



City of Sierra Vista, *Arizona*

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2020

**Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2020**



**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, 2020**

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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

April 29, 2021

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, 2020.

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 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, 2020, 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, 2020, 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" as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), 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 Reporting Package.

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 City's Council is organized under Section 9-101 of the Arizona Revised Statutes (A.R.S.). Management of the City is independent of other state or local governments. The County Treasurer collects property taxes for the City but exercises no control over its expenditures/expenses.

The City uses the Council-Manager form of government with the mayor and six council members elected at-large by the public.

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, Special Revenue, Capital and Debt Service Funds. Expenditures may not legally exceed appropriations at the individual fund level.

FACTORS 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. The City continues improve despite the COVID-19 pandemic. Local privilege tax revenues have increased for the past six years.

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, 2019. 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 Comprehensive Annual Financial Reports 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 thirty two 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, 2019

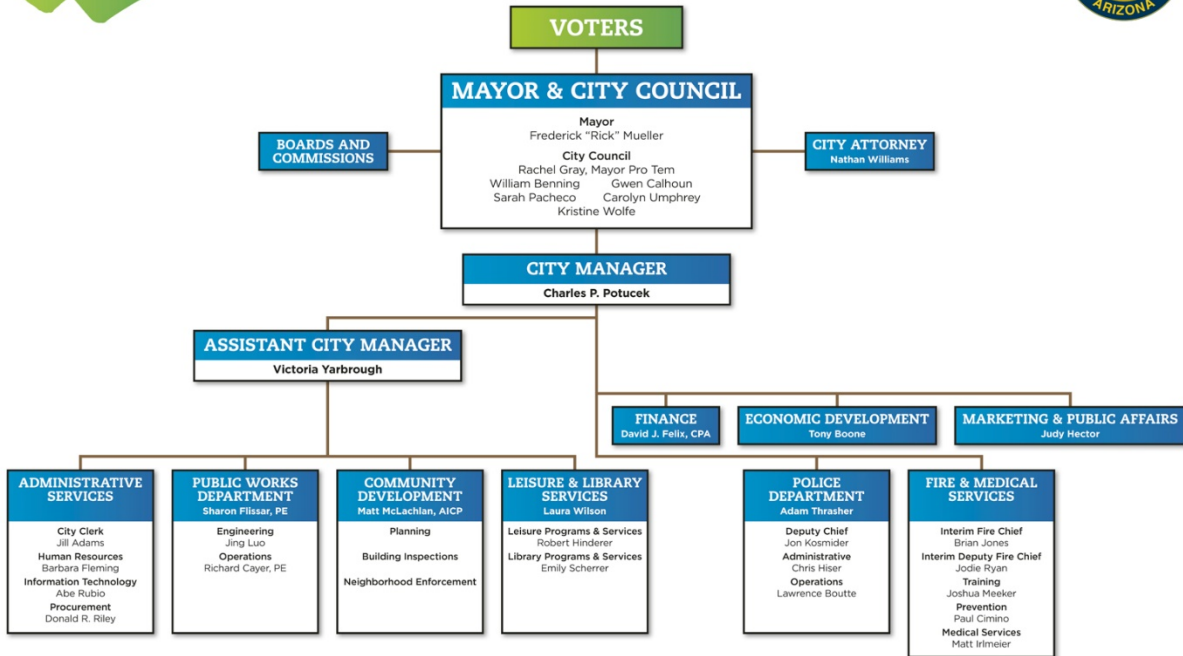
Christopher P. Morill

Executive Director/CEO



CITY OF SIERRA VISTA

CHART OF ORGANIZATION



City of Sierra Vista Officials

Mayor

Frederick W. "Rick" Mueller

City Council

Rachel Gray Mayor Pro Tem

William Benning

Gwendolyn Calhoun

Sarah Pacheco

Carolyn Umphrey

Kristine Wolfe

City Manager

Charles P. Potucek

City Clerk

Jill Adams

City Attorney

Nathan Williams

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona (the City), as of and for the year ended June 30, 2020, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit plan 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 April 29, 2021, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sierra Vista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sierra Vista, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
April 29, 2021

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, 2020**

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, 2020. The management's discussion and analysis is presented as required supplementary information to the basic financial statements. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2020 as follows.

- The City's total net position of governmental activities increased \$0.5 million to \$38.8 million and business-type activities decreased \$0.5 million to \$28.3 million representing 57.9 percent and 42.1 percent respectively, of the total net position of \$67.1 million.
- General revenues from governmental activities accounted for \$38.7 million in revenue, or 71.4 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15.5 million or 28.6 percent of total governmental activities revenues.
- The City had \$53.8 million in expenses related to governmental activities; of which \$15.5 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$38.7 million were sufficient to provide for the remaining costs of these programs. The City had \$8.8 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 \$8.3 million.
- The General Fund had \$37.3 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$36.3 million. The General Fund's fund balance increased to \$6.0 million.
- Net position for the Internal Service Funds increased \$0.8 million from the prior year. Operating revenues of \$4.5 million exceeded operating expenses of \$3.8 million at the end of the current fiscal year.

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 accrual basis of accounting is used for the government-wide financial statements.

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

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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 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 use the modified accrual basis of accounting and 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 types of 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. The internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

for its self-insurance funds. Because these activities predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

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. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's budget process and pension plans. The City adopts an annual budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balance – budget to actual has been provided for the General, HURF, Fire and Park Development Fee Funds as required supplementary information. Schedules for the pension plans and other postemployment benefit plans have been provided 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 \$67.1 million as of June 30, 2020, virtually unchanged from June 30, 2019.

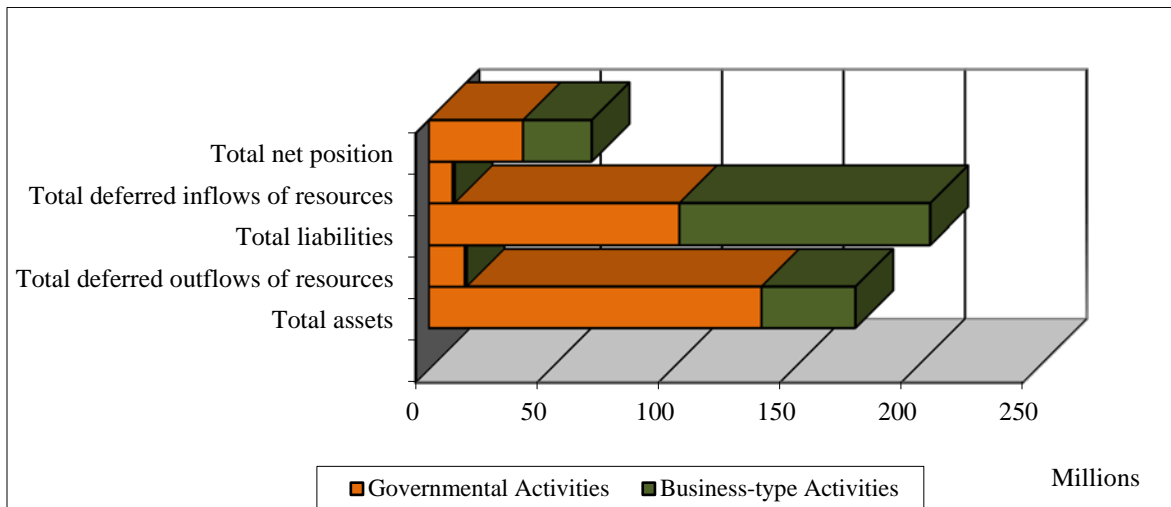
A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital 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 outstanding 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, 2020**

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2020 and 2019.

| | 2020 Governmental Activities | 2019 Governmental Activities | 2020 Business- type Activities | 2019 Business- type Activities | 2020 Total | 2019 Total |
|---|------------------------------------|------------------------------------|---|---|---------------------|---------------------|
| Current and other assets | \$22,332,832 | \$17,751,930 | (\$860,993) | (\$507,051) | \$21,471,839 | \$17,244,879 |
| Capital assets, net | <u>114,724,933</u> | <u>106,443,850</u> | <u>39,313,953</u> | <u>40,243,726</u> | <u>154,038,886</u> | <u>146,687,576</u> |
| Total assets | <u>137,057,765</u> | <u>124,195,780</u> | <u>38,452,960</u> | <u>39,736,675</u> | <u>175,510,725</u> | <u>163,932,455</u> |
| Deferred outflows of resources ^a | <u>14,839,588</u> | <u>14,029,410</u> | <u>705,332</u> | <u>695,356</u> | <u>15,544,920</u> | <u>14,724,766</u> |
| Total deferred outflows of resources | <u>14,839,588</u> | <u>14,029,410</u> | <u>705,332</u> | <u>695,356</u> | <u>15,544,920</u> | <u>14,724,766</u> |
| Current liabilities | 9,228,803 | 7,524,480 | 1,520,515 | 1,456,340 | 10,749,318 | 8,980,820 |
| Non-current liabilities | <u>94,000,731</u> | <u>87,727,856</u> | <u>8,614,729</u> | <u>9,745,795</u> | <u>102,615,460</u> | <u>97,473,651</u> |
| Total liabilities | <u>103,229,534</u> | <u>95,252,336</u> | <u>10,135,244</u> | <u>11,202,135</u> | <u>113,364,778</u> | <u>106,454,471</u> |
| Deferred inflows of resources | <u>9,848,349</u> | <u>4,622,164</u> | <u>769,893</u> | <u>450,779</u> | <u>10,618,242</u> | <u>5,072,943</u> |
| Total deferred inflows of resources | <u>9,848,349</u> | <u>4,622,164</u> | <u>769,893</u> | <u>450,779</u> | <u>10,618,242</u> | <u>5,072,943</u> |
| Net position | | | | | | |
| Net investment in capital assets | 97,228,504 | 98,465,677 | 34,252,030 | 34,056,919 | 131,480,534 | 132,522,596 |
| Restricted | 12,291,210 | 9,366,097 | | | 12,291,210 | 9,366,097 |
| Unrestricted | <u>(70,700,244)</u> | <u>(69,481,084)</u> | <u>(5,998,875)</u> | <u>(5,277,802)</u> | <u>(76,699,119)</u> | <u>(74,758,886)</u> |
| Total net position | <u>\$38,819,470</u> | <u>\$38,350,690</u> | <u>\$28,253,155</u> | <u>\$28,779,117</u> | <u>\$67,072,625</u> | <u>\$67,129,807</u> |



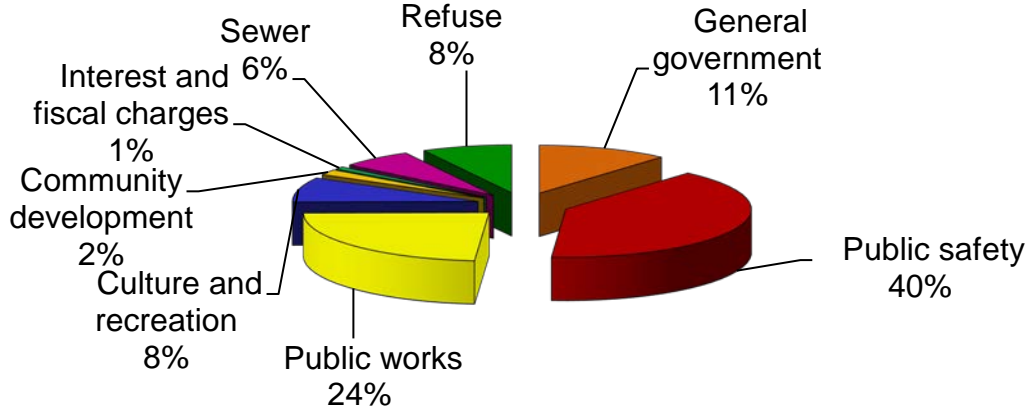
**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2020, were \$62.6 million. The total cost of all programs and services was \$62.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and 2019.

| | 2020 Governmental Activities | 2019 Governmental Activities | 2020 Business-type Activities | 2019 Business-type Activities | 2020 Total | 2019 Total |
|--|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------------|----------------------|
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,496,163 | \$ 8,191,229 | \$ 7,986,252 | \$ 7,801,165 | \$ 17,482,415 | \$ 15,992,394 |
| Operating grants and contributions | 5,073,337 | 2,919,900 | | | 5,073,337 | 2,919,900 |
| Capital grants and contributions | 968,573 | 311,754 | 323,837 | 241,532 | 1,292,410 | 553,286 |
| General revenues: | | | | | | |
| Property taxes | 363,530 | 358,153 | | | 363,530 | 358,153 |
| Sales taxes | 21,031,942 | 20,040,690 | | | 21,031,942 | 20,040,690 |
| State shared revenues | 16,746,716 | 15,589,252 | | | 16,746,716 | 15,589,252 |
| Other revenues | 507,212 | 557,624 | | | 507,212 | 557,624 |
| Investment income | 53,794 | 83,055 | 10,496 | | 64,290 | 83,055 |
| Total revenues | <u>\$54,241,267</u> | <u>\$48,051,657</u> | <u>\$8,320,585</u> | <u>\$8,042,697</u> | <u>\$62,561,852</u> | <u>\$56,094,354</u> |
| | | | | | | |
| | 2020 Governmental Activities | 2019 Governmental Activities | 2020 Business-type Activities | 2019 Business-type Activities | 2020 Total | 2019 Total |
| Expenses: | | | | | | |
| General government | \$ 7,167,118 | \$ 6,996,456 | \$ | \$ | \$ 7,167,118 | \$ 6,996,456 |
| Public safety | 24,919,339 | 21,839,622 | | | 24,919,339 | 21,839,622 |
| Public works | 14,767,173 | 14,620,116 | | | 14,767,173 | 14,620,116 |
| Culture and recreation | 5,213,946 | 4,256,316 | | | 5,213,946 | 4,256,316 |
| Community development | 1,123,834 | 2,028,572 | | | 1,123,834 | 2,028,572 |
| Interest and fiscal charges | 581,077 | 256,553 | | | 581,077 | 256,553 |
| Sewer | | | 3,928,742 | 3,789,592 | 3,928,742 | 3,789,592 |
| Refuse | | | 4,917,805 | 4,391,923 | 4,917,805 | 4,391,923 |
| Total expenses | <u>53,772,487</u> | <u>49,997,635</u> | <u>8,846,547</u> | <u>8,181,515</u> | <u>62,619,034</u> | <u>58,179,150</u> |
| Increase (decrease) in net position | <u>\$ 468,780</u> | <u>\$ (1,945,978)</u> | <u>\$(525,962)</u> | <u>\$(138,818)</u> | <u>\$ (57,182)</u> | <u>\$(2,084,796)</u> |
| Net position, beginning of year | <u>\$ 38,350,690</u> | <u>\$ 40,296,668</u> | <u>\$28,779,117</u> | <u>\$28,917,935</u> | <u>\$67,129,807</u> | <u>\$69,214,603</u> |
| Net position, end of year | <u>\$ 38,819,470</u> | <u>\$ 38,350,690</u> | <u>\$28,253,155</u> | <u>\$28,779,117</u> | <u>\$67,072,625</u> | <u>\$67,129,807</u> |

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

EXPENSES



The following table presents the cost of the City's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

| | 2020 | | 2019 | |
|----------------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | Total Expenses | Net (Expense)/Revenue | Total Expenses | Net (Expense)/Revenue |
| Governmental Activities: | | | | |
| General government | \$ 7,167,118 | \$ (4,500,128) | \$ 6,996,456 | \$ (5,007,063) |
| Public safety | 24,919,339 | (18,872,554) | 21,839,622 | (17,756,083) |
| Public works | 14,767,173 | (9,506,875) | 14,620,116 | (11,094,573) |
| Culture and recreation | 5,213,946 | (4,083,537) | 4,256,316 | (2,959,272) |
| Community development | 1,123,834 | (690,243) | 2,028,572 | (1,501,208) |
| Interest and fiscal charges | 581,077 | (581,077) | 256,553 | (256,553) |
| Total expenses | <u>\$ 53,772,487</u> | <u>\$ (38,234,414)</u> | <u>\$ 49,997,635</u> | <u>\$ (38,574,752)</u> |
| Business-Type Activities: | | | | |
| Sewer | \$3,928,742 | (18,618) | \$3,789,592 | 102,031 |
| Refuse | 4,917,805 | (517,840) | 4,391,923 | (240,849) |
| Total expenses | <u>\$8,846,547</u> | <u>\$ (536,458)</u> | <u>\$8,181,515</u> | <u>\$ (138,818)</u> |

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

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 has the main impact on the City's financial statements is retirement costs, this includes public safety retirement system contributions, pension expenses and other post employment benefits.

The main item that accounts for the decrease in the City's net position is the public safety retirement expense. For Fiscal Year 2020 this expense was \$6.9 million.

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 \$13.1 million, an increase of \$3.5 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 \$170,941. The main reason is due to a 5% increase in City Privilege Taxes, which includes \$0.6 million of new taxes from online sales.

The Airport Fund had an increase of \$1.1 million mainly due to jet fuel sales to the US Forest Service. Sierra Vista is the regional base for their firefighting aircraft.

The Capital Improvements Fund had an increase of \$1.3 million, mainly due to the issuance of bonds for an energy savings and sports field turfing project.

Proprietary funds. Net position of the enterprise funds at the end of the year amounted to \$28.3 million. This is a decrease of \$0.5 million from 2019. The main reason for the decrease was the effect on the refuse operations of the world wide recycling situation.

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 2020 mid-year review focused on maintaining the General Fund ending fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the City had a net investment of \$154.0 million in capital assets, including buildings, facilities, vehicles, computers, equipment, infrastructure, and construction in progress assets. Total depreciation expense for the year was \$8.8 million.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

The following schedule presents capital asset balances for the fiscal years ended June 30, 2020 and 2019.

| | 2020 | | 2019 | |
|----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Governmental Activities | Business-Type Activities |
| Land | \$8,921,697 | \$1,488,882 | \$8,921,697 | \$1,488,882 |
| Infrastructure | 156,250,638 | 43,721,673 | 155,316,874 | 43,346,687 |
| Buildings and improvements | 59,101,499 | 9,575,707 | 59,047,572 | 9,575,707 |
| Machinery and equipment | 31,357,065 | 8,130,643 | 30,292,339 | 8,096,353 |
| Construction in progress | 13,341,668 | 39,092 | 121,294 | |
| Accumulated depreciation | <u>(154,247,634)</u> | <u>(23,642,044)</u> | <u>(147,255,926)</u> | <u>(22,263,903)</u> |
| Total | <u>\$114,724,933</u> | <u>\$39,313,953</u> | <u>\$106,443,850</u> | <u>\$40,243,726</u> |

For additional information on the City's capital assets, see the capital asset section in the footnotes, starting on page 47.

Debt Administration. At year-end, the City had \$22.8 million in long-term debt outstanding with \$5.3 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, 2020 and 2019.

| | 2020 | | 2019 | |
|---------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Governmental Activities | Business-Type Activities |
| Revenue Bonds | \$16,182,000 | \$4,080,000 | \$6,205,000 | \$4,760,000 |
| Notes Payable | <u>1,444,928</u> | <u>1,089,875</u> | <u>1,968,921</u> | <u>1,550,181</u> |
| Total | <u>\$17,626,928</u> | <u>\$ 5,169,875</u> | <u>\$8,173,921</u> | <u>\$ 6,310,181</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 49.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2020-2021 budget. The priorities set for the fiscal year 2021 budget include the following:

- Extra conservative revenue forecasting due to uncertainty of COVID-19 effects
- Maintaining the General Fund reserve level
- 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, 2020**

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 15,700,040 | \$ 335,929 | \$ 16,035,969 |
| Intergovernmental receivable | 4,485,117 | | 4,485,117 |
| Accounts receivable | 482,851 | 233,599 | 716,450 |
| Interfund balances | 1,436,161 | (1,436,161) | |
| Due from agency funds | 34,469 | | 34,469 |
| Inventory | 168,002 | | 168,002 |
| Total current assets | 22,306,640 | (866,633) | 21,440,007 |
| Noncurrent assets: | | | |
| Net OPEB asset | 26,192 | 5,640 | 31,832 |
| Land and improvements | 8,921,697 | 1,488,882 | 10,410,579 |
| Buildings and improvements | 59,101,499 | 9,575,707 | 68,677,206 |
| Infrastructure | 156,250,638 | 43,721,673 | 199,972,311 |
| Machinery and equipment | 31,357,065 | 8,130,643 | 39,487,708 |
| Construction in progress | 13,341,668 | 39,092 | 13,380,760 |
| Accumulated depreciation | (154,247,634) | (23,642,044) | (177,889,678) |
| Total noncurrent assets | 114,751,125 | 39,319,593 | 154,070,718 |
| Total assets | 137,057,765 | 38,452,960 | 175,510,725 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension plan and other post employment items | 14,709,089 | 597,380 | 15,306,469 |
| Charges on bond refinancing | 130,499 | 107,952 | 238,451 |
| Total deferred outflows of resources | 14,839,588 | 705,332 | 15,544,920 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 1,379,877 | 210,014 | 1,589,891 |
| Compensated absences payable | 2,399,591 | 97,788 | 2,497,379 |
| Claims payable | 166,904 | | 166,904 |
| Accrued salaries and employee benefits | 1,070,578 | 52,639 | 1,123,217 |
| Revenue bonds payable | 3,580,000 | 690,000 | 4,270,000 |
| Notes payable | 535,586 | 470,074 | 1,005,660 |
| Other liabilities | 82,845 | | 82,845 |
| Customer deposits | 13,422 | | 13,422 |
| Total current liabilities | 9,228,803 | 1,520,515 | 10,749,318 |
| Noncurrent liabilities: | | | |
| Net OPEB liability | 22,677,063 | 1,675,370 | 24,352,433 |
| Net Pension liability | 57,812,326 | 2,929,558 | 60,741,884 |
| Revenue bonds payable | 12,602,000 | 3,390,000 | 15,992,000 |
| Notes payable | 909,342 | 619,801 | 1,529,143 |
| Total non-current liabilities | 94,000,731 | 8,614,729 | 102,615,460 |
| Total liabilities | 103,229,534 | 10,135,244 | 113,364,778 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension plan and other post employment items | 9,848,349 | 769,893 | 10,618,242 |
| NET POSITION | | | |
| Net investment in capital assets | 97,228,504 | 34,252,030 | 131,480,534 |
| Restricted for | | | |
| Donations | 200,299 | | 200,299 |
| Police Special Programs | 180,660 | | 180,660 |
| Development Fees | 123,159 | | 123,159 |
| Capital projects | 5,687,709 | | 5,687,709 |
| Streets | 3,020,756 | | 3,020,756 |
| Airport | 2,288,718 | | 2,288,718 |
| Other | 789,909 | | 789,909 |
| Unrestricted | (70,700,244) | (5,998,875) | (76,699,119) |
| Total net position | \$ 38,819,470 | \$ 28,253,155 | \$ 67,072,625 |

