



# *City of Sierra Vista,* *Arizona*

## Annual Comprehensive Financial Report



Fiscal Year Ended June 30, 2021



**Annual Comprehensive  
Financial Report  
Fiscal Year Ended June 30, 2021**



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

**City Manager Department  
Finance Division**

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**CITY OF SIERRA VISTA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2021**

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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](http://www.ci.sierra-vista.az.us)

March 31, 2022

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 Annual Comprehensive Financial Report of the City of Sierra Vista, Arizona for the fiscal year ended June 30, 2021.

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, 2021, 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, 2021, and 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 seven 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. 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 Annual Comprehensive Financial Report, whose contents conform to program standards. Such Annual Comprehensive 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 three 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

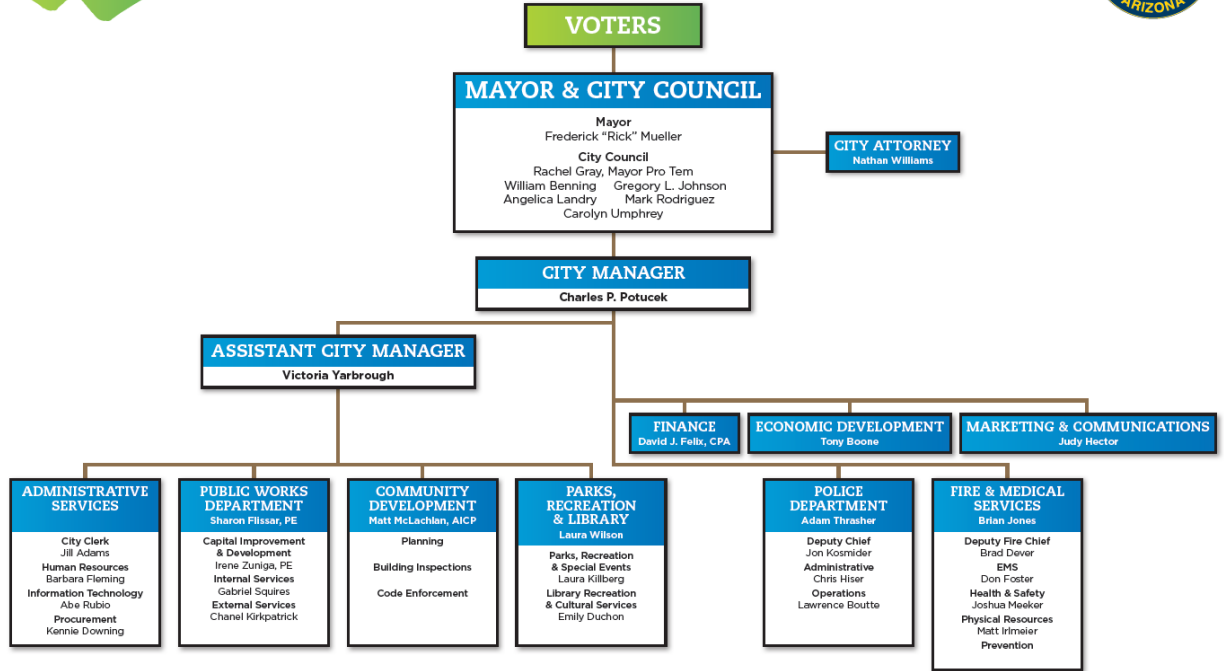
*Christopher P. Morill*

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

Gregory Johnson

Angelica Landry

Mark Rodriguez

Carolyn Umphrey

## **City Manager**

Charles P. Potucek

## **Assistant City Manager**

Victoria Yarbrough

## **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 Audit of Financial Statements**

#### ***Opinions***

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 (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Sierra Vista, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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  
March 31, 2022

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**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, 2021**

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, 2021. 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 2021 as follows.

- The City's total net position of governmental activities increased \$11.2 million to \$50.0 million and business-type activities increased \$0.4 million to \$28.7 million representing 63.5 percent and 36.5 percent respectively, of the total net position of \$78.7 million.
- General revenues from governmental activities accounted for \$42.4 million in revenue, or 67.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$20.7 million or 32.8 percent of total governmental activities revenues.
- The City had \$51.8 million in expenses related to governmental activities; of which \$20.7 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$42.4 million were sufficient to provide for the remaining costs of these programs. The City had \$8.6 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 \$9.0 million.
- The General Fund had \$44.8 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$39.1 million. The General Fund's fund balance increased to \$6.5 million.
- Net position for the Internal Service Funds increased \$0.5 million from the prior year. Operating revenues of \$5.0 million exceeded operating expenses of \$4.5 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, 2021**

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, 2021**

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.

**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 and HURF 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 custodial 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 \$78.7 million as of June 30, 2021, an increase of \$11.6 million from June 30, 2020.

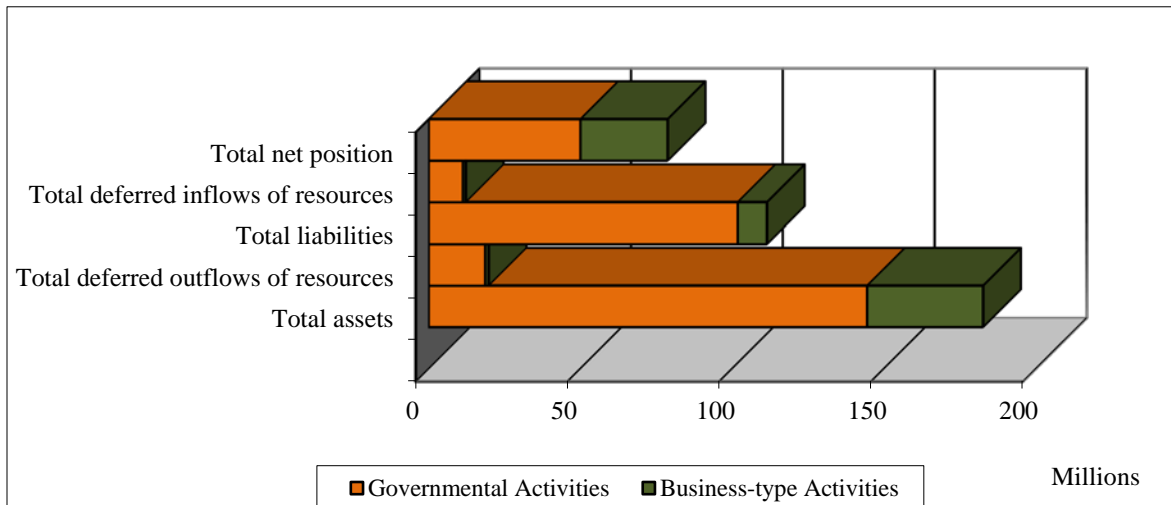
A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital 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, 2021**

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2021 and 2020.

	2021 Governmental Activities	2020 Governmental Activities	2021 Business- type Activities	2020 Business- type Activities	2021 Total	2020 Total
Current and other assets	\$30,064,108	\$22,332,832	(\$1,249,636)	(\$860,993)	\$28,814,472	\$21,471,839
Capital assets, net	<u>114,386,221</u>	<u>114,724,933</u>	<u>39,477,342</u>	<u>39,313,953</u>	<u>153,863,563</u>	<u>154,038,886</u>
<b>Total assets</b>	<u>144,450,329</u>	<u>137,057,765</u>	<u>38,227,706</u>	<u>38,452,960</u>	<u>182,678,035</u>	<u>175,510,725</u>
Deferred outflow s of resourcesa	<u>18,612,630</u>	<u>14,839,588</u>	<u>1,084,679</u>	<u>705,332</u>	<u>19,697,309</u>	<u>15,544,920</u>
Total deferred outflow s of resources	<u>18,612,630</u>	<u>14,839,588</u>	<u>1,084,679</u>	<u>705,332</u>	<u>19,697,309</u>	<u>15,544,920</u>
Current liabilities	7,687,052	9,228,803	1,812,736	1,520,515	9,499,788	10,749,318
Non-current liabilities	<u>94,130,312</u>	<u>94,000,731</u>	<u>7,887,195</u>	<u>8,614,729</u>	<u>102,017,507</u>	<u>102,615,460</u>
<b>Total liabilities</b>	<u>101,817,364</u>	<u>103,229,534</u>	<u>9,699,931</u>	<u>10,135,244</u>	<u>111,517,295</u>	<u>113,364,778</u>
Deferred inflow s of resources	<u>11,241,163</u>	<u>9,848,349</u>	<u>920,135</u>	<u>769,893</u>	<u>12,161,298</u>	<u>10,618,242</u>
Total deferred inflow s of resources	<u>11,241,163</u>	<u>9,848,349</u>	<u>920,135</u>	<u>769,893</u>	<u>12,161,298</u>	<u>10,618,242</u>
<b>Net position</b>						
Net investment in capital assets	101,335,054	97,228,504	35,560,071	34,252,030	136,895,125	131,480,534
Restricted	13,381,797	12,291,210			13,381,797	12,291,210
Unrestricted	<u>(64,712,419)</u>	<u>(70,700,244)</u>	<u>(6,867,752)</u>	<u>(5,998,875)</u>	<u>(71,580,171)</u>	<u>(76,699,119)</u>
<b>Total net position</b>	<u>\$50,004,432</u>	<u>\$38,819,470</u>	<u>\$28,692,319</u>	<u>\$28,253,155</u>	<u>\$78,696,751</u>	<u>\$67,072,625</u>



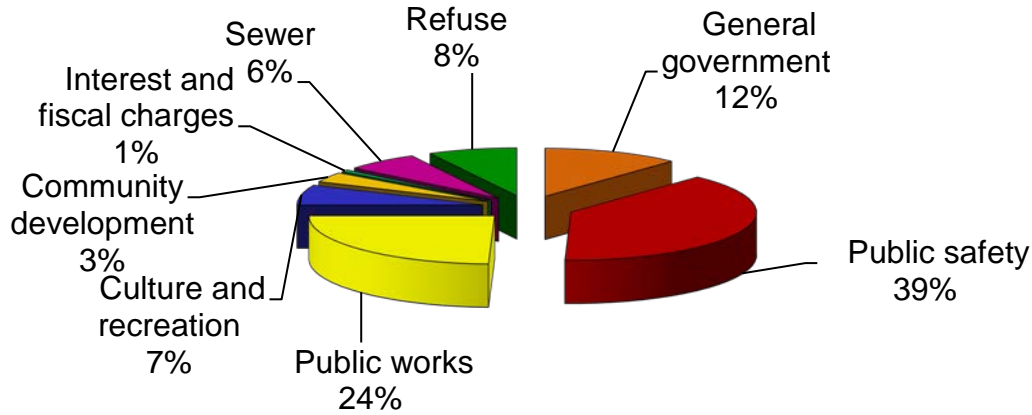
**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2021**

**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2021, were \$72.0 million. The total cost of all programs and services was \$60.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and 2020.

	2021 Governmental Activities	2020 Governmental Activities	2021 Business-type Activities	2020 Business-type Activities	<u>2021 Total</u>	<u>2020 Total</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,510,952	\$ 9,496,163	\$ 8,470,638	\$ 7,986,252	\$ 16,981,590	\$ 17,482,415
Operating grants and contributions	10,725,364	5,073,337			10,752,364	5,073,337
Capital grants and contributions	1,432,438	968,573	522,609	323,837	1,955,047	1,292,410
General revenues:						
Property taxes	370,510	363,530			370,510	363,530
Sales taxes	23,377,588	21,031,942			23,377,588	21,031,942
State shared revenues	18,151,433	16,746,716			18,151,433	16,746,716
Other revenues	459,862	507,212			459,862	507,212
Investment income	<u>4,792</u>	<u>53,794</u>	<u>495</u>	<u>10,496</u>	<u>5,287</u>	<u>64,290</u>
<b>Total revenues</b>	<u>\$63,032,939</u>	<u>\$54,241,267</u>	<u>\$8,993,742</u>	<u>\$8,320,585</u>	<u>\$72,026,681</u>	<u>\$62,561,852</u>
	2021 Governmental Activities	2020 Governmental Activities	2021 Business-type Activities	2020 Business-type Activities	<u>2021 Total</u>	<u>2020 Total</u>
<b>Expenses:</b>						
General government	\$ 7,225,450	\$ 7,167,118	\$	\$	\$ 7,225,450	\$ 7,167,118
Public safety	23,291,439	24,919,339			23,291,439	24,919,339
Public works	14,783,180	14,767,173			14,783,180	14,767,173
Culture and recreation	4,080,249	5,213,946			4,080,249	5,213,946
Community development	2,029,442	1,123,834			2,029,442	1,123,834
Interest and fiscal charges	438,217	581,077			438,217	581,077
Sewer			3,871,150	3,928,742	3,871,150	3,928,742
Refuse			<u>4,683,428</u>	<u>4,917,805</u>	<u>4,683,428</u>	<u>4,917,805</u>
<b>Total expenses</b>	<u>51,847,977</u>	<u>53,772,487</u>	<u>8,554,578</u>	<u>8,846,547</u>	<u>60,402,555</u>	<u>62,619,034</u>
<b>Increase (decrease) in net position</b>	<u>\$ 11,184,962</u>	<u>\$ 468,780</u>	<u>\$ 439,164</u>	<u>\$(525,962)</u>	<u>\$ 11,624,126</u>	<u>\$ (57,182)</u>
<b>Net position, beginning of year</b>	<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>
<b>Net position, end of year</b>	<u>\$ 50,004,432</u>	<u>\$ 38,819,470</u>	<u>\$28,692,319</u>	<u>\$28,253,155</u>	<u>\$78,696,751</u>	<u>\$67,072,625</u>

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2021**

**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.

	2021		2020	
	<u>Total Expenses</u>	<u>Net (Expense)/Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/Revenue</u>
<b>Governmental Activities:</b>				
General government	\$ 7,225,450	\$ (74,291)	\$ 7,167,118	\$ (4,500,128)
Public safety	23,291,439	(17,376,572)	24,919,339	(18,872,554)
Public works	14,783,180	(8,796,299)	14,767,173	(9,506,875)
Culture and recreation	4,080,249	(3,415,784)	5,213,946	(4,083,537)
Community development	2,029,442	(1,078,060)	1,123,834	(690,243)
Interest and fiscal charges	438,217	(438,217)	581,077	(581,077)
<b>Total expenses</b>	<u>\$ 51,847,977</u>	<u>\$ (31,179,223)</u>	<u>\$ 53,772,487</u>	<u>\$ (38,234,414)</u>
<b>Business-Type Activities:</b>				
Sewer	\$3,871,150	453,472	\$3,928,742	(18,618)
Refuse	4,683,428	(14,803)	4,917,805	(517,840)
<b>Total expenses</b>	<u>\$8,554,578</u>	<u>\$438,669</u>	<u>\$8,846,547</u>	<u>\$(536,458)</u>

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2021**

**FINANCIAL ANALYSIS**

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

The first item that has a major impact on the City's financial statements is a large growth in City Transaction Privilege Taxes. TPT revenues were up \$2.4 million, or 11.4% over FY2020

The second item that has a major impact is the receipt of \$4.9 million of CARES Act funds.

