wholesale trade	267,573	363,217	338,111	165,986
Retail trade	7,840,095	9,289,617	9,213,760	8,908,294
Finance & insurance	9,196	8,111	12,667	12,669
Real estate, rental & leasing	768,570	1,107,951	1,330,341	1,431,807
Restaurant & bar	1,443,555	1,668,730	1,725,078	1,709,308
Accommodation	843,832	906,606	1,079,462	1,335,583
Services	339,806	363,624	429,935	421,492
Arts & entertainment	18,401	19,352	11,565	11,322
Other	44,721	131,343	168,292	166,014
Total	<u>\$14,734,321</u>	<u>\$17,364,207</u>	<u>\$17,797,427</u>	<u>\$17,433,009</u>

Source:

Arizona Department of Revenue

Notes:

On September 1, 2006, the retail and use tax classification tax rates increased from 1.6% to 1.75%, the real property classification increased from 0.0% to 1.0%, construction increased from 1.5% to 2.45% and all other tax classifications at 1.5% increased to 1.75%. The bar & restaurant classification tax rate remained level at 2.6%.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,574,145	\$ 1,475,399	\$ 1,596,186	\$ 1,601,169	\$ 1,495,522	\$ 1,505,027
10,311	10,416	9,194	9,566	6,850	6,080
1,229,591	1,214,444	1,028,675	986,088	1,116,402	1,403,500
296,786	253,839	275,777	232,035	228,141	237,632
118,634	148,451	142,693	116,566	247,272	313,885
8,815,201	8,797,235	8,711,519	8,915,252	9,183,309	9,438,478
7,130	5,531	8,679	9,940	13,650	15,287
1,505,237	1,425,411	1,290,723	1,209,747	1,172,494	1,155,182
1,793,820	1,868,531	1,889,937	1,742,476	1,768,624	1,817,655
1,290,820	1,381,079	1,191,335	773,819	770,012	864,633
450,928	412,968	478,406	481,911	544,579	642,174
8,191	7,238	6,845	7,822	7,788	6,188
130,118	85,984	127,350	105,629	95,365	149,307
<u>\$17,230,912</u>	<u>\$17,086,526</u>	<u>\$16,757,320</u>	<u>\$16,192,020</u>	<u>\$16,650,008</u>	<u>\$17,555,028</u>

City of Sierra Vista
Direct and Overlapping Sales Tax Rates, Retail Category
Last 10 Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>County Rate</u>	<u>State Rate</u>	<u>Total Rate</u>
2006	1.60%	0.50%	5.60%	7.70%
2007	1.75%	0.50%	5.60%	7.85%
2008	1.75%	0.50%	5.60%	7.85%
2009	1.75%	0.50%	5.60%	7.85%
2010	1.75%	0.50%	6.60%	8.85%
2011	1.75%	0.50%	6.60%	8.85%
2012	1.75%	0.50%	6.60%	8.85%
2013	1.75%	0.50%	5.60%	7.85%
2014	1.75%	0.50%	5.60%	7.85%
2015	1.75%	0.50%	5.60%	7.85%

Source: City of Sierra Vista, Arizona Department of Revenue

**City of Sierra Vista
Pledged-Revenue Coverage
Last 10 Years**

MPC Revenue Bonds				
Fiscal Year	Pledged Revenues	Principal	Interest	Coverage
2006	\$ 24,713,649	\$ 1,180,000	\$ 1,111,174	
2007	28,233,562	1,035,000	919,761	12.64
2008	29,542,082	1,085,000	872,796	14.42
2009	28,432,239	2,410,000	1,774,643	7.06
2010	27,930,976	2,065,000	1,410,089	8.18
2011	26,120,663	1,805,000	1,185,708	9.34
2012	25,688,339	2,330,000	1,107,020	7.60
2013	25,745,669	2,425,000	1,020,345	7.46
2014	27,381,922	2,515,000	930,220	7.47
2015	28,681,141	2,600,000	836,845	7.97
2016		2,690,000	735,570	8.37