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

**CITY OF SIERRA VISTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | |
|---------------------------------|-------------------------|----------------------|---------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| Primary Government | | | |
| Governmental activities: | | | |
| General government | \$ 7,167,118 | \$ 2,540,772 | \$ 126,218 |
| Public safety | 24,919,339 | 2,217,835 | 3,457,350 |
| Public works | 14,767,173 | 3,638,990 | 1,307,502 |
| Culture and recreation | 5,213,946 | 716,286 | 130,956 |
| Community development | 1,123,834 | 382,280 | 51,311 |
| Interest and fiscal charges | 581,077 | | |
| Total governmental activities | <u>53,772,487</u> | <u>9,496,163</u> | <u>5,073,337</u> |
| Business-type activities: | | | |
| Sewer | 3,928,742 | 3,586,287 | |
| Refuse | 4,917,805 | 4,399,965 | |
| Total business-type activities | <u>8,846,547</u> | <u>7,986,252</u> | |
| Total primary government | <u>\$ 62,619,034</u> | <u>\$ 17,482,415</u> | <u>\$ 5,073,337</u> |

General revenues:

Taxes:

 Property taxes

 Sales taxes

Unrestricted State revenues

Investment income

Other revenues

Total general revenues

Changes in net position

Net position, beginning of year

Net position, end of year

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

| <u>Net (Expense) Revenue and Changes in Net Position</u> | | | |
|--|--------------------------------|---------------------------------|-----------------------|
| <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
| \$ | \$ (4,500,128) | \$ | \$ (4,500,128) |
| 371,600 | (18,872,554) | | (18,872,554) |
| 313,806 | (9,506,875) | | (9,506,875) |
| 283,167 | (4,083,537) | | (4,083,537) |
| | (690,243) | | (690,243) |
| | (581,077) | | (581,077) |
| <u>968,573</u> | <u>(38,234,414)</u> | | <u>(38,234,414)</u> |
| 323,837 | | (18,618) | (18,618) |
| | | (517,840) | (517,840) |
| <u>323,837</u> | | <u>(536,458)</u> | <u>(536,458)</u> |
| <u>\$ 1,292,410</u> | <u>\$(38,234,414)</u> | <u>\$ (536,458)</u> | <u>\$(38,770,872)</u> |
| | \$ 363,530 | | \$ 363,530 |
| | 21,031,942 | | 21,031,942 |
| | 16,746,716 | | 16,746,716 |
| | 53,794 | 10,496 | 64,290 |
| | <u>507,212</u> | | <u>507,212</u> |
| | <u>38,703,194</u> | <u>10,496</u> | <u>38,713,690</u> |
| | 468,780 | (525,962) | (57,182) |
| | <u>38,350,690</u> | <u>28,779,117</u> | <u>67,129,807</u> |
| | <u>\$ 38,819,470</u> | <u>\$ 28,253,155</u> | <u>\$ 67,072,625</u> |

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FUND FINANCIAL STATEMENTS

**CITY OF SIERRA VISTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | <u>General</u> | <u>HURF</u> | <u>Park Development Fee</u> |
|---|---------------------------|---------------------------|-------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$4,152,048 | \$2,825,211 | \$ |
| Intergovernmental receivable | 3,124,598 | 392,611 | |
| Accounts receivable | 307,059 | 7,261 | |
| Due from other funds | 175,248 | | |
| Inventory | 55,351 | | |
| Total assets | <u><u>\$7,814,304</u></u> | <u><u>\$3,225,083</u></u> | <u><u>\$</u></u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 777,096 | \$ 125,119 | \$ |
| Due to other funds | | | 2,928,009 |
| Accrued salaries and employee benefits | 977,049 | 37,380 | |
| Other liabilities | 36,635 | 35,000 | |
| Customer deposits | 6,594 | 6,828 | |
| Total liabilities | <u><u>1,797,374</u></u> | <u><u>204,327</u></u> | <u><u>2,928,009</u></u> |
| Fund balances (deficits): | | | |
| Unassigned | 5,961,579 | | (2,928,009) |
| Nonspendable | 55,351 | | |
| Restricted | | 3,020,756 | |
| Total fund balances | <u><u>6,016,930</u></u> | <u><u>3,020,756</u></u> | <u><u>(2,928,009)</u></u> |
| Total liabilities and fund balances | <u><u>\$7,814,304</u></u> | <u><u>\$3,225,083</u></u> | <u><u>\$</u></u> |

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

| Fire Development Fee | Capital Improvements | Non-Major Governmental Funds | Total Governmental Funds |
|----------------------------|-------------------------|------------------------------------|--------------------------------|
| \$ | \$ 460,206 | \$ 3,170,597 | \$ 10,608,062 |
| | 17,208 | 950,900 | 4,485,117 |
| | 46,641 | 15,866 | 377,027 |
| | 5,203,836 | | 5,379,084 |
| | | 112,651 | 168,002 |
| <u>\$</u> | <u>\$ 5,727,891</u> | <u>\$ 4,250,014</u> | <u>\$ 21,017,292</u> |
| | | | |
| \$ | \$ 40,182 | \$ 434,913 | \$ 1,377,310 |
| 1,334,188 | | 1,082,418 | 5,344,615 |
| | | 56,149 | 1,070,578 |
| | | 11,210 | 82,845 |
| | | | 13,422 |
| <u>1,334,188</u> | <u>40,182</u> | <u>1,584,690</u> | <u>7,888,770</u> |
| | | | |
| (1,334,188) | | (917,421) | 781,961 |
| | | 112,651 | 168,002 |
| | 5,687,709 | 3,470,094 | 12,178,559 |
| <u>(1,334,188)</u> | <u>5,687,709</u> | <u>2,665,324</u> | <u>13,128,522</u> |
| | | | |
| <u>\$</u> | <u>\$ 5,727,891</u> | <u>\$ 4,250,014</u> | <u>\$ 21,017,292</u> |

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund balances **\$13,128,522**

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 | \$268,972,567 | |
| Less accumulated depreciation | <u>(154,247,634)</u> | |
| | | 114,724,933 |

Deferred items related to the net cost of issuance of bonds are Amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. 130,499

Long-term assets are not due and receivable in the current period therefore are not reported in the funds.

| | | |
|------------|--|--------|
| OPEB asset | | 26,192 |
|------------|--|--------|

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

| | | |
|------------------------------|--------------------|---------------|
| Revenue bonds payable | (16,182,000) | |
| Notes payable | (1,444,928) | |
| Net OPEB liability | (22,677,063) | |
| Net pension liability | (57,812,326) | |
| Compensated absences payable | <u>(2,399,591)</u> | |
| | | (100,515,908) |

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

| | | |
|-------------------------------------|-------------------|-----------|
| Deferred pension/OPEB plan inflows | (9,848,349) | |
| Deferred pension/OPEB plan outflows | <u>14,709,089</u> | |
| | | 4,860,740 |

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 | 6,151,496 | |
| Unemployment Insurance Fund | 97,066 | |
| Self-Insured Retention Fund | <u>215,930</u> | |
| | | <u>6,464,492</u> |

Net Position of Governmental Activities **\$38,819,470**

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, 2020**

| | General | HURF |
|--|---------------------|---------------------|
| Revenues: | | |
| Taxes | \$ 16,866,379 | \$ |
| Licenses and permits | 1,993,234 | |
| Intergovernmental | 13,790,238 | 4,367,069 |
| Charges for services | 4,261,699 | |
| Fines | 10,863 | |
| Investment income | 11,245 | 13,993 |
| Contributions | 6,570 | |
| Other revenues | 394,998 | 43,636 |
| Total revenues | 37,335,226 | 4,424,698 |
| Expenditures: | | |
| Current - | | |
| General government | 6,693,134 | |
| Public safety | 19,503,529 | |
| Public works | 4,916,392 | 4,323,259 |
| Culture and recreation | 4,051,411 | |
| Community development | 891,780 | |
| Capital outlay - | | |
| Debt service - | | |
| Interest and fiscal charges | 19,492 | 6,052 |
| Bond issuance costs | | |
| Principal | 262,386 | 73,855 |
| Total expenditures | 36,338,124 | 4,403,166 |
| Excess (deficiency) of revenues over expenditures | 997,102 | 21,532 |
| Other financing sources (uses): | | |
| Transfers out | (826,161) | |
| Transfers in | | |
| Issuance of revenue bonds | | |
| Total other financing sources (uses) | (826,161) | |
| Changes in fund balances | 170,941 | 21,532 |
| Fund balances (deficits), beginning of year | 5,845,989 | 2,999,224 |
| Fund balances (deficits), end of year | \$ 6,016,930 | \$ 3,020,756 |

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

| <u>Park Development Fee</u> | <u>Fire Development Fee</u> | <u>Capital Improvements</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|-------------------------------------|---------------------------------|---|---|
| \$ | \$ | \$ 4,529,093 | \$ | \$ 21,395,472 |
| | | 172,080 | 4,233,684 | 1,993,234 |
| | | | 2,388,955 | 22,563,071 |
| | | | 5 | 6,650,654 |
| | | 16,170 | 12,386 | 10,868 |
| | | | 218,985 | 53,794 |
| | | | 68,578 | 225,555 |
| | | | <u>68,578</u> | <u>507,212</u> |
| | | <u>4,717,343</u> | <u>6,922,593</u> | <u>53,399,860</u> |
| | | | 58,897 | 6,752,031 |
| | | | 2,397,779 | 21,901,308 |
| | | | 2,767,924 | 12,007,575 |
| | | | 228,665 | 4,280,076 |
| | | | 207,546 | 1,099,326 |
| | | 12,750,668 | | 12,750,668 |
| 8,917 | | | 384,617 | 419,078 |
| | | 96,750 | | 96,750 |
| <u>117,712</u> | | | <u>3,808,040</u> | <u>4,261,993</u> |
| <u>126,629</u> | | <u>12,847,418</u> | <u>9,853,468</u> | <u>63,568,805</u> |
| <u>(126,629)</u> | | <u>(8,130,075)</u> | <u>(2,930,875)</u> | <u>(10,168,945)</u> |
| | | (4,242,605) | | (5,068,766) |
| 576,630 | | | 4,492,136 | 5,068,766 |
| | | <u>13,715,000</u> | | <u>13,715,000</u> |
| <u>576,630</u> | | <u>9,472,395</u> | <u>4,492,136</u> | <u>13,715,000</u> |
| <u>450,001</u> | | <u>1,342,320</u> | <u>1,561,261</u> | <u>3,546,055</u> |
| (3,378,010) | (1,334,188) | 4,345,389 | 1,104,063 | 9,582,467 |
| <u>\$(2,928,009)</u> | <u>\$(1,334,188)</u> | <u>\$ 5,687,709</u> | <u>\$ 2,665,324</u> | <u>\$ 13,128,522</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, 2020**

Changes in Fund Balances - Total Governmental Funds **\$ 3,546,055**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

| | | |
|---------------------------------|--------------------|-----------|
| Expenditures for capital assets | \$15,710,562 | |
| Current year depreciation | <u>(7,429,479)</u> | 8,281,083 |

Governmental funds report debt principal payments as expenditures and note proceeds as revenues whereas the Statement of Activities does not recognize note proceeds as income, nor principal payments as expenditures.

| | | |
|--|--|-------------|
| Debt principal payments and bond issuance activity | | (9,453,007) |
|--|--|-------------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

| | | |
|-------------------------------------|--------------------|-------------|
| Amortization of deferred bond items | (65,249) | |
| Compensated absences | (361,989) | |
| Pension and OPEB liability expenses | <u>(8,366,863)</u> | (8,794,101) |

Governmental funds report pension and OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position.

6,047,343

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

| | | |
|-----------------------------|-----------------|---------|
| Health and Accident Fund | 859,823 | |
| Unemployment Insurance Fund | (1,685) | |
| Self-Insured Retention Fund | <u>(16,731)</u> | 841,407 |

Changes in Net Position of Governmental Activities **\$ 468,780**

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, 2020**

| | Enterprise Funds | |
|--|------------------|--------------|
| | Sewer | Refuse |
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and investments | \$ | \$ 335,929 |
| Accounts receivable | 204,463 | 29,136 |
| Due from other funds | | |
| Total current assets | 204,463 | 365,065 |
| Noncurrent assets: | | |
| Net OPEB asset | 2,696 | 2,944 |
| Capital assets (net of accumulated depreciation) | 36,692,195 | 2,621,758 |
| Total noncurrent assets | 36,694,891 | 2,624,702 |
| Total assets | 36,899,354 | 2,989,767 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Pension and other post employment benefit | 275,199 | 322,181 |
| Charges on Bond Refinancing | 107,952 | |
| Total deferred outflows of resources | 383,151 | 322,181 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 99,234 | 110,780 |
| Compensated absences payable | 58,894 | 38,894 |
| Claims payable | | |
| Due to other funds | 1,436,161 | |
| Accrued salaries and employee benefits | 26,512 | 26,127 |
| Revenue bonds payable | 690,000 | |
| Notes payable | 179,307 | 290,767 |
| Total current liabilities | 2,490,108 | 466,568 |
| Noncurrent liabilities: | | |
| Net OPEB liability | 718,670 | 956,700 |
| Net Pension liability | 1,400,422 | 1,529,136 |
| Revenue bonds payable | 3,390,000 | |
| Notes payable | 267,536 | 352,265 |
| Total non-current liabilities | 5,776,628 | 2,838,101 |
| Total liabilities | 8,266,736 | 3,304,669 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Pension and other post employment benefit | 339,974 | 429,919 |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | 32,273,304 | 1,978,726 |
| Unrestricted | (3,597,509) | (2,401,366) |
| Total net position | \$ 28,675,795 | \$ (422,640) |

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

| Total | Governmental Activities: Internal Service Funds |
|----------------------|---|
| \$ 335,929 | \$ 5,091,978 |
| 233,599 | 105,824 |
| <u>569,528</u> | <u>1,436,161</u> |
| | <u>6,633,963</u> |
| 5,640 | |
| <u>39,313,953</u> | |
| <u>39,319,593</u> | |
| <u>39,889,121</u> | <u>6,633,963</u> |
| 597,380 | |
| <u>107,952</u> | |
| 705,332 | |
| 210,014 | 2,567 |
| 97,788 | |
| | 166,904 |
| 1,436,161 | |
| 52,639 | |
| 690,000 | |
| <u>470,074</u> | |
| <u>2,956,676</u> | <u>169,471</u> |
| 1,675,370 | |
| 2,929,558 | |
| 3,390,000 | |
| <u>619,801</u> | |
| <u>8,614,729</u> | |
| <u>11,571,405</u> | <u>169,471</u> |
| 769,893 | |
| 34,252,030 | |
| <u>(5,998,875)</u> | <u>6,464,492</u> |
| <u>\$ 28,253,155</u> | <u>\$ 6,464,492</u> |

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Enterprise Funds | |
|---|----------------------|---------------------|
| | Sewer | Refuse |
| Operating revenues: | | |
| Charges for services | \$ 3,483,745 | \$ 4,325,451 |
| Contributions | | |
| Other revenues | 102,542 | 74,514 |
| Total operating revenues | 3,586,287 | 4,399,965 |
| Operating expenses: | | |
| Salaries, wages and related expenses | 1,563,105 | 1,950,803 |
| Operations and maintenance | 1,306,862 | 2,502,384 |
| Depreciation | 948,744 | 447,716 |
| Benefits paid | | |
| Premiums paid | | |
| Total operating expenses | 3,818,711 | 4,900,903 |
| Operating income (loss) | (232,424) | (500,938) |
| Nonoperating revenues (expenses): | | |
| Connection income | 323,837 | |
| Investment income | 10,496 | |
| Interest and fiscal charges | (110,031) | (16,902) |
| Total nonoperating revenues (expenses) | 224,302 | (16,902) |
| Income (loss) before transfers | (8,122) | (517,840) |
| Transfer in | | |
| Changes in net position | (8,122) | (517,840) |
| Total net position, beginning of year | 28,683,917 | 95,200 |
| Total net position, end of year | \$ 28,675,795 | \$ (422,640) |

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

| Total | Governmental Activities: Internal Service Funds |
|----------------------|--|
| \$ 7,809,196 | \$ |
| 177,056 | 4,121,105 |
| <u>7,986,252</u> | <u>417,575</u> |
| 3,513,908 | |
| 3,809,246 | 364,781 |
| 1,396,460 | |
| | 2,794,192 |
| | 593,908 |
| <u>8,719,614</u> | <u>3,752,881</u> |
| <u>(733,362)</u> | <u>785,799</u> |
| 323,837 | |
| 10,496 | 55,608 |
| <u>(126,933)</u> | |
| <u>207,400</u> | <u>55,608</u> |
| <u>(525,962)</u> | <u>841,407</u> |
| <u>(525,962)</u> | <u>841,407</u> |
| 28,779,117 | 5,623,085 |
| <u>\$ 28,253,155</u> | <u>\$ 6,464,492</u> |

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Enterprise Funds | |
|--|--------------------|-------------------|
| | Sewer | Refuse |
| <u>Increase (Decrease) In Cash and Cash Equivalents</u> | | |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 3,647,779 | \$ 4,435,010 |
| Cash paid to suppliers for goods and services | (1,284,278) | (2,485,566) |
| Cash payments to employees for services | (1,506,497) | (1,677,746) |
| Other operating revenues | 102,542 | 74,514 |
| | 959,546 | 346,212 |
| Cash flows from noncapital financing activities: | | |
| Change in intrafund borrowing – H&A fund | 122,679 | - |
| | 122,679 | - |
| Cash flows from capital and related financing activities: | | |
| Interest paid on equipment contracts and bonds | (94,609) | (16,902) |
| Acquisition of capital assets | (466,687) | |
| Sale of capital assets | | |
| Principal paid on equipment contracts and bonds | (855,262) | (285,044) |
| Connection fees | 323,837 | |
| | (1,092,721) | (301,946) |
| Cash flows from investing activities: | | |
| Investment income | 10,496 | |
| | 10,496 | - |
| Net increase (decrease) in cash and cash equivalents | - | 44,266 |
| Cash and cash equivalents, July 1, 2019 | - | 291,663 |
| Cash and cash equivalents, June 30, 2020 | \$ - | \$ 335,929 |

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

| <u>Total</u> | <u>Governmental Activities: Internal Service Funds</u> |
|--------------------|--|
| \$ 8,082,789 | \$ 4,377,410 |
| (3,769,844) | (3,760,225) |
| (3,184,243) | |
| <u>177,056</u> | <u>417,575</u> |
| <u>1,305,758</u> | <u>1,034,760</u> |
| <u>122,679</u> | <u>3,255,331</u> |
| <u>122,679</u> | <u>3,255,331</u> |
| (111,511) | |
| (466,687) | |
| - | |
| (1,140,306) | |
| <u>323,837</u> | <u> </u> |
| <u>(1,394,667)</u> | <u> </u> |
| <u>10,496</u> | <u>55,608</u> |
| <u>10,496</u> | <u>55,608</u> |
| <u>44,266</u> | <u>4,345,699</u> |
| <u>291,663</u> | <u>746,279</u> |
| <u>\$ 335,929</u> | <u>\$ 5,091,978</u> |

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)**

| | Enterprise Funds | |
|---|-------------------|-------------------|
| | Sewer | Refuse |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u> | | |
| Operating income (loss) | \$ (232,424) | \$ (500,938) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 948,744 | 447,716 |
| Increase (decrease) in uncollectible accounts | 60,868 | 9,874 |
| Change in assets and liabilities: | | |
| Decrease (Increase) in gross accounts receivable | 103,166 | 99,685 |
| Increase (decrease) in operating portion of accounts payable | 22,584 | 16,818 |
| Increase (decrease) in accrued salaries | 3,645 | (1,597) |
| Increase (decrease) in OPEB liability | (79,967) | 76,986 |
| Increase (decrease) in pension and OPEB liability | 3,851 | 28,138 |
| Increase (decrease) in pension and OPEB inflows | 123,034 | 196,080 |
| Decrease (increase) in net pension outflows | (36) | (25,362) |
| Decrease (increase) in net OPEB asset | 955 | 981 |
| Increase (decrease) in compensated absences | 5,126 | (2,169) |
| Total adjustments | 1,191,970 | 847,150 |
| Net cash provided by (used for) operating activities | \$ 959,546 | \$ 346,212 |

Non-cash capital and related financing activities:
Amortization of deferred bond charges \$15,422

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

| <u>Total</u> | <u>Governmental Activities: Internal Service Funds</u> |
|---------------------|--|
| \$ (733,362) | \$ 785,799 |
| 1,396,460 | |
| 70,742 | |
| 202,851 | 256,305 |
| 39,402 | (7,344) |
| 2,048 | |
| (2,981) | |
| 31,989 | |
| 319,114 | |
| (25,398) | |
| 1,936 | |
| <u>2,957</u> | |
| <u>2,039,120</u> | <u>248,961</u> |
| \$ <u>1,305,758</u> | \$ <u>1,034,760</u> |

**CITY OF SIERRA VISTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020**

| | | Agency |
|-------------------------------|-----------|----------------|
| <u>ASSETS</u> | | |
| Cash and investments | \$ | 737,939 |
| Intergovernmental receivable | | 34,469 |
| Accounts receivable | | 110,000 |
| Total assets | \$ | 882,408 |
| <u>LIABILITIES</u> | | |
| Accounts payable | | 19,241 |
| Due to other funds | | 34,469 |
| Customer deposits | | 828,698 |
| Total liabilities | \$ | 882,408 |

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, 2020**

1. Summary of Significant Accounting Policies

The financial statements of City of Sierra Vista (City) have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

The more significant of the City's accounting policies are described below.

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 can therefore significantly influence the MPO's operations. In addition, per the agreement between the City and the MPO, all employees of the MPO are employees of the City as well. 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 for interfund services provided and used. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by 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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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.

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

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.

Fiduciary Funds – Fiduciary Funds account for assets held by the City on behalf of others and include the Customer Deposits Fund, Cochise County Tourism Council Deposits Fund, 911 Fund and the Upper San Pedro Partnership Deposits Fund.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

C. Measurement Focus/Basis of Accounting

Government-wide and proprietary funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. 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 regardless of cash flows.

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. 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 60 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, 2020**

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. There were no significant encumbrances at year end.

F. Inventories

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. Inventories are recorded as expenditures/expenses when consumed.

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 acquisition 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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 rate of pay. All of an employee's accrued vacation, and a proportion of their sick leave, is paid to them when they end employment with the City. The amount of sick leave paid out is a ratio based on years of service. 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 City treats this liability as a current liability because it is payable on demand, and the annual repayments/retirements have historically been about the same amount as the ending balance. 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, 2020 were cash in bank, cash 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.

**CITY OF SIERRA VISTA
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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 until that time.

N. Pensions and Other Postemployment Benefits (OPEB)

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

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the City applies restricted resources first when outlays are incurred for the purposes for which either restricted or unrestricted amounts are available.

P. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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, 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, 2020, consist of the following.

| | | | |
|-------|----------------------------------|----|------------|
| | Cash on hand | \$ | 5,463 |
| | Cash in Bank | | 7,495,456 |
| | Investments with State Treasurer | | 6,611,112 |
| | Cash held by trustee | | 2,207,997 |
| | Cash held as trustee | | 453,880 |
| Total | | \$ | 16,773,908 |

The City's total cash in bank/trustee (bank balance) was entirely covered by Federal depository insurance, except approximately \$10.2 million of the City's deposits were covered by collateral held by the pledging financial institution's trust department or fiscal agent, but not in the City's name.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets

Level 2 inputs are significant other observable inputs

Level 3 inputs are significant unobservable inputs.