**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 \$19.5 million, an increase of \$6.4 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 \$480,705. The main reason is due to an 11% growth in City Privilege Taxes.

With the strong General Fund Tax revenue, the City transferred some revenues to the Park, Police and Fire Development Fee Funds to bring them close to being whole. The last impact fee update had a 10 year plan to bring them whole, but with the additional transfers, they are expected to be whole in FY2022.

**Proprietary funds.** Net position of the enterprise funds at the end of the year amounted to \$28.7 million. This is an increase of \$0.4 million from 2020. The main reason for the increase was a rate increase on the refuse fund.

**BUDGETARY HIGHLIGHTS**

The City amended the General Fund budget at the end of the year to transfer some above budget tax revenues to the Park, Police and Fire Development Fee Funds. The City conducts a mid-year budget review which provides an opportunity to adjust the fiscal year budget. The fiscal year 2021 mid-year review focused on maintaining the General Fund ending fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2021, the City had a net investment of \$153.9 million in capital assets, including buildings, facilities, vehicles, computers, equipment, infrastructure, and construction in progress assets. Total depreciation expense for the year was \$8.7 million.

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2021**

The following schedule presents capital asset balances for the fiscal years ended June 30, 2021 and 2020.

	2021		2020	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$10,135,413	\$1,488,882	\$8,921,697	\$1,488,882
Infrastructure	159,851,308	44,206,018	156,250,638	43,721,673
Buildings and improvements	59,390,237	9,575,707	59,101,499	9,575,707
Machinery and equipment	30,659,140	8,574,170	31,357,065	8,130,643
Construction in progress	14,251,800	346,149	13,341,668	39,092
Accumulated depreciation	<u>(159,901,677)</u>	<u>(24,713,584)</u>	<u>(154,247,634)</u>	<u>(23,642,044)</u>
Total	<u>\$114,386,221</u>	<u>\$39,477,342</u>	<u>\$114,724,933</u>	<u>\$39,313,953</u>

For additional information on the City's capital assets, see the capital asset section in the footnotes, starting on page 51.

**Debt Administration.** At year-end, the City had \$17.1 million in long-term debt outstanding with \$4.0 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, 2021 and 2020.

	2021		2020	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Revenue Bonds	\$12,602,000	\$3,390,000	\$16,182,000	\$4,080,000
Notes Payable	<u>514,417</u>	<u>619,801</u>	<u>1,444,928</u>	<u>1,089,875</u>
Total	<u>\$13,116,417</u>	<u>\$ 4,009,801</u>	<u>\$17,626,928</u>	<u>\$ 5,169,875</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 53.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Many factors were considered by the City's officials during the process of developing the fiscal year 2021-2022 budget. The priorities set for the fiscal year 2022 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 22,836,857	\$ 133,889	\$ 22,970,746
Intergovernmental receivable	4,611,851	-	4,611,851
Accounts receivable	655,779	354,301	1,010,080
Interfund balances	1,751,889	(1,751,889)	-
Due from custodial funds	1,223	-	1,223
Inventory	138,536	-	138,536
Total current assets	<u>29,996,135</u>	<u>(1,263,699)</u>	<u>28,732,436</u>
Noncurrent assets:			
Net OPEB asset	\$ 67,973	\$ 14,063	\$ 82,036
Land and improvements	10,135,413	1,488,882	11,624,295
Buildings and improvements	59,390,237	9,575,707	68,965,944
Infrastructure	159,851,308	44,206,018	204,057,326
Machinery and equipment	30,659,140	8,574,170	39,233,310
Construction in progress	14,251,800	346,149	14,597,949
Accumulated depreciation	(159,901,677)	(24,713,584)	(184,615,261)
Total noncurrent assets	<u>114,454,194</u>	<u>39,491,405</u>	<u>153,945,599</u>
Total assets	<u>144,450,329</u>	<u>38,227,706</u>	<u>182,678,035</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan and other post employment items	\$ 18,547,380	\$ 992,149	\$ 19,539,529
Charges on bond refinancing	65,250	92,530	157,780
Total deferred outflows of resources	<u>18,612,630</u>	<u>1,084,679</u>	<u>19,697,309</u>
Total assets and deferred outflows of resources	<u>163,062,959</u>	<u>39,312,385</u>	<u>202,375,344</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,223,021	\$ 281,990	\$ 2,505,011
Compensated absences payable	1,350,472	97,788	1,448,260
Claims payable	153,660	-	153,660
Accrued salaries and employee benefits	1,011,230	118,891	1,130,121
Unearned revenue	-	129,006	129,006
Revenue bonds payable	2,423,000	705,000	3,128,000
Notes payable	351,975	480,061	832,036
Other liabilities	160,255	-	160,255
Customer deposits	13,439	-	13,439
Total current liabilities	<u>7,687,052</u>	<u>1,812,736</u>	<u>9,499,788</u>
Noncurrent liabilities:			
Net OPEB liability	\$ 19,799,551	\$ 1,663,409	\$ 21,462,960
Net Pension liability	62,715,109	3,393,646	66,108,755
Compensated absences payable	1,274,210	5,400	1,279,610
Revenue bonds payable	10,179,000	2,685,000	12,864,000
Notes payable	162,442	139,740	302,182
Total noncurrent liabilities	<u>94,130,312</u>	<u>7,887,195</u>	<u>102,017,507</u>
Total liabilities	<u>101,817,364</u>	<u>9,699,931</u>	<u>111,517,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan and other post employment items	\$ 11,241,163	\$ 920,135	\$ 12,161,298
Total deferred inflows of resources	<u>11,241,163</u>	<u>920,135</u>	<u>12,161,298</u>
Total liabilities and deferred inflows of resources	<u>113,058,527</u>	<u>10,620,066</u>	<u>123,678,593</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 101,335,054	\$ 35,560,071	\$ 136,895,125
Restricted for:			
Airport	2,901,039	-	2,901,039
Capital projects	5,824,674	-	5,824,674
Development Fees	257,114	-	257,114
Donations	295,750	-	295,750
Other	828,295	-	828,295
Police Special Programs	207,558	-	207,558
Streets	3,067,367	-	3,067,367
Unrestricted	(64,712,419)	(6,867,752)	(71,580,171)
Total net position	<u>\$ 50,004,432</u>	<u>\$ 28,692,319</u>	<u>\$ 78,696,751</u>

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

City of Sierra Vista  
Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Contributions and Grants
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 7,225,450	\$ 2,044,093	\$ 5,107,066
Public safety	23,291,439	2,170,792	3,744,075
Public works	14,783,180	3,304,528	1,549,958
Culture and recreation	4,080,249	486,225	77,894
Community development	2,029,442	505,314	246,371
Interest and fiscal charges	438,217	-	-
Total governmental activities	<u>51,847,977</u>	<u>8,510,952</u>	<u>10,725,364</u>
Business-type activities:			
Sewer	3,871,150	3,802,013	-
Refuse	4,683,428	4,668,625	-
Total business-type activities	<u>8,554,578</u>	<u>8,470,638</u>	<u>-</u>
Total primary government	<u>\$ 60,402,555</u>	<u>\$ 16,981,590</u>	<u>\$ 10,725,364</u>

General revenues:  
Property taxes  
Sales taxes  
Unrestricted State revenues  
Investment income  
Other revenues  
Total general revenues  
Change in net position  
Net position - beginning  
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Capital Contributions and Grants	Governmental Activities	Business-type Activities	Total
\$ -	\$ (74,291)	\$ -	\$ (74,291)
-	(17,376,572)	-	(17,376,572)
1,132,395	(8,796,299)	-	(8,796,299)
100,346	(3,415,784)	-	(3,415,784)
199,697	(1,078,060)	-	(1,078,060)
-	(438,217)	-	(438,217)
<u>1,432,438</u>	<u>(31,179,223)</u>	<u>-</u>	<u>(31,179,223)</u>
522,609	-	453,472	453,472
-	-	(14,803)	(14,803)
<u>522,609</u>	<u>-</u>	<u>438,669</u>	<u>438,669</u>
<u>\$ 1,955,047</u>	<u>\$ (31,179,223)</u>	<u>\$ 438,669</u>	<u>\$ (30,740,554)</u>
	370,510	-	370,510
	23,377,588	-	23,377,588
	18,151,433	-	18,151,433
	4,792	495	5,287
	<u>459,862</u>	<u>-</u>	<u>459,862</u>
	<u>42,364,185</u>	<u>495</u>	<u>42,364,680</u>
	11,184,962	439,164	11,624,126
	<u>38,819,470</u>	<u>28,253,155</u>	<u>67,072,625</u>
	<u>\$ 50,004,432</u>	<u>\$ 28,692,319</u>	<u>\$ 78,696,751</u>

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## **FUND FINANCIAL STATEMENTS**

City of Sierra Vista  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General	HURF
<b>ASSETS</b>		
Cash and investments	\$ 4,447,237	\$ 3,517,674
Intergovernmental receivable	3,379,582	370,945
Accounts receivable	325,108	7,261
Due from other funds	79,712	-
Inventory	73,866	-
Total assets	\$ 8,305,505	\$ 3,895,880
<b>LIABILITIES</b>		
Accounts payable	\$ 961,468	\$ 698,507
Due to other funds	-	-
Accrued salaries and employee benefits	805,856	77,178
Other liabilities	33,935	46,000
Customer deposits	6,611	6,828
Total liabilities	1,807,870	828,513
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	\$ 73,866	\$ -
Restricted		
Capital Projects	-	-
Other Projects	-	-
Street Projects	-	3,067,367
Unassigned	6,423,769	-
Total fund balances (deficits)	\$ 6,497,635	\$ 3,067,367
Total liabilities and fund balances (deficits)	\$ 8,305,505	\$ 3,895,880

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

Capital Improvements	Total Non-major Governmental Funds	Total Governmental Funds
\$ 5,396,920	\$ 4,392,087	\$ 17,753,918
-	861,324	4,611,851
46,641	21,494	400,504
381,345	-	461,057
-	64,670	138,536
<u>\$ 5,824,906</u>	<u>\$ 5,339,575</u>	<u>\$ 23,365,866</u>
\$ 232	\$ 562,814	\$ 2,223,021
-	459,834	459,834
-	128,196	1,011,230
-	80,320	160,255
-	-	13,439
<u>232</u>	<u>1,231,164</u>	<u>3,867,779</u>
\$ -	\$ 64,670	\$ 138,536
5,824,674	-	5,824,674
-	4,167,972	4,167,972
-	257,114	3,324,481
-	(381,345)	6,042,424
<u>\$ 5,824,674</u>	<u>\$ 4,108,411</u>	<u>\$ 19,498,087</u>
<u>\$ 5,824,906</u>	<u>\$ 5,339,575</u>	<u>\$ 23,365,866</u>

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**City of Sierra Vista  
Reconciliation of Balance Sheet  
To the Statement of Net Position  
June 30, 2021**

Fund balances of governmental funds		19,498,087
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	274,287,898	
Less accumulated depreciation	<u>(159,901,677)</u>	114,386,221
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.		
		65,250
Long-term assets are not due and receivable in the current period therefore are not reported in the funds.		
Long term OPEB asset	<u>67,973</u>	67,973
Long term liabilities are not due and payable in the current period therefore are not reported in the funds.		
Revenue bonds payable	(12,602,000)	
Notes payable	(514,417)	
Net OPEB liability	(19,799,551)	
Net pension liability	(62,715,109)	
Compensated absences payable	<u>(2,624,682)</u>	(98,255,759)
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	(11,241,163)	
Deferred pension/OPEB plan outflows	<u>18,547,380</u>	7,306,217
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	6,686,891	
Self-Insured Retention Fund	170,455	
Unemployment Insurance Fund	<u>79,097</u>	6,936,443
Net position of governmental activities		<u><u>50,004,432</u></u>

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

City of Sierra Vista  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	General	HURF
<b>REVENUES</b>		
Taxes	\$ 18,647,966	\$ -
Licenses and permits	1,829,125	-
Intergovernmental	20,097,660	5,057,654
Charges for services	3,887,452	-
Fines	2,168	-
Investment income	4,127	-
Contributions	918	-
Other revenues	368,826	16,610
Total revenues	44,838,242	5,074,264
<b>EXPENDITURES</b>		
Current:		
General government	6,684,989	-
Public safety	19,724,303	-
Public works	4,771,093	2,813,929
Culture and recreation	4,074,406	-
Community development	822,465	-
Capital outlays	2,725,574	2,133,818
Debt service:		
Interest and fiscal charges	13,509	4,264
Principal	268,370	75,642
Total expenditures	39,084,709	5,027,653
Excess (deficiency) of revenues over expenditures	5,753,533	46,611
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	(5,272,828)	-
Transfers in	-	-
Total other financing sources (uses)	(5,272,828)	-
Net change in fund balances	480,705	46,611
Fund balances - beginning	6,016,930	3,020,756
Fund balances - ending	\$ 6,497,635	\$ 3,067,367

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

Capital Improvements	Total Non-major Governmental Funds	Total Governmental Funds
\$ 5,100,133	\$ -	\$ 23,748,099
-	-	1,829,125
-	4,874,052	30,029,366
-	2,320,247	6,207,699
-	7	2,175
-	665	4,792
-	278,952	279,870
-	74,426	459,862
<u>5,100,133</u>	<u>7,548,349</u>	<u>62,560,988</u>
-	158,689	6,843,678
-	2,227,464	21,951,767
-	2,913,769	10,498,791
-	47,706	4,122,112
-	244,220	1,066,685
1,038,374	927,145	6,824,911
-	355,195	372,968
-	4,166,499	4,510,511
<u>1,038,374</u>	<u>11,040,687</u>	<u>56,191,423</u>
<u>4,061,759</u>	<u>(3,492,338)</u>	<u>6,369,565</u>
(3,924,794)	-	(9,197,622)
-	9,197,622	9,197,622
<u>(3,924,794)</u>	<u>9,197,622</u>	<u>-</u>
136,965	5,705,284	6,369,565
5,687,709	(1,596,873)	13,128,522
<u>\$ 5,824,674</u>	<u>\$ 4,108,411</u>	<u>\$ 19,498,087</u>

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**City of Sierra Vista**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net change in fund balances - total government funds		6,369,565
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	7,020,728	
Current year depreciation	(7,353,069)	
		(332,341)
The gains and losses on the disposal of capital assets are not included as revenues or expenditures in governmental funds.		
Gain on sale of capital asset	(6,371)	
		(6,371)
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 refunding activity	4,510,511	
		4,510,511
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)	
Pension and OPEB liability expenses	(6,145,426)	
Compensated absences	(225,091)	
		(6,435,766)
Government funds report pension and OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position		
		6,607,413
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	535,395	
Self-Insured Retention Fund	(45,475)	
Unemployment Insurance Fund	(17,969)	
		471,951
Change in net position of governmental activities		11,184,962