Source: City of Sierra Vista

City of Sierra Vista
Legal Debt Margin and Overlapping Debt Information
Last 10 Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Estimated Property Value	\$ 1,947,919,483	\$ 2,227,541,540	\$ 2,519,369,157	\$ 2,787,869,258
Assessed Property Value	\$ 231,595,905	\$ 262,607,669	\$ 296,919,953	\$ 325,972,301
<u>Debt Limits</u>				
Legal Debt Limit - 20% Bonds	\$ 46,319,181	\$ 52,521,534	\$ 59,383,991	\$ 65,194,460
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 20% Bonds	<u>\$ 46,319,181</u>	<u>\$ 52,521,534</u>	<u>\$ 59,383,991</u>	<u>\$ 65,194,460</u>
Legal Debt Limit - 6% Bonds	\$ 13,895,754	\$ 15,756,460	\$ 17,815,197	\$ 19,558,338
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 6% Bonds	<u>\$ 13,895,754</u>	<u>\$ 15,756,460</u>	<u>\$ 17,815,197</u>	<u>\$ 19,558,338</u>
<u>Overlapping GO Bonded Debt</u>				
Jurisdiction:				
City of Sierra Vista	None	None	None	None
Sierra Vista Public Schools	\$ 12,190,827	\$ 9,359,366	\$ 6,310,000	\$ 3,250,000
Cochise College	None	None	None	None
Cochise County	None	None	None	None
State of Arizona	None	None	None	None
Total	<u>\$ 12,190,827</u>	<u>\$ 9,359,366</u>	<u>\$ 6,310,000</u>	<u>\$ 3,250,000</u>
<u>Overlapping Total Debt</u>				
Jurisdiction:				
City of Sierra Vista	\$ 26,635,126	\$ 25,522,355	\$ 46,023,574	\$ 37,463,642
Sierra Vista Public Schools	N/A	N/A	N/A	N/A
Cochise College	N/A	N/A	N/A	N/A
Cochise County	N/A	N/A	N/A	N/A
State of Arizona	N/A	N/A	N/A	N/A
Total	<u>\$ 26,635,126</u>	<u>\$ 25,522,355</u>	<u>\$ 46,023,574</u>	<u>\$ 37,463,642</u>

Sources:

Estimated property value from Arizona Department of Revenue

Assessed Property Value from Cochise County Assessor's Office

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,966,659,079	\$ 3,066,313,577	\$ 3,145,518,326	\$ 3,082,322,495	\$ 2,926,589,424	\$ 2,922,865,504
\$ 345,353,458	\$ 348,625,573	\$ 354,576,088	\$ 342,392,651	\$ 325,296,345	\$ 320,629,532
\$ 69,070,692	\$ 69,725,115	\$ 70,915,218	\$ 68,478,530	\$ 65,059,269	\$ 64,125,906
-	-	-	-	-	-
<u>\$ 69,070,692</u>	<u>\$ 69,725,115</u>	<u>\$ 70,915,218</u>	<u>\$ 68,478,530</u>	<u>\$ 65,059,269</u>	<u>\$ 64,125,906</u>
\$ 20,721,207	\$ 20,917,534	\$ 21,274,565	\$ 20,543,559	\$ 19,517,781	\$ 19,237,772
-	-	-	-	-	-
<u>\$ 20,721,207</u>	<u>\$ 20,917,534</u>	<u>\$ 21,274,565</u>	<u>\$ 20,543,559</u>	<u>\$ 19,517,781</u>	<u>\$ 19,237,772</u>
None	None	None	None	None	None
None	None	None	None	None	None
None	None	None	None	None	None
None	None	None	None	None	None
None	None	None	None	None	None
<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
None	None	None	None	None	None
\$ 34,352,160	\$ 30,868,798	\$ 37,236,077	\$ 35,629,609	\$ 31,642,854	\$ 27,735,759
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 34,352,160</u>	<u>\$ 30,868,798</u>	<u>\$ 37,236,077</u>	<u>\$ 35,629,609</u>	<u>\$ 31,642,854</u>	<u>\$ 27,735,759</u>