The State’s Treasurer’s pools are external investment pools, the Local Investment Pool (Pool 5) and the Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participant’s shares are not identified with specific investments. Participants in the pool are not required to categorize the value of the shares in accordance with the fair value hierarchy.

Investments at June 30, 2020 were as follows:

| | <u>Fair Value</u> | <u>Level</u> |
|---|-------------------|----------------|
| State Treasurer’s Investment Pool – 44-47 day weighted average maturity | \$ 6,611,112 | Not applicable |
| Total | \$ 6,611,112 | |

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 - Deposits. Custodial credit risk is the risk that in the event of bank failure the City’s deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk.

Custodial Credit Risk - Investments. 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.

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

The State Constitution and State law specify a property tax levy limitation system. 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.

| | <u>General Fund</u> | <u>HURF Fund</u> | <u>Capital Improvements Fund</u> | <u>Non-Major Governmental Funds</u> |
|--|-------------------------|----------------------|--|---|
| Receivables due from: | | | | |
| Federal government | \$ 14,379 | \$101,752 | \$ 17,208 | \$ 624,362 |
| State government | 2,956,226 | 290,859 | | |
| Other governments | <u>153,993</u> | | | <u>326,538</u> |
| Total intergovernmental receivables | <u>\$3,124,598</u> | <u>\$392,611</u> | <u>\$ 17,208</u> | <u>\$950,900</u> |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

5. Capital Assets

A summary of capital asset activity for the fiscal year ended June 30, 2020 is as follows.

Governmental activities:

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|------------------------------------|--|---------------------|------------------|--|
| Non-depreciable assets: | | | | |
| Land | \$ 8,921,697 | \$ | \$ | \$ 8,921,697 |
| Construction in progress | 121,294 | 13,220,374 | | 13,341,668 |
| Depreciable assets: | | | | |
| Infrastructure | 155,316,874 | 933,764 | | 156,250,638 |
| Buildings and improvements | 59,047,572 | 53,927 | | 59,101,499 |
| Machinery and Equipment | <u>30,292,339</u> | <u>1,502,497</u> | <u>(437,771)</u> | <u>31,357,065</u> |
| Total Capital Assets | <u>253,699,776</u> | <u>15,710,562</u> | <u>(437,771)</u> | <u>268,972,567</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 89,979,827 | 4,255,246 | | 94,235,073 |
| Buildings and improvements | 35,070,698 | 1,678,164 | | 36,748,862 |
| Machinery and Equipment | <u>22,205,401</u> | <u>1,496,069</u> | <u>(437,771)</u> | <u>23,263,699</u> |
| Total Accumulated Depreciation | <u>147,255,926</u> | <u>7,429,479</u> | <u>(437,771)</u> | <u>154,247,634</u> |
| Total Capital Assets, Net | <u>\$ 106,443,850</u> | <u>\$ 8,281,083</u> | <u>\$</u> | <u>\$ 114,724,933</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|---------------------|
| General government | \$ 365,595 |
| Public safety | 1,404,439 |
| Public works | 4,642,430 |
| Culture and recreation | <u>1,017,015</u> |
| Total Depreciation Expense | <u>\$ 7,429,479</u> |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Business-type activities:

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|------------------------------------|--|---------------------|------------------|--|
| Non-depreciable assets | | | | |
| Land | \$ 1,488,882 | \$ | \$ | \$ 1,488,882 |
| Construction in progress | | 39,092 | | 39,092 |
| Depreciable assets | | | | |
| Infrastructure | 43,346,687 | 374,986 | | 43,721,673 |
| Buildings and improvements | 9,575,707 | | | 9,575,707 |
| Machinery and Equipment | <u>8,096,353</u> | <u>52,609</u> | <u>(18,319)</u> | <u>8,130,643</u> |
| Total Capital Assets | <u>62,507,629</u> | <u>466,687</u> | <u>(18,319)</u> | <u>62,955,997</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 9,566,705 | 718,220 | | 10,284,925 |
| Buildings and improvements | 8,195,818 | 180,661 | | 8,376,479 |
| Machinery and Equipment | <u>4,501,380</u> | <u>497,579</u> | <u>(18,319)</u> | <u>4,980,640</u> |
| Total Accumulated Depreciation | <u>22,263,903</u> | <u>1,396,460</u> | <u>(18,319)</u> | <u>23,642,044</u> |
| Total Capital Assets, Net | <u>\$40,243,726</u> | <u>\$ (929,773)</u> | <u>\$</u> | <u>\$39,313,953</u> |

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

| | |
|----------------------------|---------------------|
| Sewer | \$ 948,744 |
| Refuse | <u>447,716</u> |
| Total Depreciation Expense | <u>\$ 1,396,460</u> |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| 6. <u>Long-term Debt</u> | <u>Outstanding Principal at June 30, 2020</u> |
|--|---|
| Business-type activities: | |
| Revenue Bonds | |
| A. 2017 Sierra Vista Municipal Property Corporation Lease Revenue Bonds (private placement) issued to refinance the 2012 Sewer Plant upgrades note payable, due in varying annual installments thru January 2027 at 1.84%; (paid by Sewer Fund). | \$ 4,080,000 |
| Notes Payable | |
| B. Note payable in quarterly installments of \$ 87,047 including interest at 1.79% until June 2022; collateralized by specified vehicles (paid by 70% by Refuse Fund and 30% by Sewer Fund). | 682,564 |
| C. Note payable in quarterly installments of \$ 35,575 including interest at 2.92% until June 2023; collateralized by specified vehicles (paid by 60% by Sewer Fund and 40% by Refuse Fund). | <div style="text-align: right;"> <u>407,311</u> 5,169,875 </div> |
| Less current portion of revenue bonds | (690,000) |
| Less current portion of notes payable | <div style="text-align: right;"> <u>(470,074)</u> </div> |
| Total business-type activity long-term debt | <u>\$ 4,009,801</u> |
| Governmental activities: | |
| Revenue Bonds | |
| A. 2017 Sierra Vista Municipal Property Corporation Lease Revenue Bonds (private placement) issued to refinance the Series 2008 and Series 2010 Municipal Property Corporation Lease Revenue Bonds; due in varying annual installments through January 2022 at 1.84% (paid by MPC I & R Fund). | \$3,755,000 |
| B. 2020 Municipal Facilities Revenue Bonds (private placement) issued to construct various City facilities; due in varying annual installments through January 2030 at 2.48% (paid by MPC I & R Fund). | \$12,427,000 |
| Notes Payable | |
| A. Note payable in quarterly installments of \$ 18,837 including interest at 2.02% until June 2023; (paid by Airport Fund). | 218,791 |
| B. 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). | 367,708 |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| | |
|---|---------------------|
| C. Note payable in quarterly installments of \$ 49,092 including interest at 1.79% until June 2022; collateralized by specified vehicles (paid by 82% General Fund, 18% HURF Fund). | 384,944 |
| D. Note payable in quarterly installments of \$ 41,394 including interest at 2.92% until June 2023; collateralized by specified vehicles (paid by 73% General Fund, 27% HURF Fund). | <u>473,485</u> |
| | 17,626,928 |
| Less current portion of revenue bonds | (3,580,000) |
| Less current portion of notes payable | <u>(535,586)</u> |
| Total governmental activity long-term debt | <u>\$13,511,342</u> |

Changes in Long-term Debt

Governmental Activities

| | Balance at <u>June 30, 2019</u> | <u>Additions</u> | Repayments/ <u>Retirements</u> | Balance at <u>June 30, 2020</u> | Current <u>Portion</u> |
|-----------------------|------------------------------------|----------------------|-----------------------------------|------------------------------------|---------------------------|
| Revenue bonds | \$ 6,205,000 | \$ 13,715,000 | \$ 3,738,000 | \$ 16,182,000 | \$ 3,580,000 |
| Notes payable | 1,968,921 | | 523,993 | 1,444,928 | 535,586 |
| Net OPEB liability | 28,181,853 | | 5,504,790 | 22,677,063 | |
| Net pension liability | 54,346,076 | 3,466,250 | | 57,812,326 | |
| Compensated absences | 2,037,602 | 1,585,887 | 1,223,898 | 2,399,591 | 2,399,591 |
| Total | <u>\$ 92,739,452</u> | <u>\$ 18,767,137</u> | <u>\$ 10,990,681</u> | <u>\$ 100,515,908</u> | <u>\$ 6,515,177</u> |

Business-type Activities

| | Balance at <u>June 30, 2019</u> | <u>Additions</u> | Repayments/ <u>Retirements</u> | Balance at <u>June 30, 2020</u> | Current <u>Portion</u> |
|-----------------------|------------------------------------|-------------------|-----------------------------------|------------------------------------|---------------------------|
| Revenue Bonds | \$ 4,760,000 | | \$ 680,000 | \$ 4,080,000 | \$ 690,000 |
| Notes payable | 1,550,181 | | 460,306 | 1,089,875 | 470,074 |
| Net OPEB liability | 1,678,351 | | 2,981 | 1,675,370 | |
| Net pension liability | 2,897,569 | 31,989 | | 2,929,558 | |
| Compensated absences | 94,831 | 73,752 | 70,795 | 97,788 | 97,788 |
| Total | <u>\$ 10,980,932</u> | <u>\$ 105,741</u> | <u>\$ 1,214,082</u> | <u>\$ 9,872,591</u> | <u>\$ 1,257,862</u> |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Debt Service Requirements to Maturity

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2020, is detailed below.

| Year ending | Business-type Activities | | | | Governmental Activities | | | | Total |
|-------------|--------------------------|----------|-----------------------|----------|-------------------------|-----------|-----------------------|----------|------------|
| | Revenue Bonds | | Installment Contracts | | Revenue Bonds | | Installment Contracts | | |
| 30-Jun | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2021 | 690,000 | 68,724 | 470,074 | 20,415 | 3,580,000 | 340,794 | 535,586 | 28,175 | 5,733,768 |
| 2022 | 705,000 | 55,890 | 480,061 | 10,427 | 2,423,000 | 278,372 | 547,448 | 16,314 | 4,516,512 |
| 2023 | 490,000 | 44,896 | 139,740 | 3,559 | 1,166,000 | 237,981 | 361,894 | 5,500 | 2,449,570 |
| 2024 | 510,000 | 35,696 | | | 1,195,000 | 208,704 | | | 1,949,400 |
| 2025 | 535,000 | 26,082 | | | 1,224,000 | 178,709 | | | 1,963,791 |
| 2026 | 560,000 | 16,008 | | | 1,255,000 | 147,969 | | | 1,978,977 |
| 2027 | 590,000 | 5,428 | | | 1,286,000 | 116,461 | | | 1,997,889 |
| 2028 | | | | | 1,318,000 | 84,171 | | | 1,402,171 |
| 2029 | | | | | 1,351,000 | 51,076 | | | 1,402,076 |
| 2030 | | | | | 1,384,000 | 17,161 | | | 1,401,161 |
| Total | 4,080,000 | 252,724 | 1,089,875 | 34,401 | 16,182,000 | 1,661,398 | 1,444,928 | 49,989 | 24,795,315 |

All of the outstanding bonds listed in the table above are private placement Municipal Facilities Revenue bonds. The original principal amount for the Series 2017 was \$17,435,000 and all maturities have a 1.84% coupon rate. The original principal for the Series 2020 was \$13,715,000 and all maturities have a 2.48% coupon rate. All bonds are noncallable by either party.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 Series 2020 bonds were issued to facilitate the completion of a City facility energy savings project and upgraded sports fields. The outstanding principal balance of these bonds as of June 30, 2020 was \$20.3 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> |
| 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 | 29,009,569 | 3,425,570 | 8.37 |
| 2017 | 29,294,082 | 3,428,376 | 8.46 |
| 2018 | 30,464,615 | 3,418,101 | 8.57 |
| 2019 | 31,642,292 | 3,294,954 | 9.25 |
| 2020 | 33,468,064 | 3,302,960 | 9.58 |
| 2021 | | 4,679,518 | 7.15 |
| 2022 | | 3,462,262 | |
| 2023 | | 1,938,877 | |
| 2024 | | 1,949,400 | |
| 2025 | | 1,963,791 | |
| 2026 | | 1,978,977 | |
| 2027 | | 1,997,889 | |
| 2028 | | 1,402,171 | |
| 2029 | | 1,402,076 | |
| 2030 | | 1,401,152 | |

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

7. Pensions and Other Post Employment Benefits

The City contributes to the 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 Corrections Officer Retirement Plan or the Elected Officials Retirement Plan.

Aggregate Amounts.

At June 30, 2020, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--------------------------------|------------------------------------|-------------------------------------|--------------|
| Net Pension and OPEB assets | \$ 26,192 | \$ 5,640 | \$ 31,832 |
| Net pension and OPEB liability | 80,489,389 | 4,604,928 | 85,094,317 |
| Deferred outflows of resources | 14,709,089 | 597,380 | 15,306,469 |
| Deferred inflows of resources | 9,848,349 | 769,893 | 10,618,242 |
| Pension and OPEB expense | 8,366,864 | 594,075 | 8,960,939 |

The City reported \$6.05 million of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan Description

City employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS 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:

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| | 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 is to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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

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

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the members' annual covered payroll. The City's contributions for the year ended June 30, 2020 were as follows:

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Contributions |
|--------------------------|---------------|
| Pension | \$ 1,437,575 |
| Health Insurance Premium | 61,521 |
| Long-Term Disability | 21,344 |

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The City's pension and OPEB contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund

Pension and OPEB Assets/Liability

The net pension and OPEB assets/liability were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The City's proportion of the net assets/liability was based on the City's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2019.

At June 30, 2020, the City reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2019, the City's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2018 was:

| | Net (Assets) Liability | City % Proportion | Increase (Decrease) |
|--------------------------|---------------------------|----------------------|------------------------|
| Pension | \$ 16,533,033 | 0.11362 | 0.00097 |
| Health Insurance Premium | (31,832) | 0.11519 | 0.00114 |
| Long-Term Disability | 74,630 | 0.11456 | 0.00174 |

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources

The City has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2020, the City recognized pension and OPEB expense as follows:

| | Expense |
|--------------------------|--------------|
| Pension | \$ 1,743,549 |
| Health Insurance Premium | 40,737 |
| Long-Term Disability | 24,552 |

The City reported deferred outflows of resources and deferred inflows of resources related to

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pensions and OPEB from the following sources:

| | Deferred Outflows of Resources | | |
|---|--------------------------------|--------------------------------|-------------------------|
| | Pension | Health Insurance Premium | Long-Term Disability |
| Differences between expected and actual experience | \$ 298,674 | \$ - | \$ 8,817 |
| Changes of assumptions or other inputs | 69,886 | 62,603 | 11,164 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 215,440 | 70 | 1,340 |
| Contributions subsequent to the measurement date | <u>1,437,575</u> | <u>61,521</u> | <u>21,344</u> |
| Total | <u>\$ 2,021,575</u> | <u>\$ 124,194</u> | <u>\$ 42,665</u> |

| | Deferred Inflows of Resources | | |
|---|-------------------------------|--------------------------------|-------------------------|
| | Pension | Health Insurance Premium | Long-Term Disability |
| Differences between expected and actual experience | \$ 3,108 | \$ 38,053 | \$ - |
| Changes of assumptions or other inputs | 658,378 | | |
| Net difference between projected and actual earnings on investments | 371,605 | 41,397 | 1,592 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 29,080 | 84 | 4 |
| Total | <u>\$ 1,062,171</u> | <u>\$ 79,534</u> | <u>\$ 1,596</u> |

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

| Year Ending June 30: | Pension | Health | Long-Term |
|----------------------|--------------|----------------------|------------|
| | | Insurance Premium | Disability |
| 2021 | \$ (109,908) | \$ (13,782) | \$ 2,010 |
| 2022 | (396,425) | (13,781) | 2,010 |
| 2023 | (71,364) | 3,877 | 3,563 |
| 2024 | 99,526 | 7,726 | 3,848 |
| 2025 | | (901) | 3,257 |
| Thereafter | | | 5,037 |

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension and OPEB liability

**CITY OF SIERRA VISTA
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are as follows:

| | Pension | OPEB |
|-----------------------------|---------------------|------------------------------------|
| Actuarial valuation date | June 30, 2018 | June 30, 2018 |
| Actuarial roll forward date | June 30, 2019 | June 30, 2019 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Investment rate of return | 7.5% | 7.5% |
| Projected salary increases | 2.7-7.2% | Not applicable |
| Inflation | 2.3% | 2.3% |
| Permanent base increases | Included | Not applicable |
| Mortality rates | 2017 SRA Scale U-MP | Health Ins: 2017 SRA Scale U-MP |
| Recovery rate | Not applicable | LTD: 2012 GLDT |
| Healthcare cost trend rate | Not applicable | Not applicable |

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class for all ASRS plans are summarized in the following table:

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| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-------------------------------|------------------------------|---|
| Equity | 50% | 6.09% |
| Credit | 20 | 5.36 |
| Interest rate sensitive bonds | 10 | 1.62 |
| Real estate | 20 | 5.85 |
| Total | <u>100%</u> | |

Discount Rate

The discount rate used to measure the ASRS total pension and OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

Sensitivity of the Proportionate Share of the Net Pension and OPEB Asset/Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension and OPEB assets/liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension and OPEB assets/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>Proportionate share of the net (assets) liability</u> | | |
|--------------------------|--|----------------------------------|--------------------|
| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
| Rate | 6.5% | 7.5% | 8.5% |
| Pension | \$ 23,530,334 | \$ 16,533,033 | \$ 10,685,088 |
| Health Insurance Premium | 161,250 | (31,832) | (196,350) |
| Long-Term Disability | 82,594 | 74,630 | 66,906 |

Contributions payable. The City's accrued payroll and employee benefits included \$75,405 of outstanding pension contribution amounts payable to ASRS for the year ending June 30, 2020.

Pension and OPEB Plan Fiduciary Net Position. Detailed information about the pension and OPEB 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.

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B. Public Safety Personnel Retirement System

Plan Description

City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSDCRP). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool), which is not further disclosed because of the relative insignificance to the City's financial statements.

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. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

| | Initial Membership Date: | |
|--|--|---|
| | Before January 1, 2012 | On or after January 1, 2012 and before July 1, 2017 |
| Years of service and age required to receive benefit | 20 years of service, at any age 15 years of service, age 62 | 25 years of service or 15 years of credited service, age 52.5 |
| Final average salary is based on | Highest 36 consecutive months of last 20 years | Highest 60 consecutive months of last 20 years |
| Normal retirement | 50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80% | 1.5% to 2.5% per year of credited service, not to exceed 80% |
| Accidental disability retirement | 50% or normal retirement, whichever is greater | |
| Catastrophic disability retirement | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater | |
| Ordinary disability retirement | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 | |
| Survivor benefit: | | |
| Retired members | 80% to 100% of retired member's pension benefit | |
| Active members | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job | |

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on

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inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the agent pension plan's benefit terms:

| | PSPRS - Police | | PSPRS - Fire | |
|-------------------------------|----------------|------------------|--------------|------------------|
| | Pension | Health Insurance | Pension | Health Insurance |
| Retirees and beneficiaries | 38 | 38 | 25 | 25 |
| Inactive, non-retired members | 15 | 5 | 16 | 6 |
| Active members | 49 | 49 | 38 | 38 |
| Total | 102 | 92 | 79 | 69 |

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | PSPRS - Police | PSPRS - Fire |
|--------------------------|-----------------|-----------------|
| Active members – pension | 7.65% to 11.65% | 7.65% to 11.65% |
| City | | |
| Pension | 58.78% | 51.10% |
| Health insurance | 1.01% | 0.90% |

The contributions to the pension and OPEB plans for the year ended were:

| | PSPRS – Police | PSPRS – Fire |
|-----------------------------------|-------------------|-----------------|
| Pension: | | |
| Contributions made | \$ 2,962,243 | \$ 1,767,100 |
| Health insurance premium benefit: | | |
| Contributions made | \$ 42,287 | \$ 24,686 |

The City's pension and OPEB contributions are paid by the same funds as the employees'

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salary, with the largest component coming from the General Fund.

Pension and OPEB Assets/Liabilities

At June 30, 2020, the City reported the following assets and liabilities.

| | Net (Assets) Liability | |
|------------------|------------------------|---------------|
| | PSPRS - Police | PSPRS - Fire |
| Pension | \$ 27,416,366 | \$ 16,792,485 |
| Health insurance | 313,490 | 219,332 |

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

Actuarial Assumptions

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

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

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|------------------------|-------------------|--|
| Short-term investments | 2% | 0.25% |
| Risk parity | 4 | 4.01 |
| Fixed income | 5 | 3.00 |
| Real assets | 9 | 6.75 |

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| | | |
|-----------------|-------------|------|
| GTS | 12 | 4.01 |
| Private credit | 16 | 5.36 |
| Real estate | 10 | 4.50 |
| Private equity | 12 | 8.40 |
| Non-U.S. equity | 14 | 5.00 |
| U.S. equity | 16 | 4.75 |
| Total | <u>100%</u> | |

Discount Rates

At June 30, 2019, the discount rate used to measure the total pension and OPEB liability was 7.3 percent, which was 0.1 less than the discount rate used as of June 30, 2018.

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 the employer contributions will be made at rates equal to the difference between the actuarial determined contribution rate and the member rate. Based on these assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected payments for these plans to determine the total pension and OPEB liability.