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

City of Sierra Vista  
Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Business-type Activities	
	Sewer	Refuse
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ -	\$ 133,889
Accounts receivable	328,650	25,651
Due from other funds	-	-
Total current assets	<u>328,650</u>	<u>159,540</u>
Noncurrent assets:		
Net OPEB asset	7,032	7,031
Capital assets (net of accumulated depreciation)	36,603,667	2,873,675
Total noncurrent assets	<u>36,610,699</u>	<u>2,880,706</u>
Total assets	<u>36,939,349</u>	<u>3,040,246</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension and other post employment benefit	455,728	536,421
Charges on Bond Refinancing	92,530	-
Total deferred outflows of resources	<u>548,258</u>	<u>536,421</u>
Total assets and deferred outflows of resources	<u>\$ 37,487,607</u>	<u>\$ 3,576,667</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	158,766	123,224
Compensated absences payable	51,349	46,439
Claims payable	-	-
Due to other funds	1,751,889	-
Accrued salaries and employee benefits	64,194	54,697
Unearned revenue	-	129,006
Revenue bonds payable	705,000	-
Notes payable	183,450	296,611
Total current liabilities	<u>2,914,648</u>	<u>649,977</u>
Noncurrent liabilities:		
Net OPEB liability	625,649	1,037,760
Net Pension liability	1,696,931	1,696,715
Compensated absences payable	2,963	2,437
Revenue bonds payable	2,685,000	-
Notes payable	84,086	55,654
Total noncurrent liabilities	<u>5,094,629</u>	<u>2,792,566</u>
Total liabilities	<u>8,009,277</u>	<u>3,442,543</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension and other post employment benefit	348,568	571,567
Total deferred inflows of resources	<u>348,568</u>	<u>571,567</u>
Total liabilities and deferred inflows of resources	<u>8,357,845</u>	<u>4,014,110</u>
<b>NET POSITION</b>		
Net investment in capital assets	33,038,661	2,521,410
Unrestricted	(3,908,899)	(2,958,853)
Total net position	<u>\$ 29,129,762</u>	<u>\$ (437,443)</u>

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

		Governmental Activities	
Total Enterprise Funds		Internal Service Funds	
\$	133,889	\$	5,082,939
	354,301		255,275
	-		1,751,889
	<u>488,190</u>		<u>7,090,103</u>
	14,063		-
	<u>39,477,342</u>		-
	<u>39,491,405</u>		-
	<u>39,979,595</u>		<u>7,090,103</u>
	992,149		-
	92,530		-
	<u>1,084,679</u>		-
\$	<u>41,064,274</u>	\$	<u>7,090,103</u>
	281,990		-
	97,788		-
	-		153,660
	1,751,889		-
	118,891		-
	129,006		-
	705,000		-
	480,061		-
	<u>3,564,625</u>		<u>153,660</u>
	1,663,409		-
	3,393,646		-
	5,400		-
	2,685,000		-
	139,740		-
	<u>7,887,195</u>		-
	<u>11,451,820</u>		<u>153,660</u>
	920,135		-
	920,135		-
	<u>12,371,955</u>		<u>153,660</u>
	35,560,071		-
	(6,867,752)		6,936,443
\$	<u>28,692,319</u>	\$	<u>6,936,443</u>

City of Sierra Vista  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
June 30, 2021

	Business-type Activities	
	Sewer	Refuse
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,661,607	\$ 4,651,606
Contributions	-	-
Other revenues	133,605	15,019
Total operating revenues	<u>3,795,212</u>	<u>4,666,625</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages and related expenses	1,609,329	1,814,000
Operations and maintenance	1,193,742	2,450,509
Depreciation	974,697	407,741
Benefits paid	-	-
Premiums paid	-	-
Total operating expenses	<u>3,777,768</u>	<u>4,672,250</u>
Operating income (loss)	<u>17,444</u>	<u>(5,625)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Connection income	190,946	-
Investment income	495	-
Gain on sale of capital assets	6,801	2,000
Interest and fiscal charges	(93,382)	(11,178)
Total nonoperating revenues (expenses)	<u>104,860</u>	<u>(9,178)</u>
Income (loss) before contributions	<u>122,304</u>	<u>(14,803)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>331,663</u>	<u>-</u>
Change in net position	453,967	(14,803)
Total net position - beginning	<u>\$ 28,675,795</u>	<u>\$ (422,640)</u>
Total net position - ending	<u>\$ 29,129,762</u>	<u>\$ (437,443)</u>

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

		Governmental Activities	
Total Enterprise Funds		Internal Service Funds	
\$	8,313,213	\$	-
	-		4,243,802
	<u>148,624</u>		<u>742,457</u>
	<u>8,461,837</u>		<u>4,986,259</u>
	3,423,329		-
	3,644,251		381,492
	1,382,438		-
	-		3,554,417
	-		<u>582,488</u>
	<u>8,450,018</u>		<u>4,518,397</u>
	<u>11,819</u>		<u>467,862</u>
	190,946		-
	495		4,089
	8,801		-
	<u>(104,560)</u>		<u>-</u>
	<u>95,682</u>		<u>4,089</u>
	107,501		471,951
	<u>331,663</u>		<u>-</u>
	439,164		471,951
\$	<u>28,253,155</u>	\$	<u>6,464,492</u>
\$	<u>28,692,319</u>	\$	<u>6,936,443</u>

City of Sierra Vista  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Enterprise Funds	
	Sewer	Refuse
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 3,538,692	\$ 4,784,097
Cash paid to suppliers for goods and services	(1,135,480)	(2,438,062)
Cash paid to employees for services	(1,549,013)	(1,603,491)
Other operating revenues	133,605	15,019
Net cash provided (used) by operating activities	987,804	757,563
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Change in intrafund borrowing	315,728	-
Net cash provided (used) by noncapital financing activities	315,728	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on equipment contracts and bonds	(77,960)	(11,178)
Acquisition of capital assets	(726,943)	(659,658)
Sale of capital assets	6,801	2,000
Principal paid on equipment contracts and bonds	(869,307)	(290,767)
Capital grants	172,436	-
Connection fees	190,946	-
Net cash provided (used) by capital and related financing activities	(1,304,027)	(959,603)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	495	-
Net cash provided (used) by investing activities	495	-
Net increase (decrease) in cash and cash equivalents	-	(202,040)
Balances - beginning of year	\$ -	\$ 335,929
Balances - end of the year	\$ -	\$ 133,889

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

		Governmental Activities	
<u>Total Enterprise Funds</u>		<u>Internal Service Funds</u>	
\$	8,322,789	\$	4,094,349
	(3,573,542)		(4,534,207)
	(3,152,504)		-
	<u>148,624</u>		<u>742,457</u>
	<u>1,745,367</u>		<u>302,599</u>
	<u>315,728</u>		<u>(315,728)</u>
	<u>315,728</u>		<u>(315,728)</u>
	(89,138)		-
	(1,386,601)		-
	8,801		-
	(1,160,074)		-
	172,436		-
	<u>190,946</u>		<u>-</u>
	<u>(2,263,630)</u>		<u>-</u>
	<u>495</u>		<u>4,089</u>
	<u>495</u>		<u>4,089</u>
	<u>(202,040)</u>		<u>(9,040)</u>
\$	<u>335,929</u>	\$	<u>5,091,979</u>
\$	<u>133,889</u>	\$	<u>5,082,939</u>

City of Sierra Vista  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Enterprise Funds	
	Sewer	Refuse
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income (loss)	\$ 17,444	\$ (5,625)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	974,697	407,741
Changes in assets and liabilities:		
Increase (decrease) in uncollectible accounts	22,943	11,810
Decrease (increase) in gross accounts receivable	(147,131)	(8,326)
Increase (decrease) in unearned revenue		129,006
Increase (decrease) in operating portion of accounts payable	59,534	12,446
Increase (decrease) in accrued salaries	37,682	28,570
Increase (decrease) in OPEB liability	(93,021)	81,060
Increase (decrease) in net pension liability	296,509	167,579
Increase (decrease) in pension and OPEB inflows	8,594	141,648
Decrease (increase) in pension and OPEB outflows	(180,529)	(214,240)
Decrease (increase) in net OPEB asset	(4,336)	(4,087)
Increase (decrease) in compensated absences	(4,582)	9,981
Net cash provided (used) by operating activities	\$ 987,804	\$ 757,563

**Non-cash capital and related financing activities:**

Amortization of deferred bond charges	\$ 15,422
Capital contributions by developers	\$159,227

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



		Governmental Activities	
<u>Total Enterprise Funds</u>		<u>Internal Service Funds</u>	
\$	11,819	\$	467,862
	1,382,438		-
	34,753		-
	(155,457)		(149,453)
	129,006		-
	71,980		(15,810)
	66,252		-
	(11,961)		-
	464,088		-
	150,242		-
	(394,769)		-
	(8,423)		-
	5,399		-
<u>\$</u>	<u>1,745,367</u>	<u>\$</u>	<u>302,599</u>

City of Sierra Vista  
Statement of Fiduciary Net Position  
June 30, 2021

	Custodial Funds
<b>ASSETS</b>	
Cash and investments	\$ 472,207
Intergovernmental receivable	65,276
Total assets	537,483
 <b>LIABILITIES</b>	
Accounts payable	60,942
Due to City	1,223
Total liabilities	62,165
 <b>NET POSITION</b>	
Restricted for:	
Other agencies	475,318
Total net position	\$ 475,318

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

City of Sierra Vista  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2021

	Custodial Funds
<b>ADDITIONS</b>	
Intergovernmental	\$ 1,334,007
Abandon property	1,616
Investment earnings	49
Total additions	1,335,672
 <b>DEDUCTIONS</b>	
Payments to vendors	1,533,820
Payments to State	4,523
Total deductions	1,538,343
 <b>Net increase (decrease) in fiduciary net position</b>	 (202,671)
 <b>Net Position, beginning of year, as restated</b>	 677,989
 <b>Net Position, end of year</b>	 \$ 475,318

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

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**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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.

For the fiscal year ended June 30, 2021, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As a result, the City's fiduciary fund statements have been modified to reflect the implementation of this new guidance, including reclassifying activities reported in agency funds to custodial or governmental funds, as applicable. The City also early implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report* which replaces an existing term comprehensive annual financial report and establishes the term annual comprehensive financial report and its acronym ACFR. This Statement replaces an existing term but does not otherwise establish new accounting and financial reporting requirements.

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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 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

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 Abandon Property 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, 2021**

**C. Measurement Focus/Basis of Accounting**

Government-wide, proprietary and fiduciary 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 fiduciary funds are custodial in nature and are reported on the accrual basis of accounting. The fiduciary 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, 2021**

**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, 2021**

**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 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, 2021 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 federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depositor's compliance with the program.

**K. Interfund Services Provided and Used**

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

**L. Estimates**

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

**M. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of

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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. Prepaids**

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, 2021, consist of the following.

	Cash on hand	\$	5,664
	Cash in Bank		2,842,409
	Investments with State Treasurer		18,619,328
	Cash held by trustee		1,503,345
	Cash held as fiscal agent		472,207
Total		\$	23,442,953

The City's total cash in bank/trustee (bank balance) was entirely covered by Federal depository insurance, except approximately \$5.6 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.

*Fair Value Measurements.* The City categorizes its fair value measurements within the fair

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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, 2021 were as follows:

	<u>Fair Value</u>	<u>Level</u>
State Treasurer’s Investment Pool 5– 66 days weighted average maturity	\$ 18,619,328	Not applicable
Total	\$ 18,619,328	

*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 AAA by Moody’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.

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

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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>Non-Major Governmental Funds</u>
Receivables due from:			
Federal government	\$ 30,370	\$ 8,621	\$ 552,995
State government	3,265,379	362,324	573
Other governments	<u>83,833</u>	<u>          </u>	<u>307,756</u>
Total intergovernmental receivables	<u>\$3,379,582</u>	<u>\$370,945</u>	<u>\$861,324</u>

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**5. Capital Assets**

A summary of capital asset activity for the fiscal year ended June 30, 2021 is as follows.

**Governmental activities:**

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 8,921,697	\$1,213,716	\$	\$ 10,135,413
Construction in progress	13,341,668	1,904,400	(994,268)	14,251,800
Depreciable assets:				
Infrastructure	156,250,638	3,656,429	(55,759)	159,851,308
Buildings and improvements	59,101,499	288,738		59,390,237
Machinery and Equipment	<u>31,357,065</u>	<u>951,713</u>	<u>(1,649,638)</u>	<u>30,659,140</u>
Total Capital Assets	<u>268,972,567</u>	<u>8,014,996</u>	<u>(2,699,665)</u>	<u>274,287,898</u>
Less accumulated depreciation for:				
Infrastructure	94,235,073	4,256,323	(49,388)	98,442,008
Buildings and improvements	36,748,862	1,603,961		38,352,823
Machinery and Equipment	<u>23,263,699</u>	<u>1,492,785</u>	<u>(1,649,638)</u>	<u>23,106,846</u>
Total Accumulated Depreciation	<u>154,247,634</u>	<u>7,353,069</u>	<u>(1,699,026)</u>	<u>159,901,677</u>
Total Capital Assets, Net	<u>\$ 114,724,933</u>	<u>\$ 661,927</u>	<u>\$ 1,000,639</u>	<u>\$ 114,386,221</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 385,476
Public safety	1,428,150
Public works	4,576,115
Culture and recreation	<u>963,328</u>
Total Depreciation Expense	<u>\$ 7,353,069</u>

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**Business-type activities:**

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable assets				
Land	\$ 1,488,882	\$	\$	\$ 1,488,882
Construction in progress	39,092	517,990	(210,933)	346,149
Depreciable assets				
Infrastructure	43,721,673	484,345		44,206,018
Buildings and improvements	9,575,707			9,575,707
Machinery and Equipment	<u>8,130,643</u>	<u>754,425</u>	<u>(310,898)</u>	<u>8,574,170</u>
Total Capital Assets	<u>62,955,997</u>	<u>1,756,760</u>	<u>(521,831)</u>	<u>64,190,926</u>
Less accumulated depreciation for:				
Infrastructure	10,284,925	742,961		11,027,886
Buildings and improvements	8,376,479	180,661		8,557,140
Machinery and Equipment	<u>4,980,640</u>	<u>458,816</u>	<u>(310,898)</u>	<u>5,128,558</u>
Total Accumulated Depreciation	<u>23,642,044</u>	<u>1,382,438</u>	<u>(310,898)</u>	<u>24,713,584</u>
Total Capital Assets, Net	<u>\$39,313,953</u>	<u>\$ 374,322</u>	<u>\$ (210,933)</u>	<u>\$39,477,342</u>