City of Sierra Vista
Ratios of Outstanding Debt by Type
Last 10 Years

Fiscal <u>Year</u>	<u>Governmental Activities</u>		<u>Business-type</u> <u>Activities</u>	Total Primary <u>Government</u>	Per <u>Capita</u>	Percentage of Personal <u>Income</u>
	Revenue <u>Bonds</u>	Notes <u>Payable</u>	Notes <u>Payable</u>			
2005	25,370,254	4,262,118	2,246,312	31,878,684	730	3.1%
2006	20,790,000	4,028,243	1,816,883	26,635,126	594	2.6%
2007	19,330,000	4,614,142	1,578,213	25,522,355	584	2.4%
2008	40,300,000	4,164,762	1,558,812	46,023,574	1,003	4.0%
2009	32,265,000	4,194,951	1,003,691	37,463,642	804	3.0%
2010	29,880,000	3,062,526	1,409,634	34,352,160	783	3.8%
2011	28,075,000	1,862,072	931,726	30,868,798	684	2.5%
2012	25,745,000	1,705,416	9,785,661	37,236,077	813	3.1%
2013	23,320,000	2,819,551	9,490,058	35,629,609	786	N/A
2014	20,805,000	2,284,887	8,552,967	31,642,854	715	N/A
2015	18,205,000	1,936,367	7,594,392	27,735,759	N/A	N/A

Note: Details of the City's outstanding debt can be found in the notes to the financial statements
2013 per Capital Income no longer available
2015 population estimates and per Capita Income not available

**City of Sierra Vista
Demographic and Economic Statistics
Last 10 Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>per Capita Income</u>	<u>Total Personal Income</u>	<u>Unemployment Rate</u>		
				<u>City</u>	<u>County</u>	<u>State</u>
2005	43,690	\$ 23,278	\$ 1,017,015,820	2.80%	4.80%	4.60%
2006	44,870	22,812	1,023,574,440	2.60%	4.40%	4.10%
2007	43,690	24,440	1,067,783,600	2.40%	4.00%	3.80%
2008	45,908	25,021	1,148,664,068	3.40%	5.60%	5.90%
2009	46,597	26,388	1,229,601,636	4.70%	7.80%	9.70%
2010	43,888	20,422	896,280,736	5.10%	8.40%	9.90%
2011	45,098	27,448	1,237,849,904	8.00%	8.80%	9.50%
2012	45,794	26,602	1,218,211,988	7.70%	8.20%	8.30%
2013	45,303	N/A	N/A	8.00%	8.80%	8.00%
2014	44,286	N/A	N/A	7.50%	8.30%	7.00%
2015	N/A	N/A	N/A	N/A	N/A	N/A

Sources:

Population estimates from Arizona Department of Economic Security

Unemployment rates and per Capital Income from Cochise College Center for Economic Research
per Capita Income not available after 2013

2015 Population and unemployment data not available

**City of Sierra Vista
Principal Employers
Current year and nine Years Prior**

Employer	2014			2004	
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank
Fort Huachuca	7,874	1	N/A	11,097	1
Sierra Vista School District	690	2	N/A	798	2
General Dynamics	610	3	N/A		
Sierra Vista Regional Health Center	466	4	N/A	610	3
Northrop Grumman Corp	450	5	N/A	257	8
City of Sierra Vista	386	6	N/A		
ManTech	385	7	N/A	384	6
Cochise College	323	8		240	9
Wal-Mart	264	9			
Raytheon	235	10	N/A	350	7
Newtec	N/A			592	4
Aegis	N/A		N/A	404	5
Lawley Automotive	162			187	10

Source: Cochise College Center for Economic Research

Notes:

DES no longer gives an estimate of total city employment so a percentage cannot be calculated
Newtec and Aegios are not listed on Cochise Colleges top employer list in 2014