Changes in Net Assets/Liabilities

| | Pension Increase (Decrease) | | | Health Insurance Increase (Decrease) | | |
|--|--------------------------------|--------------------------------|------------------------------|---|-----------------------------------|------------------------------|
| | Total (Assets) Liability | Plan Fiduciary Net Position | Net (Assets) Liability | Total (Assets) Liability | Plan Fiduciary Net Position | Net (Assets) Liability |
| PSPRS - Police | | | | | | |
| Balances at June 30, 2019 | \$ 44,587,246 | \$18,733,000 | \$ 25,854,246 | \$ 1,087,341 | \$ 699,726 | \$ 387,615 |
| Changes for the year | | | | | | |
| Service cost | \$812,671 | | 812,671 | \$13,389 | | 13,389 |
| Interest on the total liability | \$3,254,002 | | 3,254,002 | \$79,227 | | 79,227 |
| Changes of benefit terms | | | 0 | | | 0 |
| Differences between expected and actual experience in the measurement of the liability | \$608,962 | | 608,962 | (\$71,813) | | (71,813) |
| Changes of assumptions or other inputs | \$690,402 | | 690,402 | \$6,643 | | 6,643 |
| Contributions – employer | | \$2,463,043 | (2,463,043) | | \$34,993 | (34,993) |
| Contributions – employee | | \$316,504 | (316,504) | | | 0 |
| Net investment income | | \$1,074,001 | (1,074,001) | | \$37,250 | (37,250) |
| Benefit payments, including refunds | | | | | | |
| of employee contributions | (\$2,853,846) | (\$2,853,846) | 0 | (\$60,202) | (\$60,202) | 0 |
| Administrative expense | | (\$19,659) | 19,659 | | (\$643) | 643 |
| Other changes | | | 0 | | | 0 |
| Net changes | 2,512,191 | 980,043 | 1,532,148 | (32,756) | 11,398 | (44,154) |
| Adjustment to Beginning of Year | | (29,972) | 29,972 | | 29,971 | (29,971) |
| Balances at June 30, 2020 | <u>\$ 47,099,437</u> | <u>\$ 19,683,071</u> | <u>\$ 27,416,366</u> | <u>\$ 1,054,585</u> | <u>\$ 741,095</u> | <u>\$ 313,490</u> |

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| | Pension Increase (Decrease) | | | Health Insurance Increase (Decrease) | | |
|--|--------------------------------|--------------------------------|------------------------------|---|-----------------------------------|------------------------------|
| | Total (Assets) Liability | Plan Fiduciary Net Position | Net (Assets) Liability | Total (Assets) Liability | Plan Fiduciary Net Position | Net (Assets) Liability |
| | PSPRS - Fire | | | | | |
| Balances at June 30, 2019 | \$ 31,639,862 | \$15,961,175 | \$ 15,678,687 | \$ 821,374 | \$ 561,735 | \$ 259,639 |
| Changes for the year | | | | | | |
| Service cost | \$639,495 | | 639,495 | \$9,291 | | 9,291 |
| Interest on the total liability | \$2,321,406 | | 2,321,406 | \$59,597 | | 59,597 |
| Changes of benefit terms | | | 0 | | | 0 |
| Differences between expected and actual experience in the measurement of the liability | \$153,405 | | 153,405 | (\$46,626) | | (46,626) |
| Changes of assumptions or other inputs | \$628,209 | | 628,209 | \$9,565 | | 9,565 |
| Contributions – employer | | \$1,533,388 | (1,533,388) | | \$25,046 | (25,046) |
| Contributions – employee | | \$222,284 | (222,284) | | | 0 |
| Net investment income | | \$907,570 | (907,570) | | \$29,850 | (29,850) |
| Benefit payments, including refunds of employee contributions | (\$1,818,004) | (\$1,818,004) | 0 | (\$50,610) | (\$50,610) | 0 |
| Administrative expense | | (\$16,772) | 16,772 | | (\$515) | 515 |
| Other changes | | | 0 | | | 0 |
| Net changes | 1,924,511 | 828,466 | 1,096,045 | (18,783) | 3,771 | (22,554) |
| Adjustment to Beginning of Year | | (17,753) | 17,753 | | 17,753 | (17,753) |
| Balances at June 30, 2020 | <u>\$ 33,564,373</u> | <u>\$ 16,771,888</u> | <u>\$ 16,792,485</u> | <u>\$ 802,591</u> | <u>\$ 583,259</u> | <u>\$ 219,332</u> |

Sensitivity of the Net Pension and OPEB Assets (Liability) to Changes in the Discount Rate

The following presents the City's net pension and OPEB assets (liability) calculated using the discount rates noted above, as well as what the assets (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 | 6.30% | 7.30% | 8.30% |
| Net pension (assets) liability | \$ 33,821,385 | \$ 27,416,366 | \$ 22,204,972 |
| Net OPEB (assets) liability | 428,679 | 313,490 | 216,410 |
| PSPRS - Fire | | | |
| Rate | 6.30% | 7.30% | 8.30% |
| Net pension (assets) liability | \$ 21,388,550 | \$ 16,792,485 | \$ 13,045,469 |
| Net OPEB (assets) liability | 306,314 | 219,332 | 146,050 |

Plan Fiduciary Net Position

Detailed information about the 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.

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Pension and OPEB Expense

For the year ended June 30, 2020, the City recognized the following pension and OPEB expense:

| | Expense | |
|------------------|----------------|--------------|
| | PSPRS - Police | PSPRS - Fire |
| Pension | \$ 4,255,776 | \$ 2,671,173 |
| Health insurance | (25,038) | (1,855) |

Pension and OPEB Deferred Outflows/Inflows of Resource.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | Pension | | Health Insurance | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| PSPRS - Police: | | | | |
| Differences between expected and actual experience | \$ 746,479 | \$ 639,372 | | \$ 117,386 |
| Changes of assumptions or other inputs | \$1,651,478 | | \$5,316 | \$8,218 |
| Net difference between projected and actual earnings on plan investments | \$261,929 | | \$1,530 | |
| Contributions subsequent to the measurement date | \$2,962,243 | | \$42,287 | |
| Total | \$ 5,622,129 | \$ 639,372 | \$ 49,133 | \$ 125,604 |
| PSPRS - Fire | | | | |
| Differences between expected and actual experience | \$ 374,624 | \$ 538,673 | | \$ 65,126 |
| Changes of assumptions or other inputs | \$2,043,260 | | \$8,196 | \$1,795 |
| Net difference between projected and actual earnings on plan investments | \$233,580 | | \$1,014 | |
| Contributions subsequent to the measurement date | \$1,767,100 | | \$24,686 | |
| Total | \$ 4,418,564 | \$ 538,673 | \$ 33,896 | \$ 66,921 |

The amounts reported as deferred outflows of resources related to pension and OPEB contributions subsequent to the measurement date will be recognized as an adjustment of the net pension and OPEB assets/liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

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| Year Ending June 30: | PSPRS - Police | | PSPRS - Fire | |
|----------------------|----------------|------------------|--------------|------------------|
| | Pension | Health Insurance | Pension | Health Insurance |
| 2021 | \$ 962,384 | \$ (39,460) | \$ 718,826 | \$ (12,088) |
| 2022 | 438,378 | (39,458) | 373,794 | (12,090) |
| 2023 | 298,127 | (29,323) | 464,842 | (7,640) |
| 2024 | 321,625 | (10,517) | 386,863 | (8,076) |
| 2025 | | | 168,466 | (10,227) |
| Thereafter | | | | (7,590) |

C. Single Employer OPEB Plan

Under the authority of the governing body, the City provides postretirement insurance benefits for certain retirees and their dependents, in accordance with the Employee Benefit Trust. The plan is a single employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. 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 following employees were covered as of the effective date of the OPEB valuation:

| | |
|----------------------------|------------|
| City Healthcare: | |
| Retirees and beneficiaries | 66 |
| Active members | <u>176</u> |
| Total | 242 |

The City's total OPEB liability of \$23,744,984 was measured as of June 30, 2020:

| | |
|---|---------------------|
| Total OPEB Liability – Beginning of Year | <u>\$29,154,000</u> |
| Changes for the year | |
| Service Cost | 1,131,255 |
| Interest | 1,027,009 |
| Difference between expected and actual experience of the total OPEB liability | (8,961,963) |
| Change of assumptions or other inputs | 2,147,687 |
| Benefit payments | <u>(753,004)</u> |
| Net changes | (5,409,016) |
| Total OPEB Liability – End of Year | <u>\$23,744,984</u> |

The plan is not accounted for as a trust fund. The City's Health and Accident Insurance fund has net position of \$6,151,496 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.

The following presents the City's net OPEB liability calculated using the discount rates noted below, as well as what the net pension liability would be if it were calculated using a discount

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rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate as well as a healthcare trend that is 1 percent lower or 1 percent higher.:

| Discount rate: | 1% | Current Discount Rate | 1% Increase |
|-----------------------|-----------------|-----------------------------|--------------|
| | <u>Decrease</u> | | |
| Rate | 1.45% | 2.45 | 3.45% |
| Total OPEB liability | \$26,039,597 | \$23,744,984 | \$21,693,880 |
| | | | |
| | -1.00% | Baseline | +1.00% |
| Total OPEB liability | \$21,440,949 | \$23,744,984 | \$26,919,515 |

OPEB Deferred Outflows/Inflows of Resource.

For the period ended June 30, 2020, the City recognized OPEB expense of \$252,044. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ | \$7,366,371 |
| Changes of assumptions or other inputs | 2,994,312 | 738,000 |
| Total | <u>\$ 2,994,312</u> | <u>\$8,104,371</u> |

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30: | <u>City OPEB</u> |
|----------------------|------------------|
| 2021 | \$(1,153,217) |
| 2022 | (1,153,217) |
| 2023 | (1,153,217) |
| 2024 | (1,147,217) |
| 2025 | (503,191) |
| Thereafter | |

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2020 actuarial valuation was determined by using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------------------|--------------------------|
| Valuation Date: | 06/30/2020 |
| Measurement Date | 06/30/2020 |
| Actuarial Cost Method: | Entry age |
| Discount rate: | 2.45% |
| Future Payroll Increases: | 2.7-7.2% |
| Ultimate Rate of Medical Inflation: | 7.5% downgraded to 3.50% |

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The discount rate is based upon the estimate of expected long-term plan experience. Mortality rates were based on the following:

- ASRS Pre-retirement and Disability Retirement: Sex distinct RP-2014 Active and Disabled Mortality tables
- PSPRS Pre-retirement: Sex distinct Pub-2010, scaled by a factor of 110%
- ASRS Retired: Sex distinct 2017 State Retirees of Arizona Mortality tables
- PSPRS Retired: Sex distinct Pub-2010, scaled by a factor of 110%

Termination Benefits

Upon voluntary or involuntary termination, an employee is entitled to his or her unused vacation and a percentage of his or her unused sick leave based on years of service. These costs are included in the compensated absences balance in the debt section.

8. Construction Commitments

At June 30, 2020, the City had \$3,726,643 in unperformed construction contracts and commitments outstanding.

| | |
|----------------------|------------|
| General | \$ 258,546 |
| HURF | 944,521 |
| Capital Improvements | 2,484,120 |
| Grants | 39,456 |
| Sewer | 160,393 |

9. Stewardship, Compliance and Accountability

Negative Fund Balances

The Park Development Fee, Police Development Fee and Fire Development Fee Funds had negative fund balances on June 30, 2020. The negative balances in the development fee funds are due to prior years' 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 Airport and SVMPC I&R funds exceeded the budget, however, this does not constitute a violation of any legal provisions.

10. 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, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
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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 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 | Capital | Non-Major Funds | |
| Fund Balances: | | | | | | | |
| Nonspendable | \$ 55,351 | \$ | \$ | \$ | \$ | \$ 112,651 | \$ 168,002 |
| Restricted for: | | | | | | | |
| Street Projects | | 3,020,756 | | | | 123,159 | 3,143,915 |
| Capital Projects | | | | | 5,687,709 | | 5,687,709 |
| Other Projects | | | | | | 3,346,935 | 3,346,935 |
| Unassigned: | 5,961,579 | | (2,928,009) | (1,334,188) | | (917,421) | 781,961 |
| Total fund balances | <u>\$6,016,930</u> | <u>\$ 3,020,756</u> | <u>\$(2,928,009)</u> | <u>\$(1,334,188)</u> | <u>\$ 5,687,709</u> | <u>\$2,665,324</u> | <u>\$ 13,128,522</u> |

11. Contingencies

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. At June 30, 2020, 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.

12. 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 has a contract with The Travelers Property and Casualty Insurance Company to provide coverage for amounts over \$10,000.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 City has designated the \$97,066 net position of the Unemployment Insurance Fund as future catastrophe loss reserves. The Self Insured Retention Fund received restitution payments of \$15,954 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, 2020 are 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 2018-2019 and 2019-2020 were:

| | Beginning of Fiscal Year <u>Liability</u> | Current Year Claims and Changes in <u>Estimates</u> | Claim <u>Payments</u> | Balance at Fiscal <u>Year End</u> |
|--------------------------------|---|--|--------------------------|---|
| Health and Accident Insurance: | | | | |
| 2018-19 | \$262,302 | \$4,107,338 | \$4,227,637 | \$142,003 |
| 2019-20 | \$142,003 | \$2,759,822 | \$2,734,921 | \$166,904 |
| Unemployment Insurance: | | | | |
| 2018-19 | \$7,481 | \$9,746 | \$16,981 | \$246 |
| 2019-20 | \$246 | \$1,685 | \$1,931 | -0- |
| Self-Insured Retention: | | | | |
| 2018-19 | -0- | \$44,165 | \$43,838 | \$327 |
| 2019-20 | \$327 | \$32,685 | \$30,860 | \$2,152 |

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.

13. Interfund Balances and Transfers

Individual interfund balances for due to/ from to other funds at June 30, 2020 are as follows.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Fund</u> | <u>Due to other funds</u> | <u>Due from other funds</u> |
|----------------------|---------------------------|-----------------------------|
| General | \$ | \$ 175,248 |
| Capital Improvements | | 5,203,836 |
| Health & Accident | | 1,436,161 |
| Sewer | 1,436,161 | |
| LTAf | 38,651 | |
| Grants | 102,128 | |
| SVMPO | 24,218 | |
| 911 Agency | 34,469 | |
| Park Development | 2,928,009 | |
| Police Development | 917,421 | |
| Fire Development | 1,334,188 | |
| Total | <u>\$ 6,815,245</u> | <u>\$ 6,815,245</u> |

All of the due to other funds is for cash balancing purposes. The 911 Agency, SVMPO, LTAf and Grants Funds will repay during the following fiscal year from cash inflows into the funds. The three development fee funds will repay as development fees are received. The sewer fund will repay as connection fees are received.

Individual interfund transfers for Fiscal Year 2020 were:

| <u>Fund</u> | Individual Fund Transfer | Total Fund <u>Transfer out</u> | Individual Fund Transfer | Total Fund <u>Transfer In</u> |
|----------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------------|
| General | \$ | \$ 826,161 | \$ | \$ |
| LTAf | 370,000 | | | |
| Grants | 6,161 | | | |
| Park Development | 450,000 | | | |
| Capital Improvements | | 4,242,605 | | |
| SVMPC I&R | 4,115,975 | | | |
| Park Development | 126,630 | | | |
| LTAf | | | | 370,000 |
| General | | | 370,000 | |
| Grants | | | | 6,161 |
| General | | | 6,161 | |
| SVMPC I&R | | | | 4,115,975 |
| Capital Improvements | | | 4,115,975 | |
| Park Development | | | | 576,630 |
| General | | | 450,000 | |
| Capital Improvements | | | 126,360 | |
| Total Transfers | | <u>\$ 5,068,766</u> | | <u>\$5,068,766</u> |

Transfers to the SVMPC Interest and Redemption and Park Development Fee Funds are to cover debt service payments. Transfers to the Local Transportation Assistance and Grants Funds are to cover grant match requirements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|---------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 15,807,853 | \$ 15,807,853 | \$ 16,866,379 | \$ 1,058,526 |
| Licenses and permits | 1,825,000 | 1,825,000 | 1,993,234 | 168,234 |
| Intergovernmental | 13,603,422 | 13,603,422 | 13,790,238 | 186,816 |
| Charges for services | 4,917,571 | 4,917,571 | 4,261,699 | (655,872) |
| Fines | 18,000 | 18,000 | 10,863 | (7,137) |
| Investment income | 20,000 | 20,000 | 11,245 | (8,755) |
| Contributions | 41,500 | 41,500 | 6,570 | (34,930) |
| Other revenues | 411,253 | 411,253 | 394,998 | (16,255) |
| Total revenues | 36,644,599 | 36,644,599 | 37,335,226 | 690,627 |
| Expenditures: | | | | |
| Current - | | | | |
| General government | 6,786,213 | 6,786,213 | 6,693,134 | 93,079 |
| Public safety | 21,030,297 | 21,030,297 | 19,503,529 | 1,526,768 |
| Public works | 5,551,048 | 5,551,048 | 4,916,392 | 634,656 |
| Culture and recreation | 4,787,525 | 4,787,525 | 4,051,411 | 736,114 |
| Community development | 938,898 | 938,898 | 891,780 | 47,118 |
| Debt service - | | | | |
| Interest and fiscal charges | 19,491 | 19,491 | 19,492 | (1) |
| Principal | 262,387 | 262,387 | 262,386 | 1 |
| Total expenditures | 39,375,859 | 39,375,859 | 36,338,124 | 3,037,735 |
| Excess (deficiency) of revenues over expenditures | (2,731,260) | (2,731,260) | 997,102 | 3,728,362 |
| Other financing sources (uses): | | | | |
| Transfers out | (373,740) | (823,740) | (826,161) | (2,421) |
| Transfer in | 1,452,500 | 1,452,500 | | (1,452,500) |
| Proceeds from installment purchase | 1,652,500 | 1,652,500 | | (1,652,500) |
| Total other financing sources (uses) | 2,731,260 | 2,281,260 | (826,161) | (3,107,421) |
| Change in fund balances | | (450,000) | 170,941 | 620,941 |
| Fund balances, July 1, 2019 | | | 5,845,989 | 5,845,989 |
| Fund balances (deficits), June 30, 2020 | \$ | \$ (450,000) | \$ 6,016,930 | \$ 6,466,930 |

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, 2020**

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|--|
| | Original & Final | Actual | |
| Revenues: | | | |
| Intergovernmental | \$ 7,606,557 | \$ 4,367,069 | \$(3,239,488) |
| Investment income | | 13,993 | 13,993 |
| Other revenues | 10,000 | 43,636 | 33,636 |
| Total revenues | <u>7,616,557</u> | <u>4,424,698</u> | <u>(3,191,859)</u> |
| Expenditures: | | | |
| Current - | | | |
| Public works | 8,236,650 | 4,323,259 | 3,913,391 |
| Debt service - | | | |
| Interest and fiscal charges | 6,052 | 6,052 | |
| Principal | 73,855 | 73,855 | |
| Total expenditures | <u>8,316,557</u> | <u>4,403,166</u> | <u>3,913,391</u> |
| Excess (deficiency) of revenues over expenditures | <u>(700,000)</u> | <u>21,532</u> | <u>721,532</u> |
| Change in fund balances | <u>(700,000)</u> | <u>21,532</u> | <u>721,532</u> |
| Fund balances, July 1, 2019 | 700,000 | 2,999,224 | 2,299,224 |
| Fund balances, June 30, 2020 | <u>\$</u> | <u>\$ 3,020,756</u> | <u>\$ 3,020,756</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, 2020**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|----------------|---|
| | Original | Final | Actual | |
| Expenditures: | | | | |
| Debt service - | \$ | \$ | \$ | \$ |
| Interest and fiscal charges | 8,918 | 8,918 | 8,917 | 1 |
| Principal | 117,712 | 117,712 | 117,712 | |
| Total expenditures | 126,630 | 126,630 | 126,629 | 1 |
| expenditures | (126,630) | (126,630) | (126,629) | 1 |
| Other financing sources (uses): | | | | |
| Transfer in | 126,630 | 576,630 | 576,630 | |
| Total other financing sources (uses) | 126,630 | 576,630 | 576,630 | |
| Change in fund balances | | 450,000 | 450,001 | 1 |
| Fund balances (deficits), July 1, 2019 | | (450,000) | (3,378,010) | (2,928,010) |
| Fund balances (deficits), June 30, 2020 | \$ | \$ | \$ (2,928,009) | \$ (2,928,009) |

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, 2020**

| | <u>Budgeted Amounts</u> | | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|-----------------------------|--|
| | <u>Original & Final</u> | <u>Actual</u> | |
| Revenues: | | | |
| Charges for services | \$ | \$ | \$ |
| Total revenues | <u> </u> | <u> </u> | <u> </u> |
| Other financing sources (uses): | | | |
| Transfer in | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u> </u> | <u> </u> | <u> </u> |
| Change in fund balances | <u> </u> | <u> </u> | <u> </u> |
| Fund balances (deficits), July 1, 2019 | | (1,334,188) | (1,334,188) |
| Fund balances (deficits), June 30, 2020 | <u>\$</u> | <u>\$(1,334,188)</u> | <u>\$(1,334,188)</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
LAST SIX FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|---------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| City's proportion of the net pension liability (asset) | 0.11% | 0.11% | 0.11% |
| City's proportionate share of the net pension liability (asset) | \$ 16,533,033 | \$ 15,710,712 | \$ 17,182,590 |
| City's covered payroll | \$ 12,033,184 | \$ 11,246,193 | \$ 10,791,929 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 137.40% | 139.70% | 159.22% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.24% | 73.40% | 69.92% |

See accompanying notes to this schedule.

The pension schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

| <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---------------|---------------|---------------|
| June 30, 2016 | June 30, 2015 | June 30, 2014 |
| 0.11% | 0.11% | 0.11% |
| \$ 18,263,547 | \$ 17,080,214 | \$ 16,494,189 |
| \$ 10,623,940 | \$ 10,107,190 | \$ 10,047,088 |
| 171.91% | 168.99% | 164.17% |
| 67.06% | 68.35% | 69.49% |

**CITY OF SIERRA VISTA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
LAST SIX FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|
| Arizona State Retirement System: | | | |
| Actuarially determined contribution | \$ 1,437,575 | \$ 1,345,310 | \$ 1,225,909 |
| Contributions in relation to the actuarially determined contribution | <u>1,437,575</u> | <u>1,345,310</u> | <u>1,225,909</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's covered payroll | \$ 12,555,231 | \$ 12,033,184 | \$ 11,246,193 |
| Contributions as a percentage of covered payroll | 11.45% | 11.18% | 10.90% |
| | | | |
| Public Safety Personnel Retirement System - Police: | | | |
| Actuarially determined contribution | \$ 2,461,018 | \$ 2,301,287 | \$ 2,080,895 |
| Contributions in relation to the actuarially determined contribution | <u>2,962,243</u> | <u>2,873,218</u> | <u>2,330,895</u> |
| Contribution deficiency (excess) | <u>\$ (501,225)</u> | <u>\$ (571,931)</u> | <u>\$ (250,000)</u> |
| City's covered payroll | \$ 4,186,829 | \$ 4,105,775 | \$ 4,164,656 |
| Contributions as a percentage of covered payroll | 58.78% | 69.98% | 55.97% |
| | | | |
| Public Safety Personnel Retirement System - Fire: | | | |
| Actuarially determined contribution | \$ 1,401,604 | \$ 1,418,176 | \$ 1,417,035 |
| Contributions in relation to the actuarially determined contribution | <u>1,767,100</u> | <u>1,780,874</u> | <u>1,432,035</u> |
| Contribution deficiency (excess) | <u>\$ (365,496)</u> | <u>\$ (362,698)</u> | <u>\$ (15,000)</u> |
| City's covered payroll | \$ 2,742,865 | \$ 2,785,106 | \$ 2,936,938 |
| Contributions as a percentage of covered payroll | 51.10% | 63.94% | 48.76% |

See accompanying notes to this schedule.