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

Sewer	\$ 974,697
Refuse	<u>407,741</u>
Total Depreciation Expense	<u>\$ 1,382,438</u>

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<b>6. <u>Long-term Debt</u></b>	<b><u>Outstanding Principal at June 30, 2021</u></b>
<b>Business-type activities:</b>	
<b>Revenue Bonds</b>	
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).	\$ 3,390,000
<b>Notes Payable</b>	
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).	344,330
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="display: flex; justify-content: flex-end;"> <span style="margin-right: 10px;"><u>275,471</u></span> </div> 4,009,801
Less current portion of revenue bonds	(705,000)
Less current portion of notes payable	<u>(480,061)</u>
Total business-type activity long-term debt	<u>\$ 2,824,740</u>
<b>Governmental activities:</b>	
<b>Revenue Bonds</b>	
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).	\$1,285,000
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).	\$11,317,000
<b>Notes Payable</b>	
A. 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).	194,191

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B. 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>320,226</u>
	13,116,417
Less current portion of revenue bonds	(2,423,000)
Less current portion of notes payable	<u>(351,975)</u>
Total governmental activity long-term debt	<u>\$10,341,442</u>

**Changes in Long-term Debt-**

**Governmental Activities**

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Repayments/ Retirements</u>	<u>Balance at June 30, 2021</u>	<u>Current Portion</u>
Revenue bonds	\$ 16,182,000	\$	\$ 3,580,000	\$ 12,602,000	\$ 2,423,000
Notes payable	1,444,928		930,511	514,417	351,975
Net OPEB liability	22,677,063		2,877,512	19,799,551	
Net pension liability	57,812,326	4,902,783		62,715,109	
Compensated absences	<u>2,399,591</u>	<u>1,725,731</u>	<u>1,500,640</u>	<u>2,624,682</u>	<u>1,350,472</u>
Total	<u>\$ 100,515,908</u>	<u>\$ 6,628,514</u>	<u>\$ 8,888,663</u>	<u>\$ 98,255,759</u>	<u>\$ 4,125,447</u>

**Business-type Activities**

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Repayments/ Retirements</u>	<u>Balance at June 30, 2021</u>	<u>Current Portion</u>
Revenue Bonds	\$ 4,080,000	\$	\$ 690,000	\$ 3,390,000	\$ 705,000
Notes payable	1,089,875		470,074	619,801	480,061
Net OPEB liability	1,675,370		11,961	1,663,409	
Net pension liability	2,929,558	464,088		3,393,646	
Compensated absences	<u>97,788</u>	<u>118,465</u>	<u>113,065</u>	<u>103,188</u>	<u>97,788</u>
Total	<u>\$ 9,872,591</u>	<u>\$ 582,553</u>	<u>\$ 1,285,100</u>	<u>\$ 9,170,044</u>	<u>\$ 1,282,849</u>



**CITY OF SIERRA VISTA  
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**Debt Service Requirements to Maturity**

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2021, is detailed below.

Year ending	Business-type Activities				Governmental Activities				Total
	Revenue Bonds		Installment Contracts		Revenue Bonds		Installment Contracts		
<u>30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	705,000	55,890	480,061	10,427	2,423,000	278,372	351,975	9,811	4,314,536
2023	490,000	44,896	139,740	3,559	1,166,000	237,981	162,442	2,975	2,247,593
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	3,390,000	184,000	619,801	13,986	12,602,000	1,320,604	514,417	12,786	18,657,594

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. Neither bond series was issued with a premium or discount.

**CITY OF SIERRA VISTA  
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**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, 2021 was \$16.0 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>
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	36,627,472	4,679,518	7.15
2022		3,462,262	10.58
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	

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**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, 2021, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

	Governmental Activities	Business-type Activities	Total
Net Pension and OPEB assets	\$ 67,973	\$ 14,063	\$ 82,036
Net pension and OPEB liability	82,514,660	5,057,055	87,571,715
Deferred outflows of resources	18,547,380	992,149	19,539,529
Deferred inflows of resources	11,241,163	920,135	12,161,298
Pension and OPEB expense	6,145,426	465,357	6,610,783

The City reported \$6.6 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](http://www.azasrs.gov).

**Benefits Provided**

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

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	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 12.22 percent (12.04 percent for retirement and 0.18 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 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the members' annual covered payroll. The City's contributions for the year ended June 30, 2021 were as follow:

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	Contributions
Pension	\$ 1,480,372
Health Insurance Premium	49,556
Long-Term Disability	22,872

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 10.21 percent (10.14 for retirement, 0.00 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, 2020. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total asset or liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. 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, 2020.

At June 30, 2021, the City reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2020, the City's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2019 was:

	Net (Assets) Liability	City % Proportion	Increase (Decrease)
Pension	\$ 19,797,282	0.11426	0.00064
Health Insurance Premium	(82,036)	0.11587	0.00068
Long-Term Disability	87,316	0.11510	0.00054

**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, 2021, the City recognized pension and OPEB expense as follows:

	Expense
Pension	\$ 2,029,962
Health Insurance Premium	26,847
Long-Term Disability	28,084

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	\$ 179,101	\$ -
Changes of assumptions or other inputs		45,480	9,408
Difference between actual and projected earnings	1,909,471	83,937	9,613
Changes in proportion and differences between contributions and proportionate share of contributions	105,120	50	1,302
Contributions subsequent to the measurement date	1,480,372	49,556	22,872
Total	\$ 3,674,064	\$ 179,023	\$ 50,794

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
	Differences between expected and actual experience	\$ -	\$ 161,646
Changes of assumptions or other inputs			
Net difference between projected and actual earnings on investments			
Changes in proportion and differences between contributions and proportionate share of contributions		211	3
Total	\$ -	\$ 161,857	\$ 2,251

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, 2022. 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 Insurance Premium	Long-Term Disability
2022	\$ 297,958	\$ (17,473)	\$ 4,221
2023	614,469	291	5,780
2024	690,676	4,163	6,066
2025	590,589	(4,515)	5,472
2026		(14,856)	2,982
Thereafter			1,150

**Actuarial Assumptions**

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

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are as follows:

	Pension	OPEB
Actuarial valuation date	June 30, 2019	June 30, 2019
Actuarial roll forward date	June 30, 2020	June 30, 2020
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, 2019 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Credit	20	5.44
Interest rate sensitive bonds	10	0.22
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.

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**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:

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Pension	\$ 27,072,514	\$ 19,797,282	\$ 13,715,561
Health Insurance Premium	107,639	(82,036)	(243,456)
Long-Term Disability	95,335	87,316	79,533

**Contributions payable.** The City's accrued payroll and employee benefits included \$86,945 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ending June 30, 2021.

**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](http://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 and cost-sharing multiple-employer defined benefit pension plan and an agent and cost-sharing 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](http://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	

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Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

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

**Employees Covered by Benefit Terms**

At June 30, 2021, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS - Police		PSPRS - Fire	
	Pension	Health Insurance	Pension	Health Insurance
Retirees and beneficiaries	39	39	26	26
Inactive, non-retired members	16	4	15	5
Active members	47	47	37	37
<b>Total</b>	<b>102</b>	<b>90</b>	<b>78</b>	<b>68</b>

**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, 2021, 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	63.45%	60.83%
Health insurance	1.03%	1.03%

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

	PSPRS – Police	PSPRS – Fire
Pension:		
Contributions made	\$ 3,196,653	\$ 2,049,257
Health insurance premium benefit:		
Contributions made	\$ 44,680	\$ 30,204

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

**Pension and OPEB Assets/Liabilities**

At June 30, 2021, the City reported the following assets and liabilities.

	Net (Assets) Liability	
	PSPRS - Police	PSPRS - Fire
Pension	\$ 28,691,385	\$ 17,620,088
Health insurance	464,912	305,221

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

**Actuarial Assumptions**

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

	Pension	OPEB
Actuarial valuation date	June 30, 2020	June 30, 2020
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.3%	7.3%
Projected salary increases	3.5-7.5%	3.5-7.5%
Wage inflation	2.5%	2.5%
Cost-of-living adjustment	1.75%	1.75%
Mortality rates	PubS-2010	PubS-2010
Healthcare cost trend rate	Not applicable	For active members, 70% of retirees are expected to utilize retiree health care. Actual utilization is used for inactive members.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 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
U.S. public equity	23%	4.93%
International public equity	15	6.09
Global private equity	18	8.42

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Other assets (capital appreciation)	7	5.61
Core bonds	2	0.22
Private credit	22	5.31
Diversifying strategies	12	3.22
Cash - Mellon	1	-0.60
Total	100%	

**Discount Rates**

At June 30, 2020, the discount rate used to measure the total pension and OPEB liability was 7.3 percent, which the same as the discount rate used as of June 30, 2019.

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 Pension Liability	Plan Fiduciary Net Position	Net (Assets) Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net (Assets) Liability
<b>PSPRS - Police</b>						
Balances at June 30, 2020	\$ 47,099,437	\$ 19,683,071	\$ 27,416,366	\$ 1,054,585	\$ 741,095	\$ 313,490
Changes for the year						
Service cost	735,321		735,321	18,896		18,896
Interest on the total liability	3,408,499		3,408,499	76,898		76,898
Changes of benefit terms			-			-
Differences between expected and actual experience in the measurement of the liability	1,078,782		1,078,782	102,069		102,069
Contributions – employer		3,441,524	(3,441,524)		38,225	(38,225)
Contributions – employee		324,687	(324,687)			-
Net investment income		262,683	(262,683)		8,943	(8,943)
Benefit payments, including refunds of employee contributions	(2,285,995)	(2,285,995)	-	(68,642)	(68,642)	-
Administrative expense		(21,420)	21,420		(727)	727
Other changes			0			0
Net changes	2,936,607	1,721,479	1,215,128	129,221	(22,201)	151,422
Adjustment to Beginning of Year		(59,891)	59,891		0	0
Balances at June 30, 2021	\$ 50,036,044	\$ 21,344,659	\$ 28,691,385	\$ 1,183,806	\$ 718,894	\$ 464,912

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	Pension Increase (Decrease)			Health Insurance Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net (Assets) Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net (Assets) Liability
<b>PSPRS - Fire</b>						
Balances at June 30, 2020	\$ 33,564,373	\$ 16,771,888	\$ 16,792,485	\$ 802,591	\$ 583,259	\$ 219,332
Changes for the year						
Service cost	569,254		569,254	12,365		12,365
Interest on the total liability	2,434,216		2,434,216	58,166		58,166
Changes of benefit terms			-			-
Differences between expected and actual experience in the measurement of the liability	371,121		371,121	45,263		45,263
Contributions – employer		2,098,632	(2,098,632)		23,432	(23,432)
Contributions – employee		228,426	(228,426)			-
Net investment income		221,300	(221,300)		7,046	(7,046)
Benefit payments, including refunds of employee contributions	(1,576,416)	(1,576,416)	-	(57,856)	(57,856)	-
Administrative expense		(18,048)	18,048		(573)	573
Other changes		\$16,677	(16,677)			0
Net changes	1,798,175	970,571	827,604	57,938	(27,951)	85,889
Adjustment to Beginning of Year		1	(1)			0
Balances at June 30, 2021	\$ 35,362,548	\$ 17,742,460	\$ 17,620,088	\$ 860,529	\$ 555,308	\$ 305,221

**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
<b>PSPRS - Police:</b>			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 35,475,243	\$ 28,691,385	\$ 23,169,199
Net OPEB (assets) liability	592,304	464,912	357,496
<b>PSPRS - Fire</b>			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 22,408,872	\$ 17,620,088	\$ 13,712,197
Net OPEB (assets) liability	395,998	305,221	228,557

**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](http://www.psprs.com).

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**Pension and OPEB Expense**

For the year ended June 30, 2021, the City recognized the following pension and OPEB expense:

	Expense	
	PSPRS - Police	PSPRS - Fire
Pension	\$ 3,412,114	\$ 2,180,428
Health insurance	37,377	32,287

**Pension and OPEB Deferred Outflows/Inflows of Resource.**

At June 30, 2021, 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
<b>PSPRS - Police:</b>				
Differences between expected and actual experience	\$ 1,286,931	\$ 375,915	\$ 81,656	\$ 81,831
Changes of assumptions or other inputs	\$859,500		\$3,987	\$5,208
Net difference between projected and actual earnings on plan investments	\$1,075,146		\$38,970	
Contributions subsequent to the measurement date	\$3,196,653		\$44,680	
Total	\$ 6,418,230	\$ 375,915	\$ 169,293	\$ 87,039
<b>PSPRS - Fire</b>				
Differences between expected and actual experience	\$ 598,853	\$ 328,864	\$ 38,796	\$ 53,880
Changes of assumptions or other inputs	\$1,347,885		\$6,830	\$1,448
Net difference between projected and actual earnings on plan investments	\$909,193		\$30,279	
Contributions subsequent to the measurement date	\$2,049,257		\$30,204	
Total	\$ 4,905,188	\$ 328,864	\$ 106,109	\$ 55,328

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, 2022. 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
2022	\$ 952,685	\$ (10,240)	\$ 641,606	\$ 1,227
2023	812,434	(105)	732,654	5,677
2024	835,932	18,701	654,675	5,241
2025	244,611	29,218	436,278	3,090
2026			61,854	(1,124)
Thereafter				6,466

**Contributions Payable**

The City's accrued payroll and employee benefits included \$6,971 of outstanding pension and OPEB contribution amounts payable to PSPRS for the year ended June 30, 2021.

**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	72
Active members	<u>154</u>
Total	226

The City's total OPEB liability of \$20,605,512 was measured as of June 30, 2021:

Total OPEB Liability – Beginning of Year	<u>\$23,744,984</u>
Changes for the year	
Service Cost	974,887
Interest	583,190
Difference between expected and actual experience of the total OPEB liability	(5,872,873)
Change of assumptions or other inputs	2,032,814
Benefit payments	<u>(857,490)</u>
Net changes	(3,139,472)
Total OPEB Liability – End of Year	<u>\$20,605,512</u>

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The plan is not accounted for as a trust fund. The City's Health and Accident Insurance fund has net position of \$6,686,891 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 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.:

<b>Discount rate:</b>	1% Decrease	Current Discount Rate	1% Increase
Rate	0.92%	1.92	2.92%
Total OPEB liability	\$22,506,687	\$20,605,512	\$18,893,802
<b>Healthcare cost:</b>			
Rate	-1.00%	Baseline	+1.00%
Total OPEB liability	\$18,449,990	\$20,605,512	\$23,108,613

**OPEB Deferred Outflows/Inflows of Resource.**

For the period ended June 30, 2021, the City recognized OPEB expense of (\$1,136,316). At June 30, 2021, 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	\$	\$10,598,043
Changes of assumptions or other inputs	4,036,828	552,000
Total	<u>\$ 4,036,828</u>	<u>\$11,150,043</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>
2022	\$(1,836,903)
2023	(1,836,903)
2024	(1,830,903)
2025	(1,186,877)
2026	(421,629)
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, 2021 actuarial valuation was determined by using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:



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Valuation Date:	06/30/2021
Measurement Date	06/30/2021
Actuarial Cost Method:	Entry age
Discount rate:	1.92%
Future Payroll Increases:	2.7-7.5%
Ultimate Rate of Medical Inflation:	7.5% downgraded to 3.50%

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, 2021, the City had \$3,382,521 in unperformed construction contracts and commitments outstanding.