City of Sierra Vista
Approved Full-Time Positions
Last 10 years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
City Manager	22	23	24	24	20	18	24	25	25	19
Administrative Services	28	29	30	31	38	38	32	31	31	19
Court and Legal	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	93	98	99	101	102	102	102	102	102	96
Fire	38	52	53	58	60	60	59	61	61	55
Public Works										
Public Works	44	46	48	48	48	48	62	62	62	49
Streets and Traffic	12	13	10	13	13	13	21	21	21	22
Airport	1	1	1	1	1	1	1	1	1	1
Transit	9	9	10	10	10	10	10	10	10	11
Sewer	12	12	12	12	12	12	12	12	12	12
Refuse	13	13	13	13	13	13	14	14	14	14
Culture and Recreation										
Parks and Leisure	43	44	50	51	50	50	-	-	-	-
Library	8	8	9	9	9	9	-	-	-	-
Leisure and Library	-	-	-	-	-	-	37	37	37	25
Community Development	18	18	18	18	18	18	18	18	18	9
	<u>342</u>	<u>367</u>	<u>378</u>	<u>390</u>	<u>395</u>	<u>393</u>	<u>393</u>	<u>395</u>	<u>395</u>	<u>333</u>

Notes:

In Fiscal Year 2012, the Parks Division moved from the Parks and Leisure Department to the Public Works Department. The Library Department was combined with the remaining Leisure divisions to create the Leisure and Library Department.

City of Sierra Vista
Operating Indicators by Function/Program
Last 10 Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police				
UCR Part 1 clearance rate	32.4%	29.3%	27.9%	30.5%
UCR Part 1 recovery rate	68.5%	67.9%	59.7%	44.0%
Traffic Citations	5,281	7,419	7,179	4,893
Animals adopted	801	716	663	832
Fire				
Emergency calls for service	4,316	4,848	4,892	4,429
Non-emergency calls for service	2,734	2,850	2,697	2,697
Refuse				
Tons of refuse collected per year	23,000	23,500	24,000	25,000
Traffic				
Square yards of pavement crack sealed	250,000	400,000	300,000	477,000
Lane miles of streets swept	389	560	560	560
Parks and Leisure Services				
Number of program participants	286,940	295,548	304,000	305,000
Sewer				
Acre-feet of effluent treated per year	2,900	3,200	4,200	3,600
Transit				
Number of riders	108,184	97,044	109,241	175,000

Source: City of Sierra Vista

Statistics shown thru 2013 because some departments only compile them on a calendar year basis

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
33.4%	34.3%	38.1%	37.4%	34.9%	33.9%
35.2%	41.6%	28.5%	35.1%	30.3%	38.4%
7,803	6,435	5,201	4,956	4,918	4,369
995	993	960	843	728	731
4,139	4,425	4,614	4,686	6,015	N/A
2,144	1,326	1,327	1,157	1,160	N/A
23,688	23,434	24,906	23,935	23,917	22,496
198,000	308,000	257,336	257,336	183,824	N/A
600	615	3,340	1,723	1,800	N/A
304,000	289,662	289,981	287,648	304,557	285,011
3,705	3,419	3,535	2,942	2,544	2,743
176,584	186,867	163,005	158,711	158,598	173,096

**City of Sierra Vista
Capital Asset Statistics by Function/Program
Last 10 Years**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	3
Refuse				
Refuse trucks	13	14	14	14
Parks and Leisure Services				
Acres of developed parkland	106	115	115	115
Number of baseball/softball diamonds	6	6	5	5
Number of multi-use sports complexes	2	2	2	2
Number of soccer fields				2
Library				
Libraries	1	1	1	1
Sewer				
Plant capacity (acre feet per year)	4,500	4,500	4,500	4,500
Transit				
Buses	9	12	12	12

Source: City of Sierra Vista

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1	1
3	3	3	3	3	3
14	14	16	16	15	15
119	119	119	119	119	119
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
4,500	4,500	4,500	4,500	4,500	4,500
11	13	13	13	13	13

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