The pension schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

| <u>2017</u> | <u>2016</u> | <u>2015</u> |
|------------------|------------------|------------------|
| \$ 1,163,370 | \$ 1,152,589 | \$ 1,100,673 |
| <u>1,163,370</u> | <u>1,152,589</u> | <u>1,100,673</u> |
| <u>\$</u> | <u>\$</u> | <u>\$</u> |
| \$ 10,791,929 | \$ 10,622,940 | \$ 10,107,190 |
| 10.78% | 10.85% | 10.89% |
| | | |
| \$ 2,148,783 | \$ 1,905,744 | \$ 1,243,188 |
| <u>2,148,783</u> | <u>1,905,744</u> | <u>1,243,188</u> |
| <u>\$</u> | <u>\$</u> | <u>\$</u> |
| \$ 4,721,562 | \$ 4,511,705 | \$ 4,105,641 |
| 45.51% | 42.24% | 30.28% |
| | | |
| \$ 1,079,972 | \$ 1,010,635 | \$ 630,702 |
| <u>1,079,972</u> | <u>1,010,635</u> | <u>630,702</u> |
| <u>\$</u> | <u>\$</u> | <u>\$</u> |
| \$ 2,951,548 | \$ 2,715,301 | \$ 2,366,612 |
| 36.59% | 37.22% | 26.65% |

CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
LAST SIX FISCAL YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total pension liability | | | |
| Service cost | \$ 812,671 | \$ 797,803 | \$ 1,034,647 |
| Interest | 3,254,002 | 3,192,682 | 2,883,989 |
| Changes of benefit terms | | | 526,933 |
| Differences between expected and actual | 608,962 | (1,101,429) | 488,807 |
| Changes of assumptions | 690,402 | | 1,935,164 |
| Benefit payments, including refunds | <u>(2,853,846)</u> | <u>(2,094,518)</u> | <u>(2,025,396)</u> |
| Net change in total pension liability | 2,512,191 | 794,538 | 4,844,144 |
| Total pension liability—beginning | <u>44,587,246</u> | <u>43,792,708</u> | <u>38,948,564</u> |
| Total pension liability—ending | <u><u>\$ 47,099,437</u></u> | <u><u>\$ 44,587,246</u></u> | <u><u>\$ 43,792,708</u></u> |
| Plan fiduciary net position | | | |
| Contributions—employer | \$ 2,463,043 | \$ 2,347,269 | \$ 2,139,214 |
| Contributions—employee | 316,504 | 378,637 | 524,228 |
| Net investment income | 1,074,001 | 1,179,235 | 1,753,496 |
| Benefit payments, including refunds | (2,853,846) | (2,094,518) | (2,025,396) |
| Administrative expense | (19,659) | (18,648) | (15,915) |
| Other | | 200 | (23,167) |
| Net change in plan fiduciary net position | 980,043 | 1,792,175 | 2,352,460 |
| Plan fiduciary net position—beginning | <u>18,733,000</u> | <u>16,940,825</u> | <u>14,588,365</u> |
| Adjustment to beginning of year | (29,972) | | |
| Plan fiduciary net position—ending | <u><u>\$ 19,683,071</u></u> | <u><u>\$ 18,733,000</u></u> | <u><u>\$ 16,940,825</u></u> |
| Net pension liability—ending | <u><u>\$ 27,416,366</u></u> | <u><u>\$ 25,854,246</u></u> | <u><u>\$ 26,851,883</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 41.79% | 42.01% | 38.68% |
| Covered payroll | \$ 4,105,775 | \$ 4,164,656 | \$ 4,721,562 |
| Net pension liability as a percentage of covered payroll | 667.75% | 620.80% | 568.71% |

See accompanying notes to this schedule.

The pension schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

| <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------|----------------------|----------------------|
| June 30, 2016 | June 30, 2015 | June 30, 2014 |
| \$ 898,658 | \$ 811,577 | \$ 881,966 |
| 2,667,016 | 2,585,621 | 2,221,142 |
| 1,360,707 | | 697,428 |
| 271,019 | (291,544) | (1,116,200) |
| 1,445,654 | | 3,733,060 |
| <u>(2,439,783)</u> | <u>(1,784,836)</u> | <u>(1,693,486)</u> |
| 4,203,271 | 1,320,818 | 4,723,910 |
| <u>34,745,293</u> | <u>33,424,475</u> | <u>28,700,565</u> |
| <u>\$ 38,948,564</u> | <u>\$ 34,745,293</u> | <u>\$ 33,424,475</u> |

| | | |
|-------------------|-------------------|-------------------|
| \$ 1,889,021 | \$ 1,231,440 | \$ 1,218,115 |
| 626,104 | 458,242 | 434,697 |
| 84,142 | 516,861 | 1,714,865 |
| (2,439,783) | (1,784,836) | (1,693,486) |
| (12,508) | (12,992) | (13,811) |
| <u>(133,215)</u> | <u>60,401</u> | <u>(35,200)</u> |
| 13,761 | 469,116 | 1,625,180 |
| <u>14,574,604</u> | <u>14,105,488</u> | <u>12,480,308</u> |

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 14,588,365</u> | <u>\$ 14,574,604</u> | <u>\$ 14,105,488</u> |
|----------------------|----------------------|----------------------|

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 24,360,199</u> | <u>\$ 20,170,689</u> | <u>\$ 19,318,987</u> |
|----------------------|----------------------|----------------------|

| | | |
|--------|--------|--------|
| 37.46% | 41.95% | 42.20% |
|--------|--------|--------|

| | | |
|--------------|--------------|--------------|
| \$ 4,511,705 | \$ 4,105,641 | \$ 4,488,315 |
|--------------|--------------|--------------|

| | | |
|---------|---------|---------|
| 539.93% | 491.29% | 430.43% |
|---------|---------|---------|

CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE
LAST SIX FISCAL YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total pension liability | | | |
| Service cost | \$ 639,495 | \$ 644,401 | \$ 681,249 |
| Interest | 2,321,406 | 2,240,785 | 2,041,000 |
| Changes of benefit terms | | | 296,509 |
| Differences between expected and actual | 153,405 | (386,881) | 351,794 |
| Changes of assumptions | 628,209 | | 1,125,596 |
| Benefit payments, including refunds | <u>(1,818,004)</u> | <u>(1,634,245)</u> | <u>(1,186,097)</u> |
| Net change in total pension liability | 1,924,511 | 864,060 | 3,310,051 |
| Total pension liability—beginning | <u>31,639,862</u> | <u>30,775,802</u> | <u>27,465,751</u> |
| Total pension liability—ending | <u><u>\$ 33,564,373</u></u> | <u><u>\$ 31,639,862</u></u> | <u><u>\$ 30,775,802</u></u> |
| Plan fiduciary net position | | | |
| Contributions—employer | \$ 1,533,388 | \$ 1,436,658 | \$ 1,138,470 |
| Contributions—employee | 222,284 | 273,616 | 506,327 |
| Net investment income | 907,570 | 1,017,694 | 1,542,492 |
| Benefit payments, including refunds | (1,818,004) | (1,634,245) | (1,186,097) |
| Administrative expense | (16,772) | (16,189) | (14,048) |
| Other | | <u>(11,588)</u> | <u>1,271</u> |
| Net change in plan fiduciary net position | 828,466 | 1,065,946 | 1,988,415 |
| Plan fiduciary net position—beginning | <u>15,961,175</u> | <u>14,895,229</u> | <u>12,906,814</u> |
| Adjustment to beginning of year | (17,753) | | |
| Plan fiduciary net position—ending | <u><u>\$ 16,771,888</u></u> | <u><u>\$ 15,961,175</u></u> | <u><u>\$ 14,895,229</u></u> |
| Net pension liability—ending | <u><u>\$ 16,792,485</u></u> | <u><u>\$ 15,678,687</u></u> | <u><u>\$ 15,880,573</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 49.97% | 50.45% | 48.40% |
| Covered payroll | \$ 2,785,106 | \$ 2,936,938 | \$ 2,951,548 |
| Net pension liability as a percentage of covered payroll | 602.94% | 533.84% | 538.04% |

See accompanying notes to this schedule.

The pension schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

| <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------|----------------------|----------------------|
| June 30, 2016 | June 30, 2015 | June 30, 2014 |
| \$ 554,766 | \$ 509,564 | \$ 554,360 |
| 1,857,264 | 1,842,910 | 1,621,190 |
| 1,364,984 | | 383,303 |
| 84,858 | (533,875) | (564,575) |
| 1,007,378 | | 2,198,015 |
| <u>(1,571,062)</u> | <u>(1,745,628)</u> | <u>(945,243)</u> |
| 3,298,188 | 72,971 | 3,247,050 |
| <u>24,167,563</u> | <u>24,094,592</u> | <u>20,847,542</u> |
| <u>\$ 27,465,751</u> | <u>\$ 24,167,563</u> | <u>\$ 24,094,592</u> |

| | | |
|--------------------|--------------------|-------------------|
| \$ 1,101,774 | \$ 714,263 | \$ 675,704 |
| 350,230 | 303,093 | 280,114 |
| 74,132 | 469,999 | 1,617,085 |
| <u>(1,571,062)</u> | <u>(1,745,628)</u> | <u>(945,243)</u> |
| (11,067) | (11,851) | (13,024) |
| <u>(90,098)</u> | <u>(72,095)</u> | <u>16,956</u> |
| (146,091) | (342,219) | 1,631,592 |
| <u>13,052,905</u> | <u>13,395,124</u> | <u>11,763,532</u> |

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 12,906,814</u> | <u>\$ 13,052,905</u> | <u>\$ 13,395,124</u> |
|----------------------|----------------------|----------------------|

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 14,558,937</u> | <u>\$ 11,114,658</u> | <u>\$ 10,699,468</u> |
|----------------------|----------------------|----------------------|

| | | |
|--------|--------|--------|
| 46.99% | 54.01% | 55.59% |
|--------|--------|--------|

| | | |
|--------------|--------------|--------------|
| \$ 2,715,301 | \$ 2,366,612 | \$ 3,019,596 |
|--------------|--------------|--------------|

| | | |
|---------|---------|---------|
| 536.18% | 469.64% | 354.33% |
|---------|---------|---------|

**CITY OF SIERRA VISTA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
LAST THREE FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------|---------------|---------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| City's proportion of the net OPEB (assets) liability | 0.12% | 0.11% | 0.11% |
| City's proportionate share of the net OPEB (assets) liability | \$ (31,832) | \$ (41,070) | \$ (60,673) |
| City's covered payroll | \$ 12,033,184 | \$ 11,246,193 | \$ 10,791,929 |
| City's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll | -0.26% | -0.37% | -0.56% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 101.62% | 102.20% | 103.57% |

See accompanying notes to this schedule.

The OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

**CITY OF SIERRA VISTA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
LAST THREE FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------|---------------|---------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| City's proportion of the net OPEB (assets) liability | 0.11% | 0.11% | 0.11% |
| City's proportionate share of the net OPEB (assets) liability | \$ 74,630 | \$ 58,950 | \$ 40,086 |
| City's covered payroll | \$ 12,033,184 | \$ 11,246,193 | \$ 10,791,929 |
| City's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll | 0.62% | 0.52% | 0.37% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 72.85% | 77.83% | 84.44% |

See accompanying notes to this schedule.

The OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

**CITY OF SIERRA VISTA
SCHEDULE OF OPEB CONTRIBUTIONS
ALL OPEB PLANS
LAST THREE FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|---------------|
| Arizona State Retirement System - Health Insurance Premium: | | | |
| Actuarially determined contribution | \$ 61,521 | \$ 55,352 | \$ 49,486 |
| Contributions in relation to the actuarially determined contribution | <u>61,521</u> | <u>55,352</u> | <u>49,486</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's covered payroll | \$ 12,555,231 | \$ 12,033,184 | \$ 11,246,193 |
| Contributions as a percentage of covered payroll | 0.49% | 0.46% | 0.44% |
| Arizona State Retirement System - Long-Term Disability: | | | |
| Actuarially determined contribution | \$ 21,344 | \$ 19,253 | \$ 17,995 |
| Contributions in relation to the actuarially determined contribution | <u>21,344</u> | <u>19,253</u> | <u>17,995</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's covered payroll | \$ 12,555,231 | \$ 12,033,184 | \$ 11,246,193 |
| Contributions as a percentage of covered payroll | 0.17% | 0.16% | 0.16% |
| Public Safety Personnel Retirement System - Police - Health Insurance Premium: | | | |
| Actuarially determined contribution | \$ 42,287 | \$ 36,952 | \$ 49,326 |
| Contributions in relation to the actuarially determined contribution | <u>42,287</u> | <u>36,952</u> | <u>49,326</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's covered payroll | \$ 4,186,829 | \$ 4,105,775 | \$ 4,164,656 |
| Contributions as a percentage of covered payroll | 1.01% | 0.90% | 1.18% |
| Public Safety Personnel Retirement System - Fire - Health Insurance Premium: | | | |
| Actuarially determined contribution | \$ 24,686 | \$ 24,230 | \$ 27,388 |
| Contributions in relation to the actuarially determined contribution | <u>24,686</u> | <u>24,230</u> | <u>27,388</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's covered payroll | \$ 2,742,865 | \$ 2,785,106 | \$ 2,936,938 |
| Contributions as a percentage of covered payroll | 0.90% | 0.87% | 0.93% |

See accompanying notes to this schedule.

This OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE - HEALTH INSURANCE PREMIUM
LAST THREE FISCAL YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total OPEB liability | | | |
| Service cost | \$ 13,389 | \$ 12,995 | \$ 17,641 |
| Interest | 79,227 | 79,040 | 84,722 |
| Changes of benefit terms | | | 1,540 |
| Differences between expected and actual experience | (71,813) | (34,823) | (81,762) |
| Changes of assumptions or other inputs | 6,643 | | (17,248) |
| Benefit payments | (60,202) | (62,961) | (65,215) |
| Net change in total OPEB liability | <u>(32,756)</u> | <u>(5,749)</u> | <u>(60,322)</u> |
| Total OPEB liability—beginning | <u>1,087,341</u> | <u>1,093,090</u> | <u>1,153,412</u> |
| Total OPEB liability—ending | <u>\$ 1,054,585</u> | <u>\$ 1,087,341</u> | <u>\$ 1,093,090</u> |
| Plan fiduciary net position | | | |
| Contributions—employer | \$ 34,993 | \$ 13,833 | \$ 50,296 |
| Contributions—employee | | | |
| Net investment income | 37,250 | 47,391 | 75,038 |
| Benefit payments | (60,202) | (62,961) | (65,215) |
| Administrative expense | (643) | (721) | (664) |
| Other | | | |
| Net change in plan fiduciary net position | <u>11,398</u> | <u>(2,458)</u> | <u>59,455</u> |
| Plan fiduciary net position—beginning | <u>699,726</u> | <u>702,184</u> | <u>642,729</u> |
| Adjustment to beginning of year balance | 29,971 | | |
| Plan fiduciary net position—ending | <u>\$ 741,095</u> | <u>\$ 699,726</u> | <u>\$ 702,184</u> |
| Net OPEB (assets) liability—ending | <u>\$ 313,490</u> | <u>\$ 387,615</u> | <u>\$ 390,906</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 70.27% | 64.35% | 64.24% |
| Covered payroll | \$ 4,105,775 | \$ 4,164,656 | \$ 4,721,562 |
| Net OPEB (assets) liability as a percentage of covered payroll | 7.64% | 9.31% | 8.28% |

See accompanying notes to this schedule.

The OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE - HEALTH INSURANCE PREMIUM
LAST THREE FISCAL YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|--------------------------|
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total OPEB liability | | | |
| Service cost | \$ 9,291 | \$ 9,291 | \$ 9,996 |
| Interest | 59,597 | 60,012 | 60,052 |
| Changes of benefit terms | | | 4 |
| Differences between expected and actual experience | (46,626) | (28,923) | (6,161) |
| Changes of assumptions or other inputs | 9,565 | | (2,836) |
| Benefit payments | <u>(50,610)</u> | <u>(50,664)</u> | <u>(50,190)</u> |
| Net change in total OPEB liability | (18,783) | (10,284) | 10,865 |
| Total OPEB liability—beginning | 821,374 | 831,658 | 820,793 |
| Total OPEB liability—ending | <u>\$ 802,591</u> | <u>\$ 821,374</u> | <u>\$ 831,658</u> |
| Plan fiduciary net position | | | |
| Contributions—employer | \$ 25,046 | \$ 8,621 | \$ 26,447 |
| Contributions—employee | | | |
| Net investment income | 29,850 | 38,143 | 61,041 |
| Benefit payments | (50,610) | (50,664) | (50,190) |
| Administrative expense | (515) | (581) | (539) |
| Other | | 1 | |
| Net change in plan fiduciary net position | 3,771 | (4,480) | 36,759 |
| Plan fiduciary net position—beginning | 561,735 | 566,215 | 529,456 |
| Adjustments to beginning of year balance | 17,753 | | |
| Plan fiduciary net position—ending | <u>\$ 583,259</u> | <u>\$ 561,735</u> | <u>\$ 566,215</u> |
| Net OPEB (assets) liability—ending | <u>\$ 219,332</u> | <u>\$ 259,639</u> | <u>\$ 265,443</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 72.67% | 68.39% | 68.08% |
| Covered payroll | \$ 2,785,106 | \$ 2,936,938 | \$ 2,951,548 |
| Net OPEB (assets) liability as a percentage of covered payroll | 7.88% | 8.84% | 8.99% |

See accompanying notes to this schedule.

The OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

**CITY OF SIERRA VISTA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST THREE FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|
| Measurement date | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Total OPEB liability | | | |
| Service cost | \$ 1,131,255 | \$ 1,093,000 | \$ 1,121,000 |
| Interest | 1,027,009 | 1,015,000 | 937,000 |
| Differences between expected and actual experience | (8,961,963) | | |
| Changes of assumptions or other inputs | 2,147,687 | 1,721,000 | (1,296,000) |
| Benefit payments | (753,004) | (737,000) | (604,000) |
| Net change in total OPEB liability | (5,409,016) | 3,092,000 | 158,000 |
| Total OPEB liability—beginning | 29,154,000 | 26,062,000 | 25,904,000 |
| Total OPEB liability—ending | <u>\$ 23,744,984</u> | <u>\$ 29,154,000</u> | <u>\$ 26,062,000</u> |
| | | | |
| Covered-employee payroll | \$ 13,752,754 | \$ 12,033,184 | \$ 11,246,193 |
| | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 172.66% | 242.28% | 231.74% |

See accompanying notes to this schedule.

The OPEB schedule in the required supplementary information is intended to show information for 10 years, and additional information will be displayed as it becomes available.

CITY OF SIERRA VISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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 AND OPEB 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, 2018, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The actuarial assumptions used in the June 30, 2019 valuation of PSPRS were based on the results of an actuarial experience study for the five year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2017 actuarial valuation. The total liabilities as of June 30, 2019 reflected changes of actuarial assumptions to decrease the investment rate of return from, 7.4% to 7.3% and update the mortality rates.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional, or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's or plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date, and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning fiscal year 2019 for members who retired or will retire after the law's effective date.

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4 to pay the benefits for the City's single-employer defined benefit OPEB plan.

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

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**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND
 TYPE
 JUNE 30, 2020**

| | Special Revenue | Total Non-Major Governmental Funds |
|---|---------------------|---|
| <u>ASSETS</u> | | |
| Cash and investments | \$ 3,170,597 | \$ 3,170,597 |
| Intergovernmental receivable | 950,900 | 950,900 |
| Accounts receivable | 15,866 | 15,866 |
| Inventory | 112,651 | 112,651 |
| Total assets | \$ 4,250,014 | \$ 4,250,014 |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 434,913 | \$ 434,913 |
| Due to other funds | 1,082,418 | 1,082,418 |
| Accrued salaries and employee benefits | 56,149 | 56,149 |
| Other liabilities | 11,210 | 11,210 |
| Total liabilities | 1,584,690 | 1,584,690 |
| Fund balances (deficits): | | |
| Unassigned | (917,421) | (917,421) |
| Nonspendable | 112,651 | 112,651 |
| Restricted | 3,470,094 | 3,470,094 |
| Total fund balances | 2,665,324 | 2,665,324 |
| Total liabilities and fund balances | \$ 4,250,014 | \$ 4,250,014 |

**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, 2020**

| | Special Revenue | Municipal Property Corporation Interest and Redemption |
|--|--------------------|--|
| Revenues: | | |
| Intergovernmental | \$ 4,233,684 | \$ |
| Charges for services | 2,388,955 | |
| Fines | 5 | |
| Investment income | 11,050 | 1,336 |
| Contributions | 218,985 | |
| Other revenues | 68,578 | |
| Total revenues | 6,921,257 | 1,336 |
| Expenditures: | | |
| Current - | | |
| General government | 58,897 | |
| Public safety | 2,397,779 | |
| Public works | 2,767,924 | |
| Culture and recreation | 228,665 | |
| Community development | 207,546 | |
| Debt service - | | |
| Interest and fiscal charges | 5,306 | 379,311 |
| Principal | 70,040 | 3,738,000 |
| Total expenditures | 5,736,157 | 4,117,311 |
| Excess (deficiency) of revenues over expenditures | 1,185,100 | (4,115,975) |
| Other financing sources (uses): | | |
| Transfer in | 376,161 | 4,115,975 |
| Total other financing sources (uses) | 376,161 | 4,115,975 |
| Change in fund balances | 1,561,261 | |
| Fund balances, beginning of year | 1,104,063 | |
| Fund balances, end of year | \$ 2,665,324 | \$ |

Total
Non-Major
Governmental
Funds

\$ 4,233,684
2,388,955
5
12,386
218,985
68,578

6,922,593

58,897
2,397,779
2,767,924
228,665
207,546

384,617
3,808,040

9,853,468

(2,930,875)

4,492,136
4,492,136

1,561,261

1,104,063

\$ 2,665,324

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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.

Southeastern Arizona Communications Center (SEACOM) - To account for the operations of the joint dispatch center partnership with Cochise County, Arizona.

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.