HURF	\$2,597,764
Airport	700,095
Capital Improvements	84,662

**9. Stewardship, Compliance and Accountability**

**Beginning Net Position Restatement**

The beginning balance of Net Position of Custodial Funds has been restated due to the implementation of GASB Statement No. 84, Fiduciary Activities

	<u>Abandon Property</u>	<u>USPP</u>	<u>CCTC</u>	<u>911</u>
Reclassification of Custodial Fund activities	61,661	563,880	52,448	-
Net Position as restated, July 1, 2020	<u>\$ 61,661</u>	<u>\$563,880</u>	<u>\$52,448</u>	<u>\$ -</u>

**Negative Fund Balances/Net Positions**

The Park Development Fee, Police Development Fee and Fire Development Fee Funds had negative fund balances, and the Refuse Fund had a negative Net Position on June 30, 2021. 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. A rate increase in the Refuse Fund will address the negative net position.

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**Excess Expenditures Over Budget**

At year end, expenditures in the Park Development Fee Fund 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.

*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			Non-Major Funds	Total Funds
	General	HURF	Capital		
<b>Fund Balances:</b>					
<b>Nonspendable</b>	\$ 73,866	\$	\$	\$ 64,670	\$ 138,536
<b>Restricted for:</b>					
Street Projects		3,067,367		257,114	3,324,481
Capital projects			5,824,674		5,824,674
Other Projects				4,167,972	4,167,972
<b>Unassigned:</b>	6,423,769			(381,345)	6,042,424
Total fund balances	\$6,497,635	\$ 3,067,367	\$ 5,824,674	\$4,108,411	\$ 19,498,087

**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, 2021, 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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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 \$79,097 net position of the Unemployment Insurance Fund as future catastrophe loss reserves. The Self Insured Retention Fund received restitution payments of \$17,252 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, 2021 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 2019-2020 and 2020-2021 were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim Payments <u>Payments</u>	Balance at Fiscal Year End <u>Year End</u>
Health and Accident Insurance:				
2019-20	\$142,003	\$2,759,822	\$2,734,921	\$166,904
2020-21	\$166,904	\$3,473,721	\$3,486,965	\$153,660
Unemployment Insurance:				
2019-20	\$246	\$1,685	\$1,931	-0-

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

2020-21	-0-	\$17,969	\$17,969	-0-
Self-Insured Retention:				
2019-20	\$327	\$32,685	\$30,860	\$2,152
2020-21	\$2,152	\$62,727	\$64,879	-0-

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, 2021 are as follows.

<u>Fund</u>	<u>Due to other funds</u>	<u>Due from other funds</u>
General	\$	\$ 79,712
Capital Improvements		381,345
Health & Accident		1,751,889
Sewer	1,751,889	
SVMPO	78,489	
911 Custodial	1,223	
Park Development	163,278	
Police Development	110,283	
Fire Development	107,784	
Total	\$ <u>2,212,946</u>	\$ <u>2,212,946</u>

All of the due to other funds is for cash balancing purposes. The 911 Custodial and SVMPO 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.

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Individual interfund transfers for Fiscal Year 2021 were:

<u>Fund</u>	Individual Fund Transfer	Total Fund <u>Transfer out</u>	Individual Fund Transfer	Total Fund <u>Transfer In</u>
General	\$	\$5,272,828	\$	\$
LTAF	108,000			
Grants	9,828			
Park Development	3,100,000			
Police Development	790,000			
Transportation Development	50,000			
Fire Development	1,215,000			
Capital Improvements		3,924,794		
SVMPC I&R	3,924,794			
LTAF				108,000
General			108,000	
Grants				9,828
General			9,828	
SVMPC I&R				3,924,794
Capital Improvements			3,924,794	
Park Development				3,100,000
General			3,100,000	
Police Development				790,000
General			790,000	
Infrastructure Development				50,000
General			50,000	
Fire Development				1,215,000
General			1,215,000	
Total Transfers		<u>\$9,197,622</u>		<u>\$9,197,622</u>

The transfer to the SVMPC Interest and Redemption is to cover debt service payments. The transfer to the Park Development Fee Funds is to cover debt service payments and reduce the fund deficit. Transfers to the Police and Fire Development Fee Funds are to cover reduced fees and reduce fund deficits. The transfer to the Infrastructure Development Fee Fund is to cover reduced fees. Transfers to the Local Transportation Assistance and Grants Funds are to cover grant match requirements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

City of Sierra Vista  
General  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,811,627	\$ 15,811,627	\$ 18,647,966	\$ 2,836,339
Licenses and permits	1,875,000	1,875,000	1,829,125	(45,875)
Intergovernmental	16,311,861	16,311,861	20,097,660	3,785,799
Charges for services	4,300,632	4,300,632	3,887,452	(413,180)
Fines	18,000	18,000	2,168	(15,832)
Investment income	20,000	20,000	4,127	(15,873)
Contributions	42,000	42,000	918	(41,082)
Other revenues	537,916	537,916	368,826	(169,090)
Total revenues	<u>38,917,036</u>	<u>38,917,036</u>	<u>44,838,242</u>	<u>5,921,206</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,001,704	7,001,704	6,684,989	316,715
Public safety	19,490,968	19,490,968	19,724,303	(233,335)
Public works	4,859,633	4,859,633	4,771,093	88,540
Culture and recreation	4,277,354	4,277,354	4,074,406	202,948
Community development	915,052	915,052	822,465	92,587
Capital outlay	3,617,250	3,617,250	2,725,574	891,676
Debt service:				
Interest and fiscal charges	13,509	13,509	13,509	-
Principal	268,371	268,371	268,370	1
Total debt service	<u>281,880</u>	<u>281,880</u>	<u>281,879</u>	<u>1</u>
Total expenditures	<u>40,443,841</u>	<u>40,443,841</u>	<u>39,084,709</u>	<u>1,359,132</u>
Excess (deficiency) of revenues over expenditures	<u>(1,526,805)</u>	<u>(1,526,805)</u>	<u>5,753,533</u>	<u>7,280,338</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(194,057)	(5,272,828)	(5,272,828)	-
Transfers in	1,720,862	1,720,862	-	(1,720,862)
Total other financing sources (uses)	<u>1,526,805</u>	<u>(3,551,966)</u>	<u>(5,272,828)</u>	<u>(1,720,862)</u>
Net change in fund balances	-	-	480,705	5,559,476
Fund balances - beginning	6,016,930	6,016,930	6,016,930	-
Fund balances - ending	<u>\$ 6,016,930</u>	<u>\$ 938,159</u>	<u>\$ 6,497,635</u>	<u>\$ 5,559,476</u>

See accompanying notes to this schedule.



City of Sierra Vista  
HURF  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budget</u>		Variance with Final Budget
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 7,678,938	\$ 5,057,654	\$ (2,621,284)
Other revenues	-	16,610	16,610
Total revenues	<u>7,678,938</u>	<u>5,074,264</u>	<u>(2,604,674)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	2,978,613	2,813,929	164,684
Capital outlays	6,139,449	2,133,818	4,005,631
Debt service:			
Interest and fiscal charges	4,265	4,264	1
Principal	75,643	75,642	1
Total expenditures	<u>9,197,970</u>	<u>5,027,653</u>	<u>4,170,317</u>
Excess (deficiency) of revenues over expenditures	<u>(1,519,032)</u>	<u>46,611</u>	<u>1,565,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of installment purchase	99,000	-	(99,000)
Total other financing sources (uses)	<u>99,000</u>	<u>-</u>	<u>(99,000)</u>
Net change in fund balances	(1,420,032)	46,611	1,466,643
Fund balances - beginning	3,020,756	3,020,756	-
Fund balances - ending	<u>\$ 1,600,724</u>	<u>\$ 3,067,367</u>	<u>\$ 1,466,643</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 SEVEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Measurement date</b>	June 30, 2020	June 30, 2019	June 30, 2018
<b>City's proportion of the net pension liability (asset)</b>	0.11%	0.11%	0.11%
<b>City's proportionate share of the net pension liability (asset)</b>	\$ 19,797,282	\$ 16,533,033	\$ 15,710,712
<b>City's covered payroll</b>	\$ 12,555,231	\$ 12,033,184	\$ 11,246,193
<b>City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	157.68%	137.40%	139.70%
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	69.33%	73.24%	73.40%

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.11%	0.11%	0.11%	0.11%
\$ 17,182,590	\$ 18,263,547	\$ 17,080,214	\$ 16,494,189
\$ 10,791,929	\$ 10,623,940	\$ 10,107,190	\$ 10,047,088
159.22%	171.91%	168.99%	164.17%
69.92%	67.06%	68.35%	69.49%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Arizona State Retirement System:</b>			
Actuarially determined contribution	\$ 1,480,372	\$ 1,437,575	\$ 1,345,310
Contributions in relation to the actuarially determined contribution	<u>1,480,372</u>	<u>1,437,575</u>	<u>1,345,310</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 12,707,047	\$ 12,555,231	\$ 12,033,184
Contributions as a percentage of covered payroll	11.65%	11.45%	11.18%
<b>Public Safety Personnel Retirement System - Police:</b>			
Actuarially determined contribution	\$ 2,752,345	\$ 2,461,018	\$ 2,301,287
Contributions in relation to the actual contribution	<u>3,196,653</u>	<u>2,962,243</u>	<u>2,873,218</u>
Contribution deficiency (excess)	<u>\$ (444,308)</u>	<u>\$ (501,225)</u>	<u>\$ (571,931)</u>
City's covered payroll	\$ 4,337,817	\$ 4,186,829	\$ 4,105,775
Contributions as a percentage of covered payroll	63.45%	58.78%	69.98%
<b>Public Safety Personnel Retirement System - Fire:</b>			
Actuarially determined contribution	\$ 1,783,799	\$ 1,401,604	\$ 1,418,176
Contributions in relation to the actuarially determined contribution	<u>2,049,257</u>	<u>1,767,100</u>	<u>1,780,874</u>
Contribution deficiency (excess)	<u>\$ (265,458)</u>	<u>\$ (365,496)</u>	<u>\$ (362,698)</u>
City's covered payroll	\$ 2,932,433	\$ 2,742,865	\$ 2,785,106
Contributions as a percentage of covered payroll	60.83%	51.10%	63.94%

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,225,909	\$ 1,163,370	\$ 1,152,589	\$ 1,100,673
<u>1,225,909</u>	<u>1,163,370</u>	<u>1,152,589</u>	<u>1,100,673</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 11,246,193	\$ 10,791,929	\$ 10,622,940	\$ 10,107,190
10.90%	10.78%	10.85%	10.89%
\$ 2,080,895	\$ 2,148,783	\$ 1,905,744	\$ 1,243,188
<u>2,330,895</u>	<u>2,148,783</u>	<u>1,905,744</u>	<u>1,243,188</u>
<u>\$ (250,000)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 4,164,656	\$ 4,721,562	\$ 4,511,705	\$ 4,105,641
55.97%	45.51%	42.24%	30.28%
\$ 1,417,035	\$ 1,079,972	\$ 1,010,635	\$ 630,702
<u>1,432,035</u>	<u>1,079,972</u>	<u>1,010,635</u>	<u>630,702</u>
<u>\$ (15,000)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,936,938	\$ 2,951,548	\$ 2,715,301	\$ 2,366,612
48.76%	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 SEVEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total pension liability</b>			
Service cost	\$ 735,321	\$ 812,671	\$ 797,803
Interest	3,408,499	3,254,002	3,192,682
Changes of benefit terms			
Differences between expected and actual	1,078,782	608,962	(1,101,429)
Changes of assumptions		690,402	
Benefit payments, including refunds	<u>(2,285,995)</u>	<u>(2,853,846)</u>	<u>(2,094,518)</u>
<b>Net change in total pension liability</b>	2,936,607	2,512,191	794,538
<b>Total pension liability—beginning</b>	<u>47,099,437</u>	<u>44,587,246</u>	<u>43,792,708</u>
<b>Total pension liability—ending</b>	<u>\$ 50,036,044</u>	<u>\$ 47,099,437</u>	<u>\$ 44,587,246</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 3,441,524	\$ 2,463,043	\$ 2,347,269
Contributions—employee	324,687	316,504	378,637
Net investment income	262,683	1,074,001	1,179,235
Benefit payments, including refunds	(2,285,995)	(2,853,846)	(2,094,518)
Administrative expense	(21,420)	(19,659)	(18,648)
Other			200
<b>Net change in plan fiduciary net position</b>	<u>1,721,479</u>	<u>980,043</u>	<u>1,792,175</u>
<b>Plan fiduciary net position—beginning</b>	<u>19,683,071</u>	<u>18,733,000</u>	<u>16,940,825</u>
Adjustment to beginning of year	(59,891)	(29,972)	
<b>Plan fiduciary net position—ending</b>	<u>\$ 21,344,659</u>	<u>\$ 19,683,071</u>	<u>\$ 18,733,000</u>
<b>Net pension liability—ending</b>	<u>\$ 28,691,385</u>	<u>\$ 27,416,366</u>	<u>\$ 25,854,246</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	42.66%	41.79%	42.01%
<b>Covered payroll</b>	\$ 4,186,829	\$ 4,105,775	\$ 4,164,656
<b>Net pension liability as a percentage of covered payroll</b>	685.28%	667.75%	620.80%

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,034,647	\$ 898,658	\$ 811,577	\$ 881,966
2,883,989	2,667,016	2,585,621	2,221,142
526,933	1,360,707		697,428
488,807	271,019	(291,544)	(1,116,200)
1,935,164	1,445,654		3,733,060
<u>(2,025,396)</u>	<u>(2,439,783)</u>	<u>(1,784,836)</u>	<u>(1,693,486)</u>
4,844,144	4,203,271	1,320,818	4,723,910
38,948,564	34,745,293	33,424,475	28,700,565
<u>\$ 43,792,708</u>	<u>\$ 38,948,564</u>	<u>\$ 34,745,293</u>	<u>\$ 33,424,475</u>
\$ 2,139,214	\$ 1,889,021	\$ 1,231,440	\$ 1,218,115
524,228	626,104	458,242	434,697
1,753,496	84,142	516,861	1,714,865
<u>(2,025,396)</u>	<u>(2,439,783)</u>	<u>(1,784,836)</u>	<u>(1,693,486)</u>
(15,915)	(12,508)	(12,992)	(13,811)
<u>(23,167)</u>	<u>(133,215)</u>	<u>60,401</u>	<u>(35,200)</u>
2,352,460	13,761	469,116	1,625,180
<u>14,588,365</u>	<u>14,574,604</u>	<u>14,105,488</u>	<u>12,480,308</u>
<u>\$ 16,940,825</u>	<u>\$ 14,588,365</u>	<u>\$ 14,574,604</u>	<u>\$ 14,105,488</u>
<u>\$ 26,851,883</u>	<u>\$ 24,360,199</u>	<u>\$ 20,170,689</u>	<u>\$ 19,318,987</u>
38.68%	37.46%	41.95%	42.20%
\$ 4,721,562	\$ 4,511,705	\$ 4,105,641	\$ 4,488,315
568.71%	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 SEVEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total pension liability</b>			
Service cost	\$ 569,254	\$ 639,495	\$ 644,401
Interest	2,434,216	2,321,406	2,240,785
Changes of benefit terms			
Differences between expected and actual	371,121	153,405	(386,881)
Changes of assumptions		628,209	
Benefit payments, including refunds	<u>(1,576,416)</u>	<u>(1,818,004)</u>	<u>(1,634,245)</u>
<b>Net change in total pension liability</b>	1,798,175	1,924,511	864,060
<b>Total pension liability—beginning</b>	<u>33,564,373</u>	<u>31,639,862</u>	<u>30,775,802</u>
<b>Total pension liability—ending</b>	<u>\$ 35,362,548</u>	<u>\$ 33,564,373</u>	<u>\$ 31,639,862</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 2,098,632	\$ 1,533,388	\$ 1,436,658
Contributions—employee	228,426	222,284	273,616
Net investment income	221,300	907,570	1,017,694
Benefit payments, including refunds	(1,576,416)	(1,818,004)	(1,634,245)
Administrative expense	(18,048)	(16,772)	(16,189)
Other	<u>16,677</u>	<u></u>	<u>(11,588)</u>
<b>Net change in plan fiduciary net position</b>	970,571	828,466	1,065,946
<b>Plan fiduciary net position—beginning</b>	<u>16,771,888</u>	<u>15,961,175</u>	<u>14,895,229</u>
Adjustment to beginning of year	1	(17,753)	
<b>Plan fiduciary net position—ending</b>	<u>\$ 17,742,460</u>	<u>\$ 16,771,888</u>	<u>\$ 15,961,175</u>
<b>Net pension liability—ending</b>	<u>\$ 17,620,088</u>	<u>\$ 16,792,485</u>	<u>\$ 15,678,687</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	50.17%	49.97%	50.45%
<b>Covered payroll</b>	\$ 2,742,865	\$ 2,785,106	\$ 2,936,938
<b>Net pension liability as a percentage of covered payroll</b>	642.40%	602.94%	533.84%

**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.



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 681,249	\$ 554,766	\$ 509,564	\$ 554,360
2,041,000	1,857,264	1,842,910	1,621,190
296,509	1,364,984		383,303
351,794	84,858	(533,875)	(564,575)
1,125,596	1,007,378		2,198,015
<u>(1,186,097)</u>	<u>(1,571,062)</u>	<u>(1,745,628)</u>	<u>(945,243)</u>
3,310,051	3,298,188	72,971	3,247,050
27,465,751	24,167,563	24,094,592	20,847,542
<u>\$ 30,775,802</u>	<u>\$ 27,465,751</u>	<u>\$ 24,167,563</u>	<u>\$ 24,094,592</u>
\$ 1,138,470	\$ 1,101,774	\$ 714,263	\$ 675,704
506,327	350,230	303,093	280,114
1,542,492	74,132	469,999	1,617,085
(1,186,097)	(1,571,062)	(1,745,628)	(945,243)
(14,048)	(11,067)	(11,851)	(13,024)
<u>1,271</u>	<u>(90,098)</u>	<u>(72,095)</u>	<u>16,956</u>
1,988,415	(146,091)	(342,219)	1,631,592
<u>12,906,814</u>	<u>13,052,905</u>	<u>13,395,124</u>	<u>11,763,532</u>
<u>\$ 14,895,229</u>	<u>\$ 12,906,814</u>	<u>\$ 13,052,905</u>	<u>\$ 13,395,124</u>
<u>\$ 15,880,573</u>	<u>\$ 14,558,937</u>	<u>\$ 11,114,658</u>	<u>\$ 10,699,468</u>
48.40%	46.99%	54.01%	55.59%
\$ 2,951,548	\$ 2,715,301	\$ 2,366,612	\$ 3,019,596
538.04%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City's proportion of the net OPEB (assets) liability	0.12%	0.12%	0.11%	0.11%
City's proportionate share of the net OPEB (assets) liability	\$ (82,036)	\$ (31,832)	\$ (41,070)	\$ (60,673)
City's covered payroll	\$ 12,555,231	\$ 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	-0.65%	-0.26%	-0.37%	-0.56%
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City's proportion of the net OPEB (assets) liability	0.12%	0.11%	0.11%	0.11%
City's proportionate share of the net OPEB (assets) liability	\$ 87,316	\$ 74,630	\$ 58,950	\$ 40,086
City's covered payroll	\$ 12,555,231	\$ 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	0.70%	0.62%	0.52%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Arizona State Retirement System - Health Insurance Premium:</b>				
Actuarially determined contribution	\$ 49,556	\$ 61,521	\$ 55,352	\$ 49,486
Contributions in relation to the actuarially determined contribution	<u>49,556</u>	<u>61,521</u>	<u>55,352</u>	<u>49,486</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 12,707,047	\$ 12,555,231	\$ 12,033,184	\$ 11,246,193
Contributions as a percentage of covered payroll	0.39%	0.49%	0.46%	0.44%
<b>Arizona State Retirement System - Long-Term Disability:</b>				
Actuarially determined contribution	\$ 22,872	\$ 21,344	\$ 19,253	\$ 17,995
Contributions in relation to the actuarially determined contribution	<u>22,872</u>	<u>21,344</u>	<u>19,253</u>	<u>17,995</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 12,707,047	\$ 12,555,231	\$ 12,033,184	\$ 11,246,193
Contributions as a percentage of covered payroll	0.18%	0.17%	0.16%	0.16%
<b>Public Safety Personnel Retirement System - Police - Health Insurance Premium:</b>				
Actuarially determined contribution	\$ 44,680	\$ 42,287	\$ 36,952	\$ 49,326
Contributions in relation to the actuarially determined contribution	<u>44,680</u>	<u>42,287</u>	<u>36,952</u>	<u>49,326</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 4,337,817	\$ 4,186,829	\$ 4,105,775	\$ 4,164,656
Contributions as a percentage of covered payroll	1.03%	1.01%	0.90%	1.18%
<b>Public Safety Personnel Retirement System - Fire - Health Insurance Premium:</b>				
Actuarially determined contribution	\$ 30,204	\$ 24,686	\$ 24,230	\$ 27,388
Contributions in relation to the actuarially determined contribution	<u>30,204</u>	<u>24,686</u>	<u>24,230</u>	<u>27,388</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 2,932,433	\$ 2,742,865	\$ 2,785,106	\$ 2,936,938
Contributions as a percentage of covered payroll	1.03%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability</b>				
Service cost	\$ 18,896	\$ 13,389	\$ 12,995	\$ 17,641
Interest	76,898	79,227	79,040	84,722
Changes of benefit terms				1,540
Differences between expected and actual experience	102,069	(71,813)	(34,823)	(81,762)
Changes of assumptions or other inputs		6,643		(17,248)
Benefit payments	(68,642)	(60,202)	(62,961)	(65,215)
<b>Net change in total OPEB liability</b>	129,221	(32,756)	(5,749)	(60,322)
<b>Total OPEB liability—beginning</b>	1,054,585	1,087,341	1,093,090	1,153,412
<b>Total OPEB liability—ending</b>	<u>\$ 1,183,806</u>	<u>\$ 1,054,585</u>	<u>\$ 1,087,341</u>	<u>\$ 1,093,090</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 38,225	\$ 34,993	\$ 13,833	\$ 50,296
Contributions—employee				
Net investment income	8,943	37,250	47,391	75,038
Benefit payments	(68,642)	(60,202)	(62,961)	(65,215)
Administrative expense	(727)	(643)	(721)	(664)
Other				
<b>Net change in plan fiduciary net position</b>	(22,201)	11,398	(2,458)	59,455
<b>Plan fiduciary net position—beginning</b>	741,095	699,726	702,184	642,729
<b>Adjustment to beginning of year balance</b>		29,971		
<b>Plan fiduciary net position—ending</b>	<u>\$ 718,894</u>	<u>\$ 741,095</u>	<u>\$ 699,726</u>	<u>\$ 702,184</u>
<b>Net OPEB (assets) liability—ending</b>	<u>\$ 464,912</u>	<u>\$ 313,490</u>	<u>\$ 387,615</u>	<u>\$ 390,906</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	60.73%	70.27%	64.35%	64.24%
<b>Covered payroll</b>	\$ 4,186,829	\$ 4,105,775	\$ 4,164,656	\$ 4,721,562
<b>Net OPEB (assets) liability as a percentage of covered payroll</b>	11.10%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability</b>				
Service cost	\$ 12,365	\$ 9,291	\$ 9,291	\$ 9,996
Interest	58,166	59,597	60,012	60,052
Changes of benefit terms				4
Differences between expected and actual experience	45,263	(46,626)	(28,923)	(6,161)
Changes of assumptions or other inputs		9,565		(2,836)
Benefit payments	(57,856)	(50,610)	(50,664)	(50,190)
<b>Net change in total OPEB liability</b>	57,938	(18,783)	(10,284)	10,865
<b>Total OPEB liability—beginning</b>	802,591	821,374	831,658	820,793
<b>Total OPEB liability—ending</b>	<u>\$ 860,529</u>	<u>\$ 802,591</u>	<u>\$ 821,374</u>	<u>\$ 831,658</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 23,432	\$ 25,046	\$ 8,621	\$ 26,447
Contributions—employee				
Net investment income	7,046	29,850	38,143	61,041
Benefit payments	(57,856)	(50,610)	(50,664)	(50,190)
Administrative expense	(573)	(515)	(581)	(539)
Other			1	
<b>Net change in plan fiduciary net position</b>	(27,951)	3,771	(4,480)	36,759
<b>Plan fiduciary net position—beginning</b>	583,259	561,735	566,215	529,456
<b>Adjustments to beginning of year balance</b>		17,753		
<b>Plan fiduciary net position—ending</b>	<u>\$ 555,308</u>	<u>\$ 583,259</u>	<u>\$ 561,735</u>	<u>\$ 566,215</u>
<b>Net OPEB (assets) liability—ending</b>	<u>\$ 305,221</u>	<u>\$ 219,332</u>	<u>\$ 259,639</u>	<u>\$ 265,443</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	64.53%	72.67%	68.39%	68.08%
<b>Covered payroll</b>	\$ 2,742,865	\$ 2,785,106	\$ 2,936,938	\$ 2,951,548
<b>Net OPEB (assets) liability as a percentage of covered payroll</b>	11.13%	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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability</b>				
Service cost	\$ 974,887	\$ 1,131,255	\$ 1,093,000	\$ 1,121,000
Interest	583,190	1,027,009	1,015,000	937,000
Differences between expected and actual experience	(5,872,873)	(8,961,963)		
Changes of assumptions or other inputs	2,032,814	2,147,687	1,721,000	(1,296,000)
Benefit payments	(857,490)	(753,004)	(737,000)	(604,000)
<b>Net change in total OPEB liability</b>	<u>(3,139,472)</u>	<u>(5,409,016)</u>	<u>3,092,000</u>	<u>158,000</u>
<b>Total OPEB liability—beginning</b>	<u>23,744,984</u>	<u>29,154,000</u>	<u>26,062,000</u>	<u>25,904,000</u>
<b>Total OPEB liability—ending</b>	<u>\$ 20,605,512</u>	<u>\$ 23,744,984</u>	<u>\$ 29,154,000</u>	<u>\$ 26,062,000</u>
<b>Covered-employee payroll</b>	\$ 10,565,294	\$ 13,752,754	\$ 12,033,184	\$ 11,246,193
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	195.03%	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, 2021**

**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, 2019, 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, 2020 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.

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 Governmental Balance Sheet  
Nonmajor Governmental Funds  
Summary by Fund Type  
June 30, 2021

	Special revenue	Total Non-major Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 4,392,087	\$ 4,392,087
Intergovernmental receivable	861,324	861,324
Accounts receivable	21,494	21,494
Inventory	64,670	64,670
Total assets	\$ 5,339,575	\$ 5,339,575
<b>LIABILITIES</b>		
Accounts payable	\$ 562,814	\$ 562,814
Due to other funds	459,834	459,834
Accrued salaries and employee benefits	128,196	128,196
Other liabilities	80,320	80,320
Total liabilities	1,231,164	1,231,164
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	\$ 64,670	\$ 64,670
Restricted		
Other Projects	\$ 4,167,972	\$ 4,167,972
Streets	257,114	257,114
Unassigned	\$ (381,345)	\$ (381,345)
Total fund balances (deficits)	\$ 4,108,411	\$ 4,108,411
Total liabilities and fund balances (deficits)	\$ 5,339,575	\$ 5,339,575

City of Sierra Vista  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Summary by Fund Type  
For the Year Ended June 30, 2021

	Special revenue	Debt service funds
<b>REVENUES</b>		
Intergovernmental	\$ 4,874,052	\$ -
Charges for services	2,320,247	-
Fines	7	-
Investment income	665	-
Contributions	278,952	-
Other revenues	74,426	-
Total revenues	7,548,349	-
<b>EXPENDITURES</b>		
Current:		
General government	158,689	-
Public safety	2,227,464	-
Public works	2,913,769	-
Culture and recreation	47,706	-
Community development	244,220	-
Capital outlay	927,145	-
Debt service:		
Interest and fiscal charges	10,401	344,794
Principal	586,499	3,580,000
Total expenditures	7,115,893	3,924,794
Excess (deficiency) of revenues over expenditures	432,456	(3,924,794)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	5,272,828	3,924,794
Total other financing sources (uses)	5,272,828	3,924,794
Net change in fund balances	5,705,284	-
Fund balances - beginning	(1,596,873)	-
Fund balances - ending	\$ 4,108,411	\$ -

Total Non-major  
Governmental  
Funds

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\$ 4,874,052  
2,320,247  
7  
665  
278,952  
74,426

---

7,548,349

---

158,689  
2,227,464  
2,913,769  
47,706  
244,220  
927,145

355,195  
4,166,499

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11,040,687

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(3,492,338)

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9,197,622

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9,197,622

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5,705,284  
(1,596,873)

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\$ 4,108,411

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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.

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

**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.

**Park 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 parks service. Any unused monies must be returned to the developers after ten years.