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, 2020**

| | <u>SVMP0</u> | <u>SEACOM</u> | <u>LTAF</u> |
|---|------------------|-------------------|-------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ 325,791 | \$ |
| Intergovernmental receivable | 38,988 | 415,128 | 337,278 |
| Accounts receivable | | | 80 |
| Inventory | | | |
| Total assets | <u>\$ 38,988</u> | <u>\$ 740,919</u> | <u>\$ 337,358</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 5,595 | \$ 203,266 | \$ 4,177 |
| Due to other funds | 24,218 | | 38,651 |
| Accrued salaries and employee benefits | 5,094 | 24,691 | 21,887 |
| Other liabilities | | | |
| Total liabilities | <u>34,907</u> | <u>227,957</u> | <u>64,715</u> |
| Fund balances (deficits): | | | |
| Unassigned | | | |
| Nonspendable | | | |
| Restricted | 4,081 | 512,962 | 272,643 |
| Total fund balances | <u>4,081</u> | <u>512,962</u> | <u>272,643</u> |
| Total liabilities and fund balances | <u>\$ 38,988</u> | <u>\$ 740,919</u> | <u>337,358</u> |

| <u>Police Special Programs</u> | <u>Grants</u> | <u>Judicial Collection Enhancement</u> | <u>Airport</u> | <u>Miscellaneous Donations</u> |
|--|---------------------------|--|---|------------------------------------|
| \$ 212,771 | \$ 124,952 | \$ 223 | \$ 2,298,238 34,554 15,686 112,651 | \$ 210,415 100 |
| <u>\$ 212,771</u> | <u>\$ 124,952</u> | <u>\$ 223</u> | <u>\$ 2,461,129</u> | <u>\$ 210,515</u> |
| \$ 32,111 | \$ 11,614 102,128 | \$ | \$ 167,934 4,477 | \$ 10,216 |
| <u>32,111</u> | <u>11,210 124,952</u> | <u></u> | <u>172,411</u> | <u>10,216</u> |
| 180,660 | <u></u> | <u>223</u> | 112,651 2,176,067 | <u>200,299</u> |
| <u>180,660</u> | <u></u> | <u>223</u> | <u>2,288,718</u> | <u>200,299</u> |
| <u>\$ 212,771</u> | <u>\$ 124,952</u> | <u>\$ 223</u> | <u>\$ 2,461,129</u> | <u>\$ 210,515</u> |

(continued)

**CITY OF SIERRA VISTA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020
(Concluded)**

| | Police Development Fee | Infrastructure Development Fee | Totals |
|---|------------------------------|--------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ 123,159 | \$ 3,170,597 |
| Intergovernmental receivable | | | 950,900 |
| Accounts receivable | | | 15,866 |
| Inventory | | | 112,651 |
| Total assets | <u>\$</u> | <u>\$ 123,159</u> | <u>\$ 4,250,014</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ | \$ 434,913 |
| Due to other funds | 917,421 | | 1,082,418 |
| Accrued salaries and employee benefits | | | 56,149 |
| Other liabilities | | | 11,210 |
| Total liabilities | <u>917,421</u> | <u> </u> | <u>1,584,690</u> |
| Fund balances (deficits): | | | |
| Unassigned | (917,421) | | (917,421) |
| Nonspendable | | | 112,651 |
| Restricted | | 123,159 | 3,470,094 |
| Total fund balances | <u>(917,421)</u> | <u>123,159</u> | <u>2,665,324</u> |
| Total liabilities and fund balances | <u>\$</u> | <u>\$ 123,159</u> | <u>\$ 4,250,014</u> |

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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, 2020**

| | <u>SVMPO</u> | <u>SEACOM</u> | <u>LTAf</u> |
|--|-----------------|-------------------|------------------|
| Revenues: | | | |
| Intergovernmental | \$222,077 | \$2,654,586 | \$965,649 |
| Charges for services | | | 81,194 |
| Fines | | | |
| Investment income | | | |
| Contributions | | | |
| Other revenues | | | 5,280 |
| Total revenues | <u>222,007</u> | <u>2,654,586</u> | <u>1,052,123</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | | | |
| Public safety | | 2,141,624 | |
| Public works | 222,207 | | 1,342,800 |
| Culture and recreation | | | |
| Community development | | | |
| Debt service - | | | |
| Interest and fiscal charges | | | |
| Principal | | | |
| Total expenditures | <u>222,207</u> | <u>2,141,624</u> | <u>1,342,800</u> |
| Excess (deficiency) of revenues over expenditures | <u>(130)</u> | <u>512,962</u> | <u>(290,677)</u> |
| Other financing sources (uses): | | | |
| Transfer in | | | 370,000 |
| Total other financing sources (uses) | | | <u>370,000</u> |
| Change in fund balances | <u>(130)</u> | <u>512,962</u> | <u>79,323</u> |
| Fund balances (deficits), beginning of year | 4,211 | | 193,320 |
| Fund balances (deficits), end of year | <u>\$ 4,081</u> | <u>\$ 512,962</u> | <u>\$272,643</u> |

| <u>Police Special Programs</u> | <u>Grants</u> | <u>Judicial Collection Enhancement</u> | <u>Airport</u> | <u>Miscellaneous Donations</u> | <u>Police Development Fee</u> |
|--|----------------|--|--------------------|------------------------------------|---------------------------------------|
| \$ 4,359 | \$356,818 | \$ | \$ 34,554 | \$ | \$ |
| 349 | | 5 | 2,303,402 | | |
| 5,863 | 81,669 | | 10,701 | 131,453 | |
| 62,243 | | | 1,055 | | |
| <u>72,814</u> | <u>438,487</u> | <u>5</u> | <u>2,349,712</u> | <u>131,453</u> | |
| 106,693 | 38,465 | | | 20,432 | |
| | 26,741 | | | 122,721 | |
| | 173,808 | | 1,201,530 | 1,387 | |
| | 205,634 | | | 54,857 | |
| | | | 5,306 | 1,912 | |
| | | | 70,040 | | |
| <u>106,693</u> | <u>444,648</u> | | <u>1,276,876</u> | <u>201,309</u> | |
| <u>(33,879)</u> | <u>(6,161)</u> | <u>5</u> | <u>1,072,836</u> | <u>(69,856)</u> | |
| | 6,161 | | | | |
| | 6,161 | | | | |
| <u>(33,879)</u> | | <u>5</u> | <u>1,072,836</u> | <u>(69,856)</u> | |
| 214,539 | | 218 | 1,215,882 | 270,155 | (917,421) |
| <u>\$180,660</u> | <u>\$</u> | <u>\$ 223</u> | <u>\$2,288,718</u> | <u>\$ 200,299</u> | <u>\$ (917,421)</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, 2020
 (Concluded)**

| | Infrastructure Development Fee | Totals |
|--|--------------------------------------|---------------------|
| Revenues: | | |
| Intergovernmental | \$ | \$ 4,233,684 |
| Charges for services | | 2,388,955 |
| Fines | | 5 |
| Investment income | | 11,050 |
| Contributions | | 218,985 |
| Other revenues | | 68,578 |
| Total revenues | | 6,921,257 |
| Expenditures: | | |
| Current - | | |
| General government | | 58,897 |
| Public safety | | 2,397,779 |
| Public works | | 2,767,924 |
| Culture and recreation | | 228,665 |
| Community development | | 207,546 |
| Debt service - | | |
| Interest and fiscal charges | | 5,306 |
| Principal | | 70,040 |
| Total expenditures | | 5,736,157 |
| Excess (deficiency) of revenues over expenditures | | 1,185,100 |
| Other financing sources (uses): | | |
| Transfer in | | 376,161 |
| Total other financing sources (uses) | | 376,161 |
| Change in fund balances | | 1,561,261 |
| Fund balances (deficits), beginning of year | 123,159 | 1,104,063 |
| Fund balances (deficits), end of year | \$ 123,159 | \$ 2,665,324 |

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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, 2020**

| | SVMPO | | |
|--|----------------|-----------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$ 653,820 | \$ 222,077 | \$ (431,743) |
| Charges for services | | | |
| Fines | | | |
| Investment income | | | |
| Contributions | | | |
| Other revenues | | | |
| Total revenues | <u>653,820</u> | <u>222,077</u> | <u>(431,743)</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | | | |
| Public safety | | | |
| Public works | 653,820 | 222,207 | 431,613 |
| Culture and recreation | | | |
| Community development | | | |
| Debt service - | | | |
| Interest and fiscal charges | | | |
| Principal | | | |
| Total expenditures | <u>653,820</u> | <u>222,207</u> | <u>431,613</u> |
| Excess (deficiency) of revenues over expenditures | | <u>(130)</u> | <u>(130)</u> |
| Other financing sources (uses): | | | |
| Transfer in | | | |
| Total other financing sources (uses) | | | |
| Change in fund balances | | <u>(130)</u> | <u>(130)</u> |
| Fund balances (deficits), July 1, 2019 | | 4,211 | 4,211 |
| Fund balances (deficits), June 30, 2020 | <u>\$</u> | <u>\$ 4,081</u> | <u>\$ 4,081</u> |

| SEACOM | | | LTAF | | |
|------------------|-------------------|--------------------------------|----------------------------------|----------------------------------|---------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ 2,469,372 | \$ 2,654,586 | \$ 185,214 | \$ 1,003,529 133,200 | \$ 965,649 81,194 | \$ (37,880) (52,006) |
| <u>2,469,372</u> | <u>2,654,586</u> | <u>185,214</u> | <u>1,000</u> <u>1,137,729</u> | <u>5,280</u> <u>1,052,123</u> | <u>4,280</u> <u>(85,606)</u> |
| 2,469,372 | 2,141,624 | 327,748 | 1,691,331 | 1,342,800 | 348,531 |
| <u>2,469,372</u> | <u>2,141,624</u> | <u>327,748</u> | <u>1,691,331</u> | <u>1,342,800</u> | <u>348,531</u> |
| | <u>512,962</u> | <u>512,962</u> | <u>(553,602)</u> | <u>(290,677)</u> | <u>262,925</u> |
| | | | <u>370,000</u> | <u>370,000</u> | |
| | | | <u>370,000</u> | <u>370,000</u> | |
| | <u>512,962</u> | <u>512,962</u> | <u>(183,602)</u> | <u>79,323</u> | <u>262,925</u> |
| | | | 183,602 | 193,320 | 9,718 |
| <u>\$</u> | <u>\$ 512,962</u> | <u>\$ 512,962</u> | <u>\$</u> | <u>\$ 272,643</u> | <u>\$ 272,643</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, 2020
(Continued)

| | Police Special Programs | | |
|--|-------------------------|------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$ 50,000 | \$ | \$ (50,000) |
| Charges for services | | 4,359 | 4,359 |
| Fines | | | |
| Investment income | | 349 | 349 |
| Contributions | | 5,863 | 5,863 |
| Other revenues | 75,000 | 62,243 | (12,757) |
| Total revenues | 125,000 | 72,814 | (52,186) |
| Expenditures: | | | |
| Current - | | | |
| General government | | | |
| Public safety | 319,500 | 106,693 | 212,807 |
| Public works | | | |
| Culture and recreation | | | |
| Community development | | | |
| Debt service - | | | |
| Interest and fiscal charges | | | |
| Principal | | | |
| Total expenditures | 319,500 | 106,693 | 212,807 |
| Excess (deficiency) of revenues over expenditures | (194,500) | (33,879) | 160,621 |
| Other financing sources (uses): | | | |
| Transfer in | | | |
| Total other financing sources (uses) | | | |
| Change in fund balances | (194,500) | (33,879) | 160,621 |
| Fund balances (deficits), July 1, 2019 | 194,500 | 214,539 | 20,039 |
| Fund balances (deficits), June 30, 2020 | \$ | \$ 180,660 | \$ 180,660 |

| Grants | | | Judicial Collection Enhancement | | |
|------------------|----------------|--------------------------------|---------------------------------|---------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ 960,971 | \$ 356,818 | \$ (604,153) | \$ | \$ | \$ |
| | | | 100 | 5 | (95) |
| 2,210,000 | 81,669 | (2,128,331) | | | |
| <u>3,170,971</u> | <u>438,487</u> | <u>(2,732,484)</u> | <u>100</u> | <u>5</u> | <u>(95)</u> |
| 415,140 | 38,465 | 376,675 | 300 | | 300 |
| 1,078,382 | 26,741 | 1,051,641 | | | |
| 1,536,466 | 173,808 | 1,362,658 | | | |
| 158,105 | 205,634 | (47,529) | | | |
| <u>3,188,093</u> | <u>444,648</u> | <u>2,743,445</u> | <u>300</u> | | <u>300</u> |
| <u>(17,122)</u> | <u>(6,161)</u> | <u>10,961</u> | <u>(200)</u> | <u>5</u> | <u>205</u> |
| <u>3,740</u> | <u>6,161</u> | <u>2,421</u> | | | |
| <u>3,740</u> | <u>6,161</u> | <u>2,421</u> | | | |
| <u>(13,382)</u> | | <u>13,382</u> | <u>(200)</u> | <u>5</u> | <u>205</u> |
| 13,382 | | (13,382) | 200 | 218 | 18 |
| <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 223</u> | <u>\$ 223</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, 2020
(Continued)

| | Airport | | |
|--|------------------|---------------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$ 82,500 | \$ 34,554 | \$ (47,946) |
| Charges for services | 896,000 | 2,303,402 | 1,407,402 |
| Fines | | | |
| Investment income | | 10,701 | 10,701 |
| Contributions | | | |
| Other revenues | 5,000 | 1,055 | (3,945) |
| Total revenues | <u>983,500</u> | <u>2,349,712</u> | <u>1,366,212</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | | | |
| Public safety | | | |
| Public works | 1,091,572 | 1,201,530 | (109,958) |
| Culture and recreation | | | |
| Community development | | | |
| Debt service - | | | |
| Interest and fiscal charges | 5,306 | 5,306 | |
| Principal | 70,041 | 70,040 | 1 |
| Total expenditures | <u>1,166,919</u> | <u>1,276,876</u> | <u>(109,957)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(183,419)</u> | <u>1,072,836</u> | <u>1,256,255</u> |
| Other financing sources (uses): | | | |
| Transfer in | | | |
| Total other financing sources (uses) | | | |
| Change in fund balances | <u>(183,419)</u> | <u>1,072,836</u> | <u>1,256,255</u> |
| Fund balances (deficits), July 1, 2019 | 183,419 | 1,215,882 | 1,032,463 |
| Fund balances (deficits), June 30, 2020 | <u>\$</u> | <u>\$ 2,288,718</u> | <u>\$ 2,288,718</u> |

| Miscellaneous Donations | | | Police Development Fee | | |
|-------------------------|-------------------|--------------------------------|------------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| 21,335 | 131,453 | 110,118 | | | |
| <u>21,335</u> | <u>131,453</u> | <u>110,118</u> | | | |
| 13,580 | 20,432 | (6,852) | | | |
| 393,015 | 122,721 | 270,294 | | | |
| | 1,387 | (1,387) | | | |
| 203,310 | 54,857 | 148,453 | | | |
| 8,085 | 1,912 | 6,173 | | | |
| <u>617,990</u> | <u>201,309</u> | <u>416,681</u> | | | |
| <u>(596,655)</u> | <u>(69,856)</u> | <u>526,799</u> | | | |
| | | | | | |
| | | | | | |
| <u>(596,655)</u> | <u>(69,856)</u> | <u>526,799</u> | | | |
| 596,655 | 270,155 | (326,500) | | (917,421) | (917,421) |
| <u>\$</u> | <u>\$ 200,299</u> | <u>\$ 200,299</u> | <u>\$</u> | <u>\$ (917,421)</u> | <u>\$ (917,421)</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, 2020
(Concluded)

| | Infrastructure Development Fee | | |
|--|--------------------------------|------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$ | \$ | \$ |
| Charges for services | | | |
| Fines | | | |
| Investment income | | | |
| Contributions | | | |
| Other revenues | | | |
| Total revenues | | | |
| Expenditures: | | | |
| Current - | | | |
| General government | | | |
| Public safety | | | |
| Public works | | | |
| Culture and recreation | | | |
| Community development | | | |
| Debt service - | | | |
| Interest and fiscal charges | | | |
| Principal | | | |
| Total expenditures | | | |
| Excess (deficiency) of revenues over expenditures | | | |
| Other financing sources (uses): | | | |
| Transfer in | | | |
| Total other financing sources (uses) | | | |
| Change in fund balances | | | |
| Fund balances (deficits), July 1, 2019 | | 123,159 | 123,159 |
| Fund balances (deficits), June 30, 2020 | \$ | \$ 123,159 | \$ 123,159 |

| Totals | | |
|--------------------|---------------------|--------------------------------------|
| Budget | Actual | Variance - Positive (Negative) |
| \$ 5,220,192 | \$ 4,233,684 | \$ (986,508) |
| 1,029,200 | 2,388,955 | 1,359,755 |
| 100 | 5 | (95) |
| | 11,050 | 11,050 |
| 2,231,335 | 218,985 | (2,012,350) |
| 81,000 | 68,578 | (12,422) |
| <u>8,561,827</u> | <u>6,921,257</u> | <u>(1,640,570)</u> |
| 429,020 | 58,897 | 370,123 |
| 4,260,269 | 2,397,779 | 1,862,490 |
| 3,436,723 | 2,767,924 | 668,799 |
| 1,739,776 | 228,665 | 1,511,111 |
| 166,190 | 207,546 | (41,356) |
| 5,306 | 5,306 | |
| 70,041 | 70,040 | 1 |
| <u>10,107,325</u> | <u>5,736,157</u> | <u>4,371,168</u> |
| <u>(1,545,498)</u> | <u>1,185,100</u> | <u>2,730,598</u> |
| 373,740 | 376,161 | 2,421 |
| <u>373,740</u> | <u>376,161</u> | <u>2,421</u> |
| <u>(1,171,758)</u> | <u>1,561,261</u> | <u>2,733,019</u> |
| 1,171,758 | 1,104,063 | (67,695) |
| <u>\$</u> | <u>\$ 2,665,324</u> | <u>\$ 2,665,324</u> |

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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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL – MUNICIPAL PROPERTY CORPORATION INTEREST AND
REDEMPTION
YEAR ENDED JUNE 30, 2020**

| | Original & Final Budget | Actual | Variance - Positive (Negative) |
|--|----------------------------|-------------|--------------------------------------|
| Revenues: | | | |
| Investment income | \$ | \$ 1,336 | \$ 1,336 |
| Total revenues | | 1,336 | 1,336 |
| Expenditures: | | | |
| Debt service - | | | |
| Interest and fiscal charges | 400,700 | 379,311 | 21,389 |
| Principal | 3,070,600 | 3,738,000 | (667,400) |
| Total expenditures | 3,471,300 | 4,117,311 | (646,011) |
| Excess (deficiency) of revenues over expenditures | (3,471,300) | (4,115,975) | (644,675) |
| Other financing sources (uses): | | | |
| Transfer in | 3,471,300 | 4,115,975 | 644,675 |
| Total other financing sources (uses) | 3,471,300 | 4,115,975 | 644,675 |
| Change in fund balances | | | |
| Fund balances, July 1, 2019 | | | |
| Fund balances, June 30, 2020 | \$ | \$ | \$ |

CAPITAL PROJECTS 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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2020

| | Original & Final Budget | Actual | Variance - Positive (Negative) |
|--|----------------------------|---------------------|--------------------------------------|
| Revenues: | | | |
| Taxes | \$ 4,154,880 | \$ 4,529,093 | \$ 374,213 |
| Intergovernmental | 177,488 | 172,080 | (5,408) |
| Investment income | | 16,170 | 16,170 |
| Other revenues | 500,000 | | (500,000) |
| Total revenues | <u>4,832,368</u> | <u>4,717,343</u> | <u>(115,025)</u> |
| Expenditures: | | | |
| Capital outlay | 13,655,595 | 12,750,668 | 904,927 |
| Bond issuance costs | 250,000 | 96,750 | 153,250 |
| Total expenditures | <u>13,905,595</u> | <u>12,847,418</u> | <u>1,058,177</u> |
| Excess (deficiency) of revenues over expenditures | <u>(9,073,227)</u> | <u>(8,130,075)</u> | <u>943,152</u> |
| Other financing sources (uses): | | | |
| Transfers out | (5,050,430) | (4,242,605) | 807,825 |
| Issuance of revenue bonds | 13,718,000 | 13,715,000 | (3,000) |
| Total other financing sources (uses) | <u>8,667,570</u> | <u>9,472,395</u> | <u>804,825</u> |
| Change in fund balances | <u>(405,657)</u> | <u>1,342,320</u> | <u>1,747,977</u> |
| Fund balances, July 1, 2019 | 405,657 | 4,345,389 | 3,939,732 |
| Fund balances, June 30, 2020 | <u>\$</u> | <u>\$ 5,687,709</u> | <u>\$ 5,687,709</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, 2020**

| | Health and Accident Insurance | Unemployment Insurance | Self- Insured Retention | Totals |
|----------------------------|-------------------------------------|---------------------------|-------------------------------|--------------------|
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 4,777,797 | \$ 97,066 | \$ 217,115 | \$5,091,978 |
| Accounts receivable | 104,857 | | 967 | 105,824 |
| Due from other funds | 1,436,161 | | | 1,436,161 |
| Total assets | <u>6,318,815</u> | <u>97,066</u> | <u>218,082</u> | <u>6,633,963</u> |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 415 | \$ | \$ 2,152 | \$ 2,567 |
| Claims payable | 166,904 | | | 166,904 |
| Total liabilities | <u>167,319</u> | <u></u> | <u>2,152</u> | <u>169,471</u> |
| <u>NET POSITION</u> | | | | |
| Unrestricted | <u>6,151,496</u> | <u>97,066</u> | <u>215,930</u> | <u>6,464,492</u> |
| Total net position | <u>\$ 6,151,496</u> | <u>\$ 97,066</u> | <u>\$ 215,930</u> | <u>\$6,464,492</u> |

**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, 2020**

| | Health and Accident Insurance | Unemployment Insurance | Self-Insured Retention | Totals |
|---|-------------------------------------|---------------------------|---------------------------|---------------------|
| Operating revenues: | | | | |
| Contributions | \$ 4,121,105 | \$ | \$ | \$ 4,121,105 |
| Other revenues | 401,621 | | 15,954 | 417,575 |
| Total operating revenues | <u>4,522,726</u> | | <u>15,954</u> | <u>4,538,680</u> |
| Operating expenses: | | | | |
| Operations and maintenance | 364,781 | | | 364,781 |
| Benefits paid | 2,759,822 | 1,685 | 32,685 | 2,794,192 |
| Premiums paid | 593,908 | | | 593,908 |
| Total operating expenses | <u>3,718,511</u> | <u>1,685</u> | <u>32,685</u> | <u>3,752,881</u> |
| Operating income (loss) | <u>804,215</u> | <u>(1,685)</u> | <u>(16,731)</u> | <u>785,799</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 55,608 | | | 55,608 |
| Total nonoperating revenues (expenses) | <u>55,608</u> | | | <u>55,608</u> |
| Income (loss) before transfers | <u>859,823</u> | <u>(1,685)</u> | <u>(16,731)</u> | <u>841,407</u> |
| Change in net position | <u>859,823</u> | <u>(1,685)</u> | <u>(16,731)</u> | <u>841,407</u> |
| Total net position, beginning of year | 5,291,673 | 98,751 | 232,661 | 5,623,085 |
| Total net position, end of year | <u>\$ 6,151,496</u> | <u>\$ 97,066</u> | <u>\$ 215,930</u> | <u>\$ 6,464,492</u> |

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | 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 | \$ 4,377,410 | \$ | \$ | \$ 4,377,410 |
| Cash paid to suppliers for goods and services | (3,727,434) | (1,931) | (30,860) | (3,760,225) |
| Other operating revenues | 401,621 | | 15,954 | 417,575 |
| Net cash provided by (used for) operating activities | 1,051,597 | (1,931) | (14,906) | 1,034,760 |
| Cash flows from noncapital financing activities: | | | | |
| Change in intrafund borrowing – Sewer fund | 3,255,331 | | | 3,255,331 |
| Net cash provided by (used for) financing activities | 3,255,331 | - | - | 3,255,331 |
| Cash flows from investing activities: | | | | |
| Investment income | 55,608 | | | 55,608 |
| Net cash provided by investing activities | 55,608 | | | 55,608 |
| Net increase (decrease) in cash and cash equivalents | 4,362,536 | (1,931) | (14,906) | 4,345,699 |
| Cash and cash equivalents, July 1, 2019 | 415,261 | 98,997 | 232,021 | 746,279 |
| Cash and cash equivalents, June 30, 2020 | \$ 4,777,797 | \$ 97,066 | \$ 217,115 | \$ 5,091,978 |
| <u>Reconciliation of Operating Income (Loss) to</u> | | | | |
| <u>Net Cash Provided By (Used for) Operating Activities</u> | | | | |
| Operating income (loss) | \$ 804,215 | \$ (1,685) | \$ (16,731) | \$ 785,799 |
| 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 | 256,305 | | | 256,305 |
| Increase (decrease) in operating portion | | | | |
| of accounts payable | (8,923) | (246) | 1,825 | (7,344) |
| Total adjustments | 247,382 | (246) | 1,825 | 248,961 |
| Net cash provided by (used for) operating activities | \$ 1,051,597 | \$ (1,931) | \$ (14,906) | \$ 1,034,760 |

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 (USPP). The City is acting as the fiscal agent for the Partnership.