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

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

**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.

**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.

City of Sierra Vista  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2021

	Miscellaneous Donations	LTAF	Police Special Programs	Grants
<b>ASSETS</b>				
Cash and investments	\$ 299,188	\$ 177,683	\$ 230,638	\$ 18,401
Intergovernmental receivable	-	252,742	-	112,042
Accounts receivable	100	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 299,288</u>	<u>\$ 430,425</u>	<u>\$ 230,638</u>	<u>\$ 130,443</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,538	\$ 10,421	\$ 23,080	\$ 92,658
Due to other funds	-	-	-	-
Accrued salaries and employee benefits	-	36,357	-	-
Other liabilities	-	-	-	37,785
Total liabilities	<u>3,538</u>	<u>46,778</u>	<u>23,080</u>	<u>130,443</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Other Projects	\$ 295,750	\$ 383,647	\$ 207,558	\$ -
Streets	-	-	-	-
Unassigned	\$ -	\$ -	\$ -	\$ -
Total fund balances (deficits)	<u>\$ 295,750</u>	<u>\$ 383,647</u>	<u>\$ 207,558</u>	<u>\$ -</u>
Total liabilities and fund balances (deficits)	<u>\$ 299,288</u>	<u>\$ 430,425</u>	<u>\$ 230,638</u>	<u>\$ 130,443</u>



Judicial Collection Enhancement	Airport	Park Development Fee	Police Development Fee	Infrastructure Development Fee	Fire Development Fee
\$ 230	\$ 3,112,072	\$ -	\$ -	\$ 257,114	\$ -
-	13,000	-	-	-	-
-	21,394	-	-	-	-
-	64,670	-	-	-	-
<u>\$ 230</u>	<u>\$ 3,211,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,114</u>	<u>\$ -</u>
\$ -	\$ 307,121	\$ -	\$ -	\$ -	\$ -
-	-	163,278	110,283	-	107,784
-	2,976	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>310,097</u>	<u>163,278</u>	<u>110,283</u>	<u>-</u>	<u>107,784</u>
\$ -	\$ 64,670	\$ -	\$ -	\$ -	\$ -
\$ 230	\$ 2,836,369	\$ -	\$ -	\$ -	\$ -
-	-	-	-	257,114	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,278)</u>	<u>\$ (110,283)</u>	<u>\$ -</u>	<u>\$ (107,784)</u>
<u>\$ 230</u>	<u>\$ 2,901,039</u>	<u>\$ (163,278)</u>	<u>\$ (110,283)</u>	<u>\$ 257,114</u>	<u>\$ (107,784)</u>
<u>\$ 230</u>	<u>\$ 3,211,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,114</u>	<u>\$ -</u>

(continued)

City of Sierra Vista  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2021  
(Concluded)

	<u>SVMPO</u>	<u>SEACOM</u>	<u>Total Nonmajor Special revenue funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,243	\$ 294,518	\$ 4,392,087
Intergovernmental receivable	190,280	293,260	861,324
Accounts receivable	-	-	21,494
Inventory	-	-	64,670
Total assets	<u>\$ 192,523</u>	<u>\$ 587,778</u>	<u>\$ 5,339,575</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 55,912	\$ 70,084	\$ 562,814
Due to other funds	78,489	-	459,834
Accrued salaries and employee benefits	7,865	80,998	128,196
Other liabilities	-	42,535	80,320
Total liabilities	<u>142,266</u>	<u>193,617</u>	<u>1,231,164</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	\$ -	\$ -	\$ 64,670
Restricted			
Other Projects	\$ 50,257	\$ 394,161	\$ 4,167,972
Streets	-	-	257,114
Unassigned	\$ -	\$ -	\$ (381,345)
Total fund balances (deficits)	<u>\$ 50,257</u>	<u>\$ 394,161</u>	<u>\$ 4,108,411</u>
Total liabilities and fund balances (deficits)	<u>\$ 192,523</u>	<u>\$ 587,778</u>	<u>\$ 5,339,575</u>

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City of Sierra Vista  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2021

	Miscellaneous Donations	LTAF	Police Special Programs	Grants
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 898,348	\$ -	\$ 737,118
Charges for services	-	73,522	5,252	-
Fines	-	-	-	-
Investment income	-	-	290	-
Contributions	191,716	-	3,723	67,498
Other revenues	-	6,095	66,209	-
Total revenues	<u>191,716</u>	<u>977,965</u>	<u>75,474</u>	<u>804,616</u>
<b>EXPENDITURES</b>				
Current:				
General government	8	-	-	158,681
Public safety	87,712	-	24,454	55,483
Public works	-	957,456	-	-
Culture and recreation	1,027	-	-	46,679
Community development	-	-	-	244,220
Capital outlay	7,518	17,505	24,122	309,381
Debt service:				
Interest and fiscal charges	-	-	-	-
Principal	-	-	-	-
Total expenditures	<u>96,265</u>	<u>974,961</u>	<u>48,576</u>	<u>814,444</u>
Excess (deficiency) of revenues over expenditures	<u>95,451</u>	<u>3,004</u>	<u>26,898</u>	<u>(9,828)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	108,000	-	9,828
Total other financing sources (uses)	<u>-</u>	<u>108,000</u>	<u>-</u>	<u>9,828</u>
Net change in fund balances	95,451	111,004	26,898	-
Fund balances - beginning	200,299	272,643	180,660	-
Fund balances - ending	<u>\$ 295,750</u>	<u>\$ 383,647</u>	<u>\$ 207,558</u>	<u>\$ -</u>

Judicial Collection Enhancement	Airport	Park Development Fee	Police Development Fee	Infrastructure Development Fee	Fire Development Fee
\$ -	\$ 105,208	\$ -	\$ -	\$ -	\$ -
-	2,090,016	38,960	17,138	83,955	11,404
7	-	-	-	-	-
-	375	-	-	-	-
-	-	-	-	-	-
-	2,122	-	-	-	-
<u>7</u>	<u>2,197,721</u>	<u>38,960</u>	<u>17,138</u>	<u>83,955</u>	<u>11,404</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1,270,521	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	92,208	-	-	-	-
-	3,880	6,521	-	-	-
-	218,791	367,708	-	-	-
-	1,585,400	374,229	-	-	-
<u>7</u>	<u>612,321</u>	<u>(335,269)</u>	<u>17,138</u>	<u>83,955</u>	<u>11,404</u>
-	-	3,100,000	790,000	50,000	1,215,000
-	-	3,100,000	790,000	50,000	1,215,000
7	612,321	2,764,731	807,138	133,955	1,226,404
223	2,288,718	(2,928,009)	(917,421)	123,159	(1,334,188)
<u>\$ 230</u>	<u>\$ 2,901,039</u>	<u>\$ (163,278)</u>	<u>\$ (110,283)</u>	<u>\$ 257,114</u>	<u>\$ (107,784)</u>

(continued)

City of Sierra Vista  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2021  
(Concluded)

	SVMPO	SEACOM	Total Nonmajor Special revenue funds
<b>REVENUES</b>			
Intergovernmental	\$ 731,968	\$ 2,401,410	\$ 4,874,052
Charges for services	-	-	2,320,247
Fines	-	-	7
Investment income	-	-	665
Contributions	-	16,015	278,952
Other revenues	-	-	74,426
Total revenues	<u>731,968</u>	<u>2,417,425</u>	<u>7,548,349</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	158,689
Public safety	-	2,059,815	2,227,464
Public works	685,792	-	2,913,769
Culture and recreation	-	-	47,706
Community development	-	-	244,220
Capital outlay	-	476,411	927,145
Debt service:			
Interest and fiscal charges	-	-	10,401
Principal	-	-	586,499
Total expenditures	<u>685,792</u>	<u>2,536,226</u>	<u>7,115,893</u>
Excess (deficiency) of revenues over expenditures	<u>46,176</u>	<u>(118,801)</u>	<u>432,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	5,272,828
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,272,828</u>
Net change in fund balances	46,176	(118,801)	5,705,284
Fund balances - beginning	4,081	512,962	(1,596,873)
Fund balances - ending	<u>\$ 50,257</u>	<u>\$ 394,161</u>	<u>\$ 4,108,411</u>

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City of Sierra Vista  
 Non-major Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	Miscellaneous Donations		
	Budget	Actual	Variance with Budget
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines	-	-	-
Investment income	-	-	-
Contributions	21,335	191,716	170,381
Other revenues	-	-	-
Total revenues	21,335	191,716	170,381
<b>EXPENDITURES</b>			
Current:			
General government	13,580	8	13,572
Public safety	367,281	87,712	279,569
Public works	-	-	-
Culture and recreation	265,807	1,027	264,780
Community development	8,085	-	8,085
Capital outlay	-	7,518	(7,518)
Debt service:	-	-	-
Interest and fiscal charges	-	-	-
Principal	-	-	-
Total expenditures	654,753	96,265	558,488
Excess (deficiency) of revenues over expenditures	(633,418)	95,451	728,869
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	95,451	728,869
Fund balances - beginning	633,418	200,299	-
Fund balances - ending	\$ -	\$ 295,750	\$ 295,750



LTAf			Police Special Programs		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ 1,395,466	\$ 898,348	\$ (497,118)	\$ 50,000	\$ -	\$ (50,000)
119,200	73,522	(45,678)	-	5,252	5,252
-	-	-	-	-	-
-	-	-	-	290	290
-	-	-	-	3,723	3,723
1,000	6,095	5,095	75,000	66,209	(8,791)
<u>1,515,666</u>	<u>977,965</u>	<u>(537,701)</u>	<u>125,000</u>	<u>75,474</u>	<u>(49,526)</u>
-	-	-	-	-	-
-	-	-	169,500	24,454	145,046
1,223,666	957,456	266,210	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
400,000	17,505	382,495	150,000	24,122	125,878
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,623,666</u>	<u>974,961</u>	<u>648,705</u>	<u>319,500</u>	<u>48,576</u>	<u>270,924</u>
<u>(108,000)</u>	<u>3,004</u>	<u>111,004</u>	<u>(194,500)</u>	<u>26,898</u>	<u>221,398</u>
108,000	108,000	-	-	-	-
<u>108,000</u>	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	111,004	111,004	-	26,898	221,398
-	272,643	-	194,500	180,660	-
<u>\$ -</u>	<u>\$ 383,647</u>	<u>\$ 383,647</u>	<u>\$ -</u>	<u>\$ 207,558</u>	<u>\$ 207,558</u>

(Continued)

City of Sierra Vista  
 Non-major Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021  
 (Continued)

	Grants		
	Budget	Actual	Variance with Budget
<b>REVENUES</b>			
Intergovernmental	\$ 5,399,965	\$ 737,118	\$ (4,662,847)
Charges for services	-	-	-
Fines	-	-	-
Investment income	-	-	-
Contributions	929,500	67,498	(862,002)
Other revenues	-	-	-
Total revenues	6,329,465	804,616	(5,524,849)
<b>EXPENDITURES</b>			
Current:			
General government	547,325	158,681	388,644
Public safety	242,329	55,483	186,846
Public works	-	-	-
Culture and recreation	226,500	46,679	179,821
Community development	168,897	244,220	(75,323)
Capital outlay	5,159,800	309,381	4,850,419
Debt service:			
Interest and fiscal charges	-	-	-
Principal	-	-	-
Total expenditures	6,344,851	814,444	5,530,407
Excess (deficiency) of revenues over expenditures	(15,386)	(9,828)	5,558
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Transfers in	6,057	9,828	3,771
Total other financing sources (uses)	6,057	9,828	3,771
Net change in fund balances	-	-	9,329
Fund balances - beginning	9,329	-	-
Fund balances - ending	\$ -	\$ -	\$ -

Judicial Collection Enhancement			Airport		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ 1,098,595	\$ 105,208	\$ (993,387)
-	-	-	875,000	2,090,016	1,215,016
10	7	(3)	-	-	-
-	-	-	-	375	375
-	-	-	-	-	-
-	-	-	-	2,122	2,122
10	7	(3)	1,973,595	2,197,721	224,126
300	-	300	-	-	-
-	-	-	-	-	-
-	-	-	784,018	1,270,521	(486,503)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,940,500	92,208	1,848,292
-	-	-	3,881	3,880	1
-	-	-	71,466	218,791	(147,325)
300	-	300	2,799,865	1,585,400	1,214,465
(290)	7	297	(826,270)	612,321	1,438,591
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7	297	-	612,321	1,438,591
290	223	-	826,270	2,288,718	-
\$ -	\$ 230	\$ 230	\$ -	\$ 2,901,039	\$ 2,901,039

(Continued)

City of Sierra Vista  
 Non-major Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021  
 (Continued)

	Park Development Fee		
	Budget	Actual	Variance with Budget
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	150,000	38,960	(111,040)
Fines	-	-	-
Investment income	-	-	-
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	150,000	38,960	(111,040)
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	6,522	6,521	1
Principal	120,108	367,708	(247,600)
Total expenditures	126,630	374,229	(247,599)
Excess (deficiency) of revenues over expenditures	23,370	(335,269)	(358,639)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Transfers in	404,640	3,100,000	2,695,360
Total other financing sources (uses)	404,640	3,100,000	2,695,360
Net change in fund balances	-	2,764,731	2,336,721
Fund balances - beginning	(428,010)	(2,928,009)	-
Fund balances - ending	\$ -	\$ (163,278)	\$ (163,278)

Police Development Fee			Infrastructure Development Fee		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45,000	17,138	(27,862)	150,000	83,955	(66,045)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,000	17,138	(27,862)	150,000	83,955	(66,045)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,000	17,138	(27,862)	150,000	83,955	(66,045)
15,000	790,000	775,000	50,000	50,000	-
15,000	790,000	775,000	50,000	50,000	-
60,000	807,138	747,138	200,000	133,955	(66,045)
(60,000)	(917,421)	-	(200,000)	123,159	-
\$ -	\$ (110,283)	\$ (110,283)	\$ -	\$ 257,114	\$ 257,114

(Continued)

City of Sierra Vista  
 Non-major Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021  
 (Continued)

	Fire Development Fee		
	Budget	Actual	Variance with Budget
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	45,000	11,404	(33,596)
Fines	-	-	-
Investment income	-	-	-
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	45,000	11,404	(33,596)
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Principal	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	45,000	11,404	(33,596)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Transfers in	15,000	1,215,000	1,200,000
Total other financing sources (uses)	15,000	1,215,000	1,200,000
Net change in fund balances	60,000	1,226,404	1,166,404
Fund balances - beginning	(60,000)	(1,334,188)	-
Fund balances - ending	\$ -	\$ (107,784)	\$ (107,784)