Cochise County Tourism Council Fund - To account for monies held by the City on behalf of the Cochise County Tourism Council (CCTC). The City is acting as the fiscal agent for the Council.

911 Fund - To account for monies distributed from the 911 phone tax to qualifying county governmental agencies.

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2020**

| | <u>CCTC</u> | <u>Customer Deposits</u> | <u>911</u> | <u>Partnership Deposits</u> |
|------------------------------|-------------------------|------------------------------|-------------------------|---------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 66,176 | \$ 212,370 | \$ | \$ 459,393 |
| Intergovernmental receivable | | | 34,469 | |
| Accounts receivable | | | | 110,000 |
| Total assets | <u>\$ 66,176</u> | <u>\$ 212,370</u> | <u>\$ 34,469</u> | <u>\$ 569,393</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | 13,728 | | | 5,513 |
| Due to other funds | | | 34,469 | |
| Customer deposits | 52,448 | 212,370 | | 563,880 |
| Total liabilities | <u>\$ 66,176</u> | <u>\$ 212,370</u> | <u>\$ 34,469</u> | <u>\$ 569,393</u> |

Totals
\$ 737,939
34,469
110,000
\$ 882,408

19,241
34,469
828,698
\$ 882,408

CITY OF SIERRA VISTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Beginning Balance | Additions | Deductions | Ending Balance |
|----------------------------------|----------------------|---------------------|---------------------|-------------------|
| <u>Customer Deposits</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 222,027 | \$ 31,037 | \$ 40,694 | \$ 212,370 |
| Accounts receivable | | 305 | 305 | |
| Total assets | <u>\$ 222,027</u> | <u>\$ 31,342</u> | <u>\$ 40,999</u> | <u>\$ 212,370</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ | \$ 5,863 | \$ 5,863 | \$ |
| Customer deposits | 222,027 | 25,479 | 35,136 | 212,370 |
| Total liabilities | <u>\$ 222,027</u> | <u>\$ 31,342</u> | <u>\$ 40,999</u> | <u>\$ 212,370</u> |
| <u>USPP Deposits</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 431,662 | \$ 317,829 | \$ 290,098 | \$ 459,393 |
| Accounts receivable | 110,000 | 210,000 | 210,000 | 110,000 |
| Total assets | <u>\$ 541,662</u> | <u>\$ 527,829</u> | <u>\$ 500,098</u> | <u>\$ 569,393</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ | \$ 92,217 | \$ 86,704 | \$ 5,513 |
| Customer deposits | 541,662 | 435,612 | 413,394 | 563,880 |
| Total liabilities | <u>\$ 541,662</u> | <u>\$ 527,829</u> | <u>\$ 500,098</u> | <u>\$ 569,393</u> |
| <u>CCTC Deposits</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 86,044 | \$ 271,959 | \$ 291,827 | \$ 66,176 |
| Accounts receivable | | 93,280 | 93,280 | |
| Total assets | <u>\$ 86,044</u> | <u>\$ 365,239</u> | <u>\$ 385,107</u> | <u>\$ 66,176</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 22,253 | \$ 112,108 | \$ 120,633 | \$ 13,728 |
| Customer deposits | 63,791 | 290,787 | 302,130 | 52,448 |
| Total liabilities | <u>\$ 86,044</u> | <u>\$ 402,895</u> | <u>\$ 422,763</u> | <u>\$ 66,176</u> |
| <u>911</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ | \$ 305,176 | \$ 305,176 | \$ |
| Accounts receivable | | 169,511 | 135,042 | 34,469 |
| Total assets | <u>\$</u> | <u>\$ 474,687</u> | <u>\$ 440,218</u> | <u>\$ 34,469</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ | \$ 169,979 | \$ 135,510 | \$ 34,469 |
| Customer deposits | | 305,176 | 305,176 | |
| Total liabilities | <u>\$</u> | <u>\$ 475,155</u> | <u>\$ 440,686</u> | <u>\$ 34,469</u> |
| <u>Total Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 739,733 | \$ 926,001 | \$ 927,795 | \$ 737,939 |
| Accounts receivable | 110,000 | 473,096 | 438,627 | 144,469 |
| Total assets | <u>\$ 849,733</u> | <u>\$ 1,399,097</u> | <u>\$ 1,366,422</u> | <u>\$ 882,408</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 22,253 | \$ 380,167 | \$ 348,710 | \$ 53,710 |
| Customer deposits | 827,480 | 1,224,974 | 1,189,287 | 828,698 |
| Total liabilities | <u>\$ 849,733</u> | <u>\$ 1,605,141</u> | <u>\$ 1,537,997</u> | <u>\$ 882,408</u> |

STATISTICAL SECTION

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The statistical section presents financial statements trends as well as detailed financial and operating information not available elsewhere in the report. The statistical section is intended to enhance the readers' understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends - These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.

Debt Capacity - These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information - These schedules present various demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons with other municipalities.

Operating Information - These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 98,629,178 | \$ 98,771,323 | \$ 97,557,911 | \$ 99,144,355 |
| Restricted | 1,582,118 | 2,500,401 | 4,524,148 | 4,966,561 |
| Unrestricted | 857,128 | (250,806) | (5,123,877) | (8,525,763) |
| Total governmental activities net position | <u>\$ 101,068,424</u> | <u>\$ 101,020,918</u> | <u>\$ 96,958,182</u> | <u>\$ 95,585,153</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 34,181,472 | \$ 34,333,688 | \$ 33,088,657 | \$ 35,493,373 |
| Restricted | | | | 51,233 |
| Unrestricted | (2,975,726) | (1,819,668) | (382,866) | (469,568) |
| Total business-type activities net position | <u>\$ 31,205,746</u> | <u>\$ 32,514,020</u> | <u>\$ 32,705,791</u> | <u>\$ 35,075,038</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 132,810,650 | \$ 133,105,011 | \$ 130,646,568 | \$ 134,637,728 |
| Restricted | 1,582,118 | 2,500,401 | 4,524,148 | 5,017,794 |
| Unrestricted | (2,118,598) | (2,070,474) | (5,506,743) | (8,995,331) |
| Total primary government net position | <u>\$ 132,274,170</u> | <u>\$ 133,534,938</u> | <u>\$ 129,663,973</u> | <u>\$ 130,660,191</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.

In FY2018, the City implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This resulted in a restatement of beginning net assets from \$46.67 million to \$40.5 million.

In FY2019 the City restated its beginning fund balances to reflect the change in transaction privilege reporting by the Arizona Department of Revenue

Source: City of Sierra Vista

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 99,075,363 | \$ 98,246,265 | \$ 99,349,505 | \$ 100,465,079 | \$ 98,465,677 | \$ 97,228,504 |
| 6,909,429 | 8,033,660 | 4,863,722 | 4,107,197 | 9,366,097 | 12,291,210 |
| (51,965,213) | (54,647,190) | (57,454,383) | (65,868,132) | (69,481,084) | (70,700,244) |
| <u>\$ 54,019,579</u> | <u>\$ 51,632,735</u> | <u>\$ 46,758,844</u> | <u>\$ 38,704,144</u> | <u>\$ 38,350,690</u> | <u>\$ 38,819,470</u> |
| | | | | | |
| \$ 35,024,841 | \$ 35,650,689 | \$ 33,923,064 | \$ 34,325,116 | \$ 34,056,919 | \$ 34,252,030 |
| 51,233 | 51,233 | 51,233 | | | |
| (4,616,338) | (5,463,562) | (4,621,357) | (5,407,181) | (5,277,802) | (5,998,875) |
| <u>\$ 30,459,736</u> | <u>\$ 30,238,360</u> | <u>\$ 29,352,940</u> | <u>\$ 28,917,935</u> | <u>\$ 28,779,117</u> | <u>\$ 28,253,155</u> |
| | | | | | |
| \$ 134,100,204 | \$ 133,896,954 | \$ 133,272,569 | \$ 134,790,195 | \$ 132,522,596 | \$ 131,480,534 |
| 6,960,662 | 8,084,893 | 4,914,955 | 4,107,197 | 9,366,097 | 12,291,210 |
| (56,581,551) | (60,110,752) | (62,075,740) | (71,275,313) | (74,758,886) | (76,699,119) |
| <u>\$ 84,479,315</u> | <u>\$ 81,871,095</u> | <u>\$ 76,111,784</u> | <u>\$ 67,622,079</u> | <u>\$ 67,129,807</u> | <u>\$ 67,072,625</u> |

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

| | 2011 | 2012 | 2013 | 2014 |
|---|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,105,723 | \$ 5,416,997 | \$ 5,733,325 | \$ 6,461,623 |
| Public safety | 15,361,959 | 15,741,058 | 16,679,199 | 16,892,244 |
| Public works | 14,466,185 | 15,684,106 | 13,971,626 | 15,894,553 |
| Culture and recreation | 6,612,745 | 4,682,921 | 5,451,451 | 3,891,908 |
| Community development | 1,284,149 | 1,256,425 | 922,944 | 1,174,014 |
| Interest and fiscal charges | 1,322,280 | 1,193,187 | 1,094,226 | 984,643 |
| Total governmental activities expenses | <u>45,153,041</u> | <u>43,974,694</u> | <u>43,852,771</u> | <u>45,298,985</u> |
| Business-type activities: | | | | |
| Sewer | 3,828,618 | 3,695,564 | 3,995,159 | 3,991,879 |
| Refuse | 4,058,302 | 4,244,047 | 4,421,364 | 4,272,556 |
| Leisure | | | | |
| Total business-type activities expenses | <u>7,886,920</u> | <u>7,939,611</u> | <u>8,416,523</u> | <u>8,264,435</u> |
| Total primary government expenses | <u>\$ 53,039,961</u> | <u>\$ 51,914,305</u> | <u>\$ 52,269,294</u> | <u>\$ 53,563,420</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 263,643 | \$ 267,922 | \$ 1,048,052 | \$ 1,525,767 |
| Public safety | 1,759,035 | 1,721,067 | 1,691,539 | 1,221,295 |
| Public works | 3,411,247 | 2,522,046 | 2,384,010 | 2,560,147 |
| Culture and recreation | 1,478,401 | 1,079,641 | 1,124,673 | 1,036,840 |
| Community development | 541,794 | 1,627,780 | 767,063 | 1,138,824 |
| Operating grants and contributions | 1,498,867 | 1,522,872 | 1,282,624 | 1,783,822 |
| Capital grants and contributions | 3,464,727 | 4,376,706 | 1,152,159 | 3,303,899 |
| Total governmental activities program revenues | <u>12,417,714</u> | <u>13,118,034</u> | <u>9,450,120</u> | <u>12,570,594</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Sewer | 3,916,860 | 4,274,980 | 4,029,798 | 4,084,499 |
| Refuse | 4,535,961 | 4,720,748 | 4,679,431 | 4,638,149 |
| Leisure | | | | |
| Capital grants and contributions | 10,890 | 401,970 | 48,878 | 2,060,847 |
| Total business-type activities program revenues | <u>8,463,711</u> | <u>9,397,698</u> | <u>8,758,107</u> | <u>10,783,495</u> |
| Total primary government program revenues | <u>\$ 20,881,425</u> | <u>\$ 22,515,732</u> | <u>\$ 18,208,227</u> | <u>\$ 23,354,089</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (32,735,327) | \$ (30,856,660) | \$ (34,402,651) | \$ (32,728,391) |
| Business-type activities | 576,791 | 1,458,087 | 341,584 | 2,519,060 |
| Total primary government net expense | <u>\$ (32,158,536)</u> | <u>\$ (29,398,573)</u> | <u>\$ (34,061,067)</u> | <u>\$ (30,209,331)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 378,251 | \$ 400,517 | \$ 397,349 | \$ 390,759 |
| Sales taxes | 17,086,526 | 16,757,320 | 16,192,020 | 16,650,008 |
| Franchise taxes | 620,704 | 620,157 | - | - |
| State shared revenues | 12,692,598 | 11,712,579 | 12,775,428 | 13,494,847 |
| Investment income | 6,722 | 14,763 | 35,631 | 21,877 |
| Other revenues | 953,701 | 1,154,004 | 789,674 | 648,058 |
| Transfers | 149,813 | 149,813 | 149,813 | 149,813 |
| Total governmental activities | <u>31,888,315</u> | <u>30,809,153</u> | <u>30,339,915</u> | <u>31,355,362</u> |
| Business-type activities: | | | | |
| Investment income | 140 | | | |
| Transfers | (149,813) | (149,813) | (149,813) | (149,813) |
| Total business-type activities | <u>(149,673)</u> | <u>(149,813)</u> | <u>(149,813)</u> | <u>(149,813)</u> |
| Total primary government | <u>\$ 31,738,642</u> | <u>\$ 30,659,340</u> | <u>\$ 30,190,102</u> | <u>\$ 31,205,549</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ (847,012) | \$ (47,507) | \$ (4,062,736) | \$ (1,373,029) |
| Business-type activities | 427,118 | 1,308,274 | 191,771 | 2,369,247 |
| Total primary government | <u>\$ (419,894)</u> | <u>\$ 1,260,767</u> | <u>\$ (3,870,965)</u> | <u>\$ 996,218</u> |

Source: City of Sierra Vista

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 6,609,010 | \$ 7,299,648 | \$ 6,628,073 | \$ 6,856,884 | \$ 6,996,456 | \$ 7,167,118 |
| | 18,599,902 | 18,164,895 | 22,560,672 | 21,714,387 | 21,839,622 | 24,919,339 |
| | 16,486,381 | 15,572,233 | 15,218,602 | 15,329,956 | 14,620,116 | 14,767,173 |
| | 3,107,107 | 3,679,116 | 4,584,022 | 4,662,675 | 4,256,316 | 5,213,946 |
| | 1,088,865 | 869,175 | 856,310 | 934,551 | 2,028,572 | 1,123,834 |
| | 881,623 | 774,429 | 656,506 | 319,566 | 256,553 | 581,077 |
| | <u>46,772,888</u> | <u>46,359,496</u> | <u>50,504,185</u> | <u>49,818,019</u> | <u>49,997,635</u> | <u>53,772,487</u> |
| | 3,804,727 | 3,957,011 | 3,861,004 | 3,912,622 | 3,789,592 | 3,928,742 |
| | 4,088,053 | 4,188,929 | 4,385,874 | 4,263,011 | 4,391,923 | 4,917,805 |
| | <u>7,892,780</u> | <u>8,145,940</u> | <u>8,246,878</u> | <u>8,175,633</u> | <u>8,181,515</u> | <u>8,846,547</u> |
| \$ | <u>54,665,668</u> | <u>54,505,436</u> | <u>58,751,063</u> | <u>57,993,652</u> | <u>58,179,150</u> | <u>62,619,034</u> |
| | | | | | | |
| \$ | 1,486,331 | \$ 1,364,244 | \$ 3,861,004 | \$ 2,378,403 | \$ 1,711,699 | \$ 2,540,772 |
| | 1,545,943 | 1,704,179 | 4,385,874 | 1,991,175 | 2,320,282 | 2,217,835 |
| | 2,355,411 | 2,542,471 | 3,020,506 | 2,572,341 | 2,628,271 | 3,638,990 |
| | 1,062,303 | 1,051,700 | 1,064,926 | 1,124,607 | 1,165,869 | 716,286 |
| | 890,573 | 619,315 | 572,304 | 466,122 | 365,108 | 382,280 |
| | 2,010,368 | 1,572,360 | 1,597,066 | 2,240,538 | 2,919,900 | 5,073,337 |
| | 1,853,539 | 1,801,904 | 1,893,296 | 2,042,965 | 311,754 | 968,573 |
| | <u>11,204,468</u> | <u>10,656,173</u> | <u>16,394,976</u> | <u>12,816,151</u> | <u>11,422,883</u> | <u>15,538,073</u> |
| | 2,586,469 | 3,839,006 | 3,824,136 | 3,881,815 | 3,650,091 | 3,586,287 |
| | 4,327,870 | 4,235,371 | 3,687,135 | 3,671,272 | 4,151,074 | 4,399,965 |
| | <u>293,936</u> | <u>8,074,377</u> | <u>7,511,271</u> | <u>184,378</u> | <u>241,532</u> | <u>323,837</u> |
| | <u>7,208,275</u> | <u>18,730,550</u> | <u>23,906,247</u> | <u>7,737,465</u> | <u>8,042,697</u> | <u>8,310,089</u> |
| \$ | <u>18,412,743</u> | <u>18,730,550</u> | <u>23,906,247</u> | <u>20,553,616</u> | <u>19,465,580</u> | <u>23,848,162</u> |
| | | | | | | |
| \$ | (35,568,420) | \$ (35,703,323) | \$ (34,109,209) | \$ (37,001,868) | \$ (38,574,752) | \$ (38,234,414) |
| | (684,505) | (71,563) | (735,607) | (438,168) | (138,818) | (536,458) |
| \$ | <u>(36,252,925)</u> | <u>(35,774,886)</u> | <u>(34,844,816)</u> | <u>(37,440,036)</u> | <u>(38,713,570)</u> | <u>(38,770,872)</u> |
| | | | | | | |
| \$ | 371,634 | \$ 359,567 | \$ 364,542 | \$ 358,082 | \$ 358,153 | \$ 363,530 |
| | 17,555,028 | 17,749,083 | 18,092,696 | 18,875,557 | 20,040,690 | 21,031,942 |
| | 14,369,609 | 14,666,533 | 14,880,201 | 15,419,313 | 15,589,252 | 16,746,716 |
| | 15,870 | 17,288 | 31,188 | 44,597 | 83,055 | 53,794 |
| | 990,238 | 374,195 | 431,580 | 519,619 | 557,624 | 507,212 |
| | 149,813 | 149,813 | 149,813 | | | |
| | <u>33,452,192</u> | <u>33,316,479</u> | <u>33,950,020</u> | <u>35,217,168</u> | <u>36,628,774</u> | <u>38,703,194</u> |
| | | | | 3,163 | | 10,496 |
| | (149,813) | (149,813) | (149,813) | | | |
| | <u>(149,813)</u> | <u>(149,813)</u> | <u>(149,813)</u> | <u>3,163</u> | <u>-</u> | <u>10,496</u> |
| \$ | <u>33,302,379</u> | <u>33,166,666</u> | <u>33,800,207</u> | <u>35,220,331</u> | <u>36,628,774</u> | <u>38,713,690</u> |
| | | | | | | |
| \$ | (2,116,228) | \$ (2,386,844) | \$ (159,189) | \$ (1,784,700) | \$ (1,945,978) | \$ 468,780 |
| | (834,318) | (221,376) | (885,420) | (435,005) | (138,818) | (525,962) |
| \$ | <u>(2,950,546)</u> | <u>(2,608,220)</u> | <u>(1,044,609)</u> | <u>(2,219,705)</u> | <u>(2,084,796)</u> | <u>(57,182)</u> |

Source: City of Sierra Vista

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | |
| Unreserved | | | | |
| Unassigned | \$ 3,863,565 | \$ 3,878,908 | \$ 3,898,837 | \$ 3,972,820 |
| Nonspendable | | | | |
| Total General Fund balance | <u>\$ 3,863,565</u> | <u>\$ 3,878,908</u> | <u>\$ 3,898,837</u> | <u>\$ 3,972,820</u> |
| All Other Governmental Funds | | | | |
| Restricted | \$ 3,697,571 | \$ 4,437,036 | \$ 4,524,148 | \$ 4,966,561 |
| Nonspendable | | | | |
| Unassigned | (1,692,419) | (1,936,635) | (2,758,173) | (3,619,690) |
| Total all other governmental funds | <u>2,005,152</u> | <u>2,500,401</u> | <u>1,765,975</u> | <u>1,346,871</u> |
| Total all governmental funds | <u>\$ 5,868,717</u> | <u>\$ 6,379,309</u> | <u>\$ 5,664,812</u> | <u>\$ 5,319,691</u> |

Notes: In FY2019 the City restated the the beginning Fund balances of the General and Capital Improvements Funds to reflect new reporting by the Arizona Department of Revenue

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 4,066,675 | \$ 4,076,911 | \$ 4,098,515 | \$ 4,098,515 | \$ 5,762,990 | \$ 5,961,579 |
| | 52,031 | 75,647 | 138,478 | 82,999 | 55,351 |
| <u>\$ 4,066,675</u> | <u>\$ 4,128,942</u> | <u>\$ 4,174,162</u> | <u>\$ 4,236,993</u> | <u>\$ 5,845,989</u> | <u>\$ 6,016,930</u> |
| \$ 6,909,429 | \$ 8,033,660 | \$ 7,809,861 | \$ 7,554,217 | \$ 9,266,201 | \$12,178,559 |
| | 73,438 | 118,913 | 113,184 | 99,896 | 112,651 |
| (4,028,268) | (4,631,568) | (5,663,027) | (5,511,407) | (5,629,619) | (5,179,618) |
| <u>2,881,161</u> | <u>3,475,530</u> | <u>2,265,747</u> | <u>2,155,994</u> | <u>3,736,478</u> | <u>7,111,592</u> |
| <u>\$ 6,947,836</u> | <u>\$ 7,604,472</u> | <u>\$ 6,439,909</u> | <u>\$ 6,392,987</u> | <u>\$ 9,582,467</u> | <u>\$13,128,522</u> |

Source: City of Sierra Vista

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|-------------------|---------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 18,085,481 | \$ 17,777,994 | \$ 16,589,369 | \$ 17,040,767 |
| Licenses and permits | 815,087 | 1,093,475 | 1,444,445 | 1,855,217 |
| Intergovernmental | 17,231,563 | 14,233,771 | 14,916,649 | 16,911,860 |
| Charges for services | 6,607,534 | 6,095,979 | 5,545,131 | 5,602,590 |
| Fines | 31,499 | 29,002 | 25,761 | 25,066 |
| Investment income | 6,722 | 14,763 | 35,631 | 21,877 |
| Contributions | 103,620 | 2,960,309 | 153,794 | 1,670,708 |
| Other revenues | 953,701 | 1,154,004 | 789,674 | 648,058 |
| Total revenues | <u>43,835,207</u> | <u>43,359,297</u> | <u>39,500,454</u> | <u>43,776,143</u> |
| Expenditures: | | | | |
| General government | 5,940,858 | 5,095,292 | 5,962,304 | 5,931,492 |
| Public safety | 13,183,030 | 13,580,188 | 13,831,076 | 15,097,854 |
| Public works | 13,280,984 | 15,444,339 | 12,325,352 | 14,719,023 |
| Culture and recreation | 5,263,125 | 3,743,441 | 4,639,890 | 3,171,277 |
| Community development | 1,222,838 | 1,186,790 | 836,423 | 1,082,532 |
| Capital outlay | 3,097,265 | 268,626 | 364,628 | 234,592 |
| Debt service - | | | | |
| Interest and fiscal charges | 1,322,280 | 1,193,187 | 1,094,226 | 984,643 |
| Bond issuance costs | | | | |
| Payment to refunding bond escrow agent | | | | |
| Principal | 3,005,454 | 2,694,552 | 3,733,604 | 3,049,664 |
| Total expenditures | <u>46,315,834</u> | <u>43,206,415</u> | <u>42,787,503</u> | <u>44,271,077</u> |
| Excess (deficiency) of revenues over expenditures | (2,480,627) | 152,882 | (3,287,049) | (494,934) |
| Other financing sources (uses): | | | | |
| Transfers out | (5,040,530) | (4,843,907) | (5,160,541) | (5,368,626) |
| Transfer in | 5,190,343 | 4,993,720 | 5,310,354 | 5,518,439 |
| Issuance of revenue bonds | | | | |
| Issuance of refunding bonds | | | | |
| Payment to refunding bond escrow agent | | | | |
| Proceeds from installment purchase | | 207,896 | 2,422,739 | |
| Total other financing sources (uses) | <u>149,813</u> | <u>357,709</u> | <u>2,572,552</u> | <u>149,813</u> |
| Net Change in fund balances | <u>\$ (2,330,814)</u> | <u>\$ 510,591</u> | <u>\$ (714,497)</u> | <u>\$ (345,121)</u> |
| Debt service as a percentage of noncapital expenditures | 11.3% | 10.4% | 12.6% | 10.4% |

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------|-------------------|-----------------------|--------------------|---------------------|---------------------|
| \$ 17,926,662 | \$ 18,108,650 | \$ 18,457,238 | \$ 19,233,639 | \$ 20,398,843 | \$ 21,395,472 |
| 1,775,419 | 1,553,851 | 1,729,991 | 1,998,204 | 1,921,499 | 1,993,234 |
| 16,638,440 | 16,336,187 | 18,205,719 | 17,768,716 | 18,624,860 | 22,563,071 |
| 5,542,823 | 5,707,852 | 6,194,348 | 5,810,644 | 6,196,544 | 6,650,654 |
| 22,319 | 20,206 | 19,020 | 21,430 | 19,535 | 10,868 |
| 15,870 | 17,288 | 31,188 | 44,597 | 83,055 | 53,794 |
| 1,595,076 | 1,704,611 | 164,844 | 909,675 | 196,072 | 225,555 |
| 990,238 | 374,195 | 431,560 | 519,619 | 557,624 | 507,212 |
| <u>44,506,847</u> | <u>43,822,840</u> | <u>45,233,908</u> | <u>46,306,524</u> | <u>47,998,032</u> | <u>53,399,860</u> |
| 6,135,261 | 6,354,521 | 6,198,461 | 6,384,018 | 6,800,502 | 6,752,031 |
| 14,652,603 | 15,352,722 | 17,387,613 | 18,210,858 | 19,765,952 | 21,901,308 |
| 14,221,370 | 13,211,542 | 15,453,133 | 12,854,850 | 11,284,364 | 12,007,575 |
| 2,997,303 | 3,150,038 | 3,384,473 | 3,483,371 | 4,529,600 | 4,280,076 |
| 1,191,835 | 873,558 | 862,021 | 939,144 | 896,691 | 1,099,326 |
| | 524,409 | 372,698 | 49,056 | | 12,750,668 |
| 881,623 | 774,429 | 656,506 | 196,057 | 191,304 | 419,078 |
| | | | 123,509 | | 96,750 |
| | | | 1,749,506 | | |
| <u>2,948,520</u> | <u>3,024,798</u> | <u>3,145,487</u> | <u>3,228,533</u> | <u>2,907,663</u> | <u>4,261,993</u> |
| <u>43,028,515</u> | <u>43,266,017</u> | <u>47,460,392</u> | <u>47,218,902</u> | <u>46,376,076</u> | <u>63,568,805</u> |
| 1,478,332 | 556,823 | (2,226,484) | (912,378) | 1,621,956 | (10,168,945) |
| (4,715,328) | (4,768,674) | (5,237,077) | (4,418,200) | (3,763,962) | (5,068,766) |
| 4,865,141 | 4,868,487 | 5,361,890 | 4,393,200 | 3,738,962 | 5,068,766 |
| | | | | | 13,715,000 |
| | | | 11,345,000 | | |
| | | | (11,221,491) | | |
| | | 937,088 | 766,947 | - | - |
| <u>149,813</u> | <u>99,813</u> | <u>1,061,901</u> | <u>865,456</u> | <u>(25,000)</u> | <u>13,715,000</u> |
| <u>\$ 1,628,145</u> | <u>\$ 656,636</u> | <u>\$ (1,164,583)</u> | <u>\$ (46,922)</u> | <u>\$ 1,596,956</u> | <u>\$ 3,546,055</u> |
| 10.0% | 9.7% | 9.4% | 8.1% | 7.5% | 9.8% |

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

| Business Category | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Communications & utilities | \$ 1,475,399 | \$ 1,596,186 | \$ 1,601,169 | \$ 1,495,522 |
| Transportation & warehousing | 10,416 | 9,194 | 9,566 | 6,850 |
| Construction | 1,214,444 | 1,028,675 | 986,088 | 1,116,402 |
| Manufacturing | 253,839 | 275,777 | 232,035 | 228,141 |
| Wholesale trade | 148,451 | 142,693 | 116,566 | 247,272 |
| Retail trade | 8,797,235 | 8,711,519 | 8,915,252 | 9,183,309 |
| Finance & insurance | 5,531 | 8,679 | 9,940 | 13,650 |
| Real estate, rental & leasing | 1,425,411 | 1,290,723 | 1,209,747 | 1,172,494 |
| Restaurant & bar | 1,868,531 | 1,889,937 | 1,742,476 | 1,768,624 |
| Accommodation | 1,381,079 | 1,191,335 | 773,819 | 770,012 |
| Services | 412,968 | 478,406 | 481,911 | 544,579 |
| Arts & entertainment | 7,238 | 6,845 | 7,822 | 7,788 |
| Utilities | | | | |
| Communicaitons | | | | |
| Publication | | | | |
| Restaurant & Bar | | | | |
| Contracting - Prime | | | | |
| Retail Sales | | | | |
| Use Tax Purchases | | | | |
| Use Tax from inventory | | | | |
| Residential Rental | | | | |
| Retail Food for home consumption | | | | |
| Commercial Rental | | | | |
| Tangible Property Rental | | | | |
| Extended Stay | | | | |
| Online sales | | | | |
| Other | 85,984 | 127,350 | 105,629 | 95,365 |
| Under old classifications | | | | |
| Total | <u>\$17,086,526</u> | <u>\$16,757,320</u> | <u>\$16,192,020</u> | <u>\$16,650,008</u> |

Source:

Arizona Department of Revenue

Notes:

On November 1 , 2015, the tax classifications taxed at a 1.75% rate were increased to 1.95%.
Effective July 1, 2015 (for August 2015 tax reporting), the Arizona Department of Revenue revamped the tax reporting classifications.

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,505,027 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6,080 | | | | | |
| 1,403,500 | | | | | |
| 237,632 | | | | | |
| 313,885 | | | | | |
| 9,438,478 | | | | | |
| 15,287 | | | | | |
| 1,155,182 | | | | | |
| 1,817,655 | | | | | |
| 864,633 | | | | | |
| 642,174 | | | | | |
| 6,188 | | | | | |
| | 914,616 | 1,038,117 | 1,071,019 | 1,127,563 | 1,074,415 |
| | 274,829 | 219,084 | 232,131 | 239,953 | 216,536 |
| | 45,105 | 47,353 | 43,627 | 38,606 | 35,651 |
| | 1,956,725 | 2,176,936 | 2,252,588 | 2,391,663 | 2,318,154 |
| | 621,019 | 519,852 | 723,807 | 828,653 | 708,650 |
| | 8,042,943 | 9,230,031 | 9,519,169 | 10,064,496 | 10,599,143 |
| | 533,442 | 509,904 | 625,414 | 760,457 | 722,244 |
| | 27,328 | 8,975 | 9,359 | 8,361 | 8,576 |
| | 374,580 | 399,242 | 410,991 | 432,682 | 452,833 |
| | 1,920,150 | 2,205,658 | 2,342,216 | 2,428,222 | 2,743,032 |
| | 384,082 | 370,495 | 362,403 | 369,639 | 356,607 |
| | 177,405 | 222,022 | 213,311 | 259,529 | 231,317 |
| | 714,949 | 897,679 | 909,068 | 917,068 | 860,399 |
| | | | | | 586,917 |
| 149,307 | 106,767 | 105,786 | 160,454 | 173,798 | 117,468 |
| | 1,655,143 | 141,562 | | | |
| <u>\$17,555,028</u> | <u>\$17,749,082</u> | <u>\$18,092,696</u> | <u>\$18,875,557</u> | <u>\$20,040,690</u> | <u>\$21,031,942</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> |
|--------------------|-------------------------|--------------------|-------------------|-------------------|
| 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% |
| 2016 | 1.95% | 0.50% | 5.60% | 8.05% |
| 2017 | 1.95% | 0.50% | 5.60% | 8.05% |
| 2018 | 1.95% | 0.50% | 5.60% | 8.05% |
| 2019 | 1.95% | 0.50% | 5.60% | 8.05% |
| 2020 | 1.95% | 0.50% | 5.60% | 8.05% |

Source: City of Sierra Vista, Arizona Department of Revenue

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

MPC Revenue Bonds

| <u>Fiscal Year</u> | <u>Pledged Revenues</u> | <u>Principal</u> | <u>Interest</u> | <u>Coverage</u> |
|------------------------|-----------------------------|------------------|-----------------|-----------------|
| 2010 | \$ 27,930,976 | \$ 2,065,000 | \$ 1,410,089 | |
| 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 | 29,009,569 | 2,690,000 | 735,570 | 8.37 |
| 2017 | 29,294,082 | 2,805,000 | 623,376 | 8.46 |
| 2018 | 30,464,615 | 2,915,000 | 503,101 | 8.57 |
| 2019 | 31,642,292 | 3,065,000 | 229,954 | 9.25 |
| 2020 | 33,468,064 | 3,105,000 | 197,960 | 9.58 |

Source: City of Sierra Vista

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Estimated Property Value | \$3,066,313,577 | \$3,145,518,326 | \$3,082,322,495 | \$2,926,589,424 |
| Assessed Property Value | \$ 348,625,573 | \$ 354,576,088 | \$ 342,392,651 | \$ 325,296,345 |
| <u>Debt Limits</u> | | | | |
| Legal Debt Limit - 20% Bonds | \$ 69,725,115 | \$ 70,915,218 | \$ 68,478,530 | \$ 65,059,269 |
| Amount of Debt applicable to debt limit | - | - | - | - |
| Legal Debt Margin - 20% Bonds | <u>\$ 69,725,115</u> | <u>\$ 70,915,218</u> | <u>\$ 68,478,530</u> | <u>\$ 65,059,269</u> |
| Legal Debt Limit - 6% Bonds | \$ 20,917,534 | \$ 21,274,565 | \$ 20,543,559 | \$ 19,517,781 |
| Amount of Debt applicable to debt limit | - | - | - | - |
| Legal Debt Margin - 6% Bonds | <u>\$ 20,917,534</u> | <u>\$ 21,274,565</u> | <u>\$ 20,543,559</u> | <u>\$ 19,517,781</u> |
| <u>Direct Government Activities Debt</u> | | | | |
| City of Sierra Vista | \$ 29,937,072 | \$ 27,450,416 | \$ 26,139,551 | \$ 23,089,887 |

Overlapping Governmental Activities Debt

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Jurisdiction: | | | | |
| Sierra Vista Public Schools | None | None | None | None |
| Cochise College | N/A | N/A | N/A | N/A |
| Cochise County | N/A | N/A | N/A | N/A |
| Total | <u>None</u> | <u>None</u> | <u>None</u> | <u>None</u> |

Estimated Amount Applicable to the City

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Jurisdiction: | | | | |
| Sierra Vista Public Schools | None | None | None | None |
| Cochise College | N/A | N/A | N/A | N/A |
| Cochise County | N/A | N/A | N/A | N/A |
| Total | <u>None</u> | <u>None</u> | <u>None</u> | <u>None</u> |

Direct and Overlapping Governmental Activities Debt

| | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Jurisdiction: | | | | |
| City of Sierra Vista | \$ 29,937,072 | \$ 27,450,416 | \$ 26,139,551 | \$ 23,089,887 |
| Sierra Vista Public Schools | None | None | None | None |
| Cochise College | N/A | N/A | N/A | N/A |
| Cochise County | N/A | N/A | N/A | N/A |
| Total | <u>\$ 29,937,072</u> | <u>\$ 27,450,416</u> | <u>\$ 26,139,551</u> | <u>\$ 23,089,887</u> |

Sources:

Estimated property value from Arizona Department of Revenue
Assessed Property Value from Cochise County Assessor's Office
Overlapping Governmental Debt Amount from Arizona State Treasurer's Office

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$2,922,865,504 | \$2,935,601,712 | \$2,894,459,540 | \$2,904,374,277 | \$2,971,854,584 | \$3,086,344,607 |
| \$ 320,629,532 | \$ 319,072,042 | \$ 316,232,149 | \$ 316,754,103 | \$ 324,172,815 | \$ 336,377,878 |
| \$ 64,125,906 | \$ 63,814,408 | \$ 63,246,430 | \$ 63,350,821 | \$ 64,834,563 | \$ 67,275,576 |
| - | - | - | - | - | - |
| \$ 64,125,906 | \$ 63,814,408 | \$ 63,246,430 | \$ 63,350,821 | \$ 64,834,563 | \$ 67,275,576 |
| \$ 19,237,772 | \$ 19,144,323 | \$ 18,973,929 | \$ 19,005,246 | \$ 19,450,369 | \$ 20,182,673 |
| - | - | - | - | - | - |
| \$ 19,237,772 | \$ 19,144,323 | \$ 18,973,929 | \$ 19,005,246 | \$ 19,450,369 | \$ 20,182,673 |
| \$ 20,141,367 | \$ 17,116,569 | \$ 14,908,170 | \$ 11,081,584 | \$ 8,173,921 | \$ 5,524,928 |
| None | None | \$ 16,075,000 | \$ 16,075,000 | \$ 16,075,000 | \$ 16,075,000 |
| \$ 20,075,000 | \$ 24,310,000 | None | None | None | None |
| 2,007,494 | 1,292,713 | 1,292,713 | 1,292,713 | 1,292,713 | 1,292,713 |
| \$ 22,082,494 | \$ 25,602,713 | \$ 17,367,713 | \$ 17,367,713 | \$ 17,367,713 | \$ 17,367,713 |
| None | None | None | None | None | None |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| None | None | None | None | None | None |
| \$ 20,141,367 | \$ 17,116,569 | \$ 14,908,170 | \$ 11,081,584 | \$ 8,173,921 | \$ 5,524,928 |
| None | None | 16,075,000 | 16,075,000 | 16,075,000 | 16,075,000 |
| 20,075,000 | 24,310,000 | N/A | N/A | N/A | N/A |
| 2,007,494 | 1,292,713 | 1,292,713 | 1,292,713 | 1,292,713 | 1,292,713 |
| \$ 42,223,861 | \$ 42,719,282 | \$ 32,275,883 | \$ 28,449,297 | \$ 25,541,634 | \$ 22,892,641 |

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

| Fiscal Year | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | Total Primary Government | Per Capita | Percentage of Personal Income |
|----------------|--------------------------------|------------------|---------------------------------|------------------|--------------------------------|---------------|-------------------------------------|
| | Revenue Bonds | Notes Payable | Revenue Bonds | Notes Payable | | | |
| 2011 | 28,075,000 | 1,862,072 | 931,726 | 931,726 | 31,800,524 | 705 | 2.6% |
| 2012 | 25,745,000 | 1,705,416 | 9,785,661 | 9,785,661 | 47,021,738 | 1,027 | 3.9% |
| 2013 | 23,320,000 | 2,819,551 | 9,490,058 | 9,490,058 | 45,119,667 | 996 | N/A |
| 2014 | 20,805,000 | 2,284,887 | 8,552,967 | 8,552,967 | 40,195,821 | 908 | N/A |
| 2015 | 18,205,000 | 1,936,367 | 7,594,392 | 7,594,392 | 35,330,151 | 800 | N/A |
| 2016 | 15,515,000 | 1,601,569 | 6,810,883 | 6,810,883 | 30,738,335 | 698 | N/A |
| 2017 | 12,710,000 | 2,198,170 | 7,671,641 | 7,671,641 | 30,251,452 | 690 | N/A |
| 2018 | 8,600,000 | 2,481,584 | 5,430,000 | 2,000,934 | 18,512,518 | 408 | N/A |
| 2019 | 6,205,000 | 1,968,921 | 4,760,000 | 1,550,181 | 14,484,102 | 336 | N/A |
| 2020 | 16,182,000 | 1,444,928 | 4,080,000 | 1,089,874 | 22,796,802 | N/A | N/A |

Note: Details of the City's outstanding debt can be found in the notes to the financial statements
AS OF 2013, per Capita Income no longer available
2020 population estimates 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> |
| 2011 | 45,098 | 27,448 | 1,237,849,904 | 7.30% | 9.50% | 9.50% |
| 2012 | 45,794 | 26,602 | 1,218,211,988 | 7.70% | 9.00% | 8.30% |
| 2013 | 45,303 | N/A | N/A | 7.80% | 8.50% | 6.80% |
| 2014 | 44,286 | N/A | N/A | 7.00% | 8.50% | 6.80% |
| 2015 | 44,183 | N/A | N/A | 6.30% | 7.40% | 6.10% |
| 2016 | 44,023 | N/A | N/A | 5.10% | 6.10% | 5.20% |
| 2017 | 43,824 | N/A | N/A | 4.70% | 5.40% | 4.90% |
| 2018 | 45,359 | N/A | N/A | 4.90% | 5.80% | 4.90% |
| 2019 | 43,045 | N/A | N/A | 5.00% | 5.70% | 4.70% |
| 2020 | 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 Capita Income from Cochise College Center for Economic Research
per Capita Income not available after 2013

2020 Population and unemployment data not available

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

| Employer | 2015 | | | 2005 | |
|-------------------------------------|-----------|------|---|-----------|------|
| | Employees | Rank | Percentage Of Total City Employment | Employees | Rank |
| Fort Huachuca | 7,956 | 1 | N/A | 12,204 | 1 |
| Sierra Vista School District | 707 | 2 | N/A | 997 | 2 |
| Sierra Vista Regional Health Center | 623 | 3 | N/A | 677 | 3 |
| City of Sierra Vista | 407 | 4 | N/A | 375 | 5 |
| ManTech | 389 | 5 | N/A | | |
| Cochise College | 331 | 6 | N/A | | |
| Engility Corp. | 215 | 7 | N/A | | |
| Lawley Automotive | 181 | 8 | N/A | 275 | 8 |
| Fort Huachuca Accomodation Schools | 139 | 9 | N/A | | |
| Cochise County | 135 | 10 | N/A | | |
| Aegis | N/A | | | 590 | 4 |
| Newtec | N/A | | | 293 | 6 |
| F.C. Business Solutions | N/A | | | 279 | 7 |
| New Mexico Technology Group | N/A | | | 219 | 9 |
| KE&G Construction | N/A | | | 218 | 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
Cochise College ceased collecting employee count data in 2015, so this is the most current information

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

| <u>Function/Program</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| City Manager | 18 | 24 | 25 | 25 | 19 | 20 | 21 | 21 | 22 | 23 |
| Administrative Services | 38 | 32 | 31 | 31 | 19 | 21 | 21 | 21 | 21 | 23 |
| Court and Legal | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Police | 102 | 102 | 102 | 102 | 96 | 95 | 97 | 95 | 82 | 85 |
| SEACOM | | | | | | | | | 12 | 25 |
| Fire | 60 | 59 | 61 | 61 | 55 | 55 | 56 | 58 | 66 | 69 |
| Public Works | | | | | | | | | | |
| Public Works | 48 | 62 | 62 | 62 | 49 | 49 | 50 | 50 | 38 | 38 |
| Streets and Traffic | 13 | 21 | 21 | 21 | 22 | 22 | 17 | 18 | 18 | 18 |
| Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 |
| Transit | 10 | 10 | 10 | 10 | 11 | 11 | 10 | 10 | 10 | 10 |
| Sewer | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| Refuse | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 15 | 17 | 17 |
| Culture and Recreation | | | | | | | | | | |
| Parks and Leisure | 50 | - | - | - | - | - | - | - | - | - |
| Library | 9 | - | - | - | - | - | - | - | - | - |
| Leisure and Library | - | 37 | 37 | 37 | 25 | 23 | 28 | 27 | 38 | 46 |
| Community Development | 18 | 18 | 18 | 18 | 9 | 12 | 11 | 11 | 11 | 9 |
| | <u>393</u> | <u>393</u> | <u>395</u> | <u>395</u> | <u>333</u> | <u>336</u> | <u>339</u> | <u>340</u> | <u>350</u> | <u>378</u> |

Source: City of Sierra Vista

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.

In Fiscal Year 2019, the Parks Division moved from the Public Works Department back to the Leisure and Library Department

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

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|
| Police | | | | |
| UCR Part 1 clearance rate | 34.3% | 38.1% | 37.4% | 34.9% |
| UCR Part 1 recovery rate | 41.6% | 28.5% | 35.1% | 30.3% |
| Traffic Citations | 6,435 | 5,201 | 4,956 | 4,918 |
| Animals adopted | 993 | 960 | 843 | 728 |
| Refuse | | | | |
| Tons of refuse collected per year | 23,434 | 24,906 | 23,935 | 23,917 |
| Sewer | | | | |
| Acre-feet of effluent treated per year | 3,419 | 3,535 | 2,942 | 2,544 |
| Transit | | | | |
| Number of riders | 186,867 | 163,005 | 158,711 | 158,598 |

Source: City of Sierra Vista

Statistics shown thru 2019 because some departments only compile them on a calendar year basis

| <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 33.9% | 39.7% | 37.6% | 35.8% | 34.0% | 36.0% |
| 38.4% | 28.6% | 27.1% | 31.0% | 33.5% | 30.3% |
| 4,369 | 3,506 | 3,389 | 2,321 | 2,453 | 2,112 |
| 731 | 786 | 628 | 678 | 739 | 852 |
| 22,496 | 19,694 | 17,781 | 16,491 | 19,448 | N/A |
| 2,743 | 2,831 | 2,877 | 2,027 | 2,715 | N/A |
| 173,096 | 188,458 | 140,960 | 146,578 | 146,578 | N/A |

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

| <u>Function/Program</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Fire | | | | |
| Stations | 3 | 3 | 3 | 3 |
| Refuse | | | | |
| Refuse trucks | 14 | 16 | 16 | 15 |
| Parks and Leisure Services | | | | |
| Acres of developed parkland | 119 | 119 | 119 | 119 |
| Number of baseball/softball diamonds | 5 | 5 | 5 | 5 |
| Number of multi-use sports complexes | 2 | 2 | 2 | 2 |
| Number of soccer fields | 2 | 2 | 2 | 2 |
| Library | | | | |
| Libraries | 1 | 1 | 1 | 1 |
| Sewer | | | | |
| Plant capacity (acre feet per year) | 4,500 | 4,500 | 4,500 | 4,500 |
| Transit | | | | |
| Buses | 13 | 13 | 13 | 13 |

Source: City of Sierra Vista

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 15 | 16 | 19 | 19 | 18 | 18 |
| 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 |
| 13 | 13 | 14 | 14 | 14 | 14 |

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