SVMPO			SEACOM		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ 834,601	\$ 731,968	\$ (102,633)	\$ 2,633,965	\$ 2,401,410	\$ (232,555)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	16,015	16,015
-	-	-	-	-	-
<u>834,601</u>	<u>731,968</u>	<u>(102,633)</u>	<u>2,633,965</u>	<u>2,417,425</u>	<u>(216,540)</u>
-	-	-	-	-	-
-	-	-	2,295,278	2,059,815	235,463
834,601	685,792	148,809	-	-	-
-	-	-	-	-	-
-	-	-	338,687	476,411	(137,724)
-	-	-	-	-	-
-	-	-	-	-	-
<u>834,601</u>	<u>685,792</u>	<u>148,809</u>	<u>2,633,965</u>	<u>2,536,226</u>	<u>97,739</u>
<u>-</u>	<u>46,176</u>	<u>46,176</u>	<u>-</u>	<u>(118,801)</u>	<u>(118,801)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	46,176	46,176	-	(118,801)	(118,801)
-	4,081	-	-	512,962	-
<u>\$ -</u>	<u>\$ 50,257</u>	<u>\$ 50,257</u>	<u>\$ -</u>	<u>\$ 394,161</u>	<u>\$ 394,161</u>

(Continued)

City of Sierra Vista  
Non-major Special Revenue Funds  
Combining Schedule of Revenues, Expenditures and Changes Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021  
(Concluded)

	Totals		
	Budget	Actual	Variance with Budget
<b>REVENUES</b>			
Intergovernmental	\$ 11,412,592	\$ 4,874,052	\$ (6,538,540)
Charges for services	1,384,200	2,320,247	936,047
Fines	10	7	(3)
Investment income	-	665	665
Contributions	950,835	278,952	(671,883)
Other revenues	76,000	74,426	(1,574)
Total revenues	<u>13,823,637</u>	<u>7,548,349</u>	<u>(6,275,288)</u>
<b>EXPENDITURES</b>			
Current:			
General government	561,205	158,689	402,516
Public safety	3,074,388	2,227,464	846,924
Public works	2,842,285	2,913,769	(71,484)
Culture and recreation	492,307	47,706	444,601
Community development	176,982	244,220	(67,238)
Capital outlay	7,988,987	927,145	7,061,842
Debt service:			
Interest and fiscal charges	10,403	10,401	2
Principal	191,574	586,499	(394,925)
Total expenditures	<u>15,338,131</u>	<u>7,115,893</u>	<u>8,222,238</u>
Excess (deficiency) of revenues over expenditures	<u>(1,514,494)</u>	<u>432,456</u>	<u>1,946,950</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out		-	-
Transfers in	598,697	5,272,828	4,674,131
Total other financing sources (uses)	<u>598,697</u>	<u>5,272,828</u>	<u>4,674,131</u>
Net change in fund balances	(915,797)	5,705,284	6,621,081
Fund balances - beginning	915,797	(1,596,873)	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,108,411</u>	<u>\$ 4,108,411</u>



## **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  
SV MUNICIPAL PROP I&R  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budget</u>		<u>Variance with</u>
	<u>Original &amp;</u>	<u>Actual</u>	<u>Final Budget</u>
	<u>Final</u>		
<b>EXPENDITURES</b>			
Debt service:			
Interest and fiscal charges	\$ 345,794	\$ 344,794	\$ 1,000
Principal	<u>3,580,000</u>	<u>3,580,000</u>	<u>-</u>
Total debt service	<u>3,925,794</u>	<u>3,924,794</u>	<u>1,000</u>
Total expenditures	<u>3,925,794</u>	<u>3,924,794</u>	<u>1,000</u>
	<u>(3,925,794)</u>	<u>(3,924,794)</u>	<u>1,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>3,925,794</u>	<u>3,924,794</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>3,925,794</u>	<u>3,924,794</u>	<u>(1,000)</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **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  
Capital Improvements  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budget</u> Original & Final	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 4,154,880	\$ 5,100,133	\$ 945,253
Other revenues	500,000	-	(500,000)
Total revenues	<u>4,654,880</u>	<u>5,100,133</u>	<u>445,253</u>
<b>EXPENDITURES</b>			
Capital outlay	2,025,000	1,038,374	986,626
Total expenditures	<u>2,025,000</u>	<u>1,038,374</u>	<u>986,626</u>
Excess (deficiency) of revenues over expenditures	<u>2,629,880</u>	<u>4,061,759</u>	<u>1,431,879</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(6,051,296)	(3,924,794)	2,126,502
Total other financing sources (uses)	<u>(6,051,296)</u>	<u>(3,924,794)</u>	<u>2,126,502</u>
Net change in fund balances	(3,421,416)	136,965	3,558,381
Fund balances - beginning	3,421,416	5,687,709	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,824,674</u>	<u>\$ 5,824,674</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.

**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.

**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.

City of Sierra Vista  
Combining Statement of Net Position  
All Internal Service Funds  
June 30, 2021

	Health and Accident Insurance	Self-Insured Retention	Unemployment Insurance	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,834,353	\$ 169,489	\$ 79,097	\$ 5,082,939
Accounts receivable	254,309	966	-	255,275
Due from other funds	1,751,889	-	-	1,751,889
Total current assets	6,840,551	170,455	79,097	7,090,103
Total assets	\$ 6,840,551	\$ 170,455	\$ 79,097	\$ 7,090,103
<b>LIABILITIES</b>				
Current liabilities:				
Claims payable	153,660	-	-	153,660
Total current liabilities	153,660	-	-	153,660
Total liabilities	153,660	-	-	153,660
<b>NET POSITION</b>				
Unrestricted	6,686,891	170,455	79,097	6,936,443
Total net position	\$ 6,686,891	\$ 170,455	\$ 79,097	\$ 6,936,443

City of Sierra Vista  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
All Internal service funds  
For the Year Ended June 30, 2021

	Health and Accident Insurance	Self-Insured Retention	Unemployment Insurance	Total
<b>OPERATING REVENUES</b>				
Contributions	\$ 4,243,802	\$ -	\$ -	\$ 4,243,802
Other revenues	725,205	17,252	-	742,457
Total operating revenues	<u>4,969,007</u>	<u>17,252</u>	<u>-</u>	<u>4,986,259</u>
<b>OPERATING EXPENSES</b>				
Operations and maintenance	381,492	-	-	381,492
Benefits paid	3,473,721	62,727	17,969	3,554,417
Premiums paid	582,488	-	-	582,488
Total operating expenses	<u>4,437,701</u>	<u>62,727</u>	<u>17,969</u>	<u>4,518,397</u>
Operating income (loss)	<u>531,306</u>	<u>(45,475)</u>	<u>(17,969)</u>	<u>467,862</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	4,089	-	-	4,089
Total nonoperating revenues (expenses)	<u>4,089</u>	<u>-</u>	<u>-</u>	<u>4,089</u>
Change in net position	535,395	(45,475)	(17,969)	471,951
Total net position - beginning	<u>\$ 6,151,496</u>	<u>\$ 215,930</u>	<u>\$ 97,066</u>	<u>\$ 6,464,492</u>
Total net position - ending	<u>\$ 6,686,891</u>	<u>\$ 170,455</u>	<u>\$ 79,097</u>	<u>\$ 6,936,443</u>

City of Sierra Vista  
Combining Statement of Cash Flows  
All Internal service funds  
For the Year Ended June 30, 2021

	Health and Accident Insurance	Self-Insured Retention	Unemployment Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 4,094,349	\$ -	\$ -	\$ 4,094,349
Cash paid to suppliers for goods and services	(4,451,359)	(64,879)	(17,969)	(4,534,207)
Other operating revenues	725,205	17,252	-	742,457
Net cash provided (used) by operating activities	<u>368,195</u>	<u>(47,627)</u>	<u>(17,969)</u>	<u>302,599</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Change in intrafund borrowing	<u>(315,728)</u>	-	-	<u>(315,728)</u>
Net cash provided (used) by noncapital financing activities	<u>(315,728)</u>	-	-	<u>(315,728)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	4,089	-	-	4,089
Net cash provided by investing activities	<u>4,089</u>	-	-	<u>4,089</u>
Net increase (decrease) in cash and cash equivalents	<u>56,556</u>	<u>(47,627)</u>	<u>(17,969)</u>	<u>(9,040)</u>
Balances - beginning of year	<u>\$ 4,777,797</u>	<u>\$ 217,116</u>	<u>\$ 97,066</u>	<u>\$ 5,091,979</u>
Balances - end of the year	<u>\$ 4,834,353</u>	<u>\$ 169,489</u>	<u>\$ 79,097</u>	<u>\$ 5,082,939</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating Income (loss)	\$ 531,306	\$ (45,475)	\$ (17,969)	\$ 467,862
Changes in assets and liabilities:				
Decrease (increase) in gross accounts receivable	(149,453)	-	-	(149,453)
Increase (decrease) in operating portion of accounts payable	(13,658)	(2,152)	-	(15,810)
Net cash provided (used) by operating activities	<u>\$ 368,195</u>	<u>\$ (47,627)</u>	<u>\$ (17,969)</u>	<u>\$ 302,599</u>



## **FIDUCIARY FUNDS**

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

**Abandon Property Fund** - To account for abandon property.

**Upper San Pedro Partnership 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 Net Position  
Custodial Funds  
June 30, 2021

	Abandon Property	USPP
<b>ASSETS</b>		
Cash and investments	\$ 58,754	\$ 367,147
Intergovernmental receivable	-	30,148
Total assets	58,754	397,295
<b>LIABILITIES</b>		
Accounts payable	-	21,042
Due to City	-	-
Total liabilities	-	21,042
<b>NET POSITION</b>		
Restricted for:		
Other agencies	58,754	376,253
Total net position	\$ 58,754	\$ 376,253

<u>CCTC</u>	<u>911 Fund</u>	<u>Total Custodial funds</u>
\$ 46,306	\$ -	\$ 472,207
-	35,128	65,276
<u>46,306</u>	<u>35,128</u>	<u>537,483</u>
5,995	33,905	60,942
-	1,223	1,223
<u>5,995</u>	<u>35,128</u>	<u>62,165</u>
40,311	-	475,318
<u>\$ 40,311</u>	<u>\$ -</u>	<u>\$ 475,318</u>

City of Sierra Vista  
Combining Statement of Changes in Fiduciary Net Position  
Custodial funds  
For the Year Ended June 30, 2021

	<u>Abandon Property</u>	<u>USPP</u>
<b>ADDITIONS</b>		
Intergovernmental	\$ -	\$ 289,635
Abandon property	1,616	-
Investment earnings	-	49
Total additions	<u>1,616</u>	<u>289,684</u>
<b>DEDUCTIONS</b>		
Payments to vendors	-	477,311
Payments to State	4,523	-
Total deductions	<u>4,523</u>	<u>477,311</u>
<b>Net increase (decrease) in fiduciary net position</b>	<u>(2,907)</u>	<u>(187,627)</u>
<b>Net Position, beginning of year, as restated</b>	61,661	563,880
<b>Net Position, end of year</b>	<u>\$ 58,754</u>	<u>\$ 376,253</u>

<u>CCTC</u>	<u>911 Fund</u>	<u>Total Custodial funds</u>
\$ 224,022	\$ 820,350	\$ 1,334,007
-	-	1,616
-	-	49
<u>224,022</u>	<u>820,350</u>	<u>1,335,672</u>
236,159	820,350	1,533,820
-	-	4,523
<u>236,159</u>	<u>820,350</u>	<u>1,538,343</u>
<u>(12,137)</u>	<u>-</u>	<u>(202,671)</u>
52,448	-	677,989
<u>\$ 40,311</u>	<u>\$ -</u>	<u>\$ 475,318</u>

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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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 98,771,323	\$ 97,557,911	\$ 99,144,355	\$ 99,075,363
Restricted	2,500,401	4,524,148	4,966,561	6,909,429
Unrestricted	<u>(250,806)</u>	<u>(5,123,877)</u>	<u>(8,525,763)</u>	<u>(51,965,213)</u>
Total governmental activities net position	<u>\$ 101,020,918</u>	<u>\$ 96,958,182</u>	<u>\$ 95,585,153</u>	<u>\$ 54,019,579</u>
Business-type activities				
Net investment in capital assets	\$ 34,333,688	\$ 33,088,657	\$ 35,493,373	\$ 35,024,841
Restricted			51,233	51,233
Unrestricted	<u>(1,819,668)</u>	<u>(382,866)</u>	<u>(469,568)</u>	<u>(4,616,338)</u>
Total business-type activities net position	<u>\$ 32,514,020</u>	<u>\$ 32,705,791</u>	<u>\$ 35,075,038</u>	<u>\$ 30,459,736</u>
Primary government				
Net investment in capital assets	\$ 133,105,011	\$ 130,646,568	\$ 134,637,728	\$ 134,100,204
Restricted	2,500,401	4,524,148	5,017,794	6,960,662
Unrestricted	<u>(2,070,474)</u>	<u>(5,506,743)</u>	<u>(8,995,331)</u>	<u>(56,581,551)</u>
Total primary government net position	<u>\$ 133,534,938</u>	<u>\$ 129,663,973</u>	<u>\$ 130,660,191</u>	<u>\$ 84,479,315</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 98,246,265	\$ 99,349,505	\$ 100,465,079	\$ 98,465,677	\$ 97,228,504	\$ 101,335,054
8,033,660	4,863,722	4,107,197	9,366,097	12,291,210	13,381,797
(54,647,190)	(57,454,383)	(65,868,132)	(69,481,084)	(70,700,244)	(64,712,419)
<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>	<u>\$ 50,004,432</u>
\$ 35,650,689	\$ 33,923,064	\$ 34,325,116	\$ 34,056,919	\$ 34,252,030	\$ 35,560,071
51,233	51,233				
(5,463,562)	(4,621,357)	(5,407,181)	(5,277,802)	(5,998,875)	(6,867,752)
<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>	<u>\$ 28,692,319</u>
\$ 133,896,954	\$ 133,272,569	\$ 134,790,195	\$ 132,522,596	\$ 131,480,534	\$ 136,895,125
8,084,893	4,914,955	4,107,197	9,366,097	12,291,210	13,381,797
(60,110,752)	(62,075,740)	(71,275,313)	(74,758,886)	(76,699,119)	(71,580,171)
<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>	<u>\$ 78,696,751</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,416,997	\$ 5,733,325	\$ 6,461,623	\$ 6,609,010
Public safety	15,741,058	16,679,199	16,892,244	18,599,902
Public works	15,684,106	13,971,626	15,894,553	16,486,381
Culture and recreation	4,682,921	5,451,451	3,891,908	3,107,107
Community development	1,256,425	922,944	1,174,014	1,088,865
Interest and fiscal charges	1,193,187	1,094,226	984,643	881,623
Total governmental activities expenses	<u>43,974,694</u>	<u>43,852,771</u>	<u>45,298,985</u>	<u>46,772,888</u>
Business-type activities:				
Sewer	3,695,564	3,995,159	3,991,879	3,804,727
Refuse	4,244,047	4,421,364	4,272,556	4,088,053
Leisure				
Total business-type activities expenses	<u>7,939,611</u>	<u>8,416,523</u>	<u>8,264,435</u>	<u>7,892,780</u>
Total primary government expenses	<u>\$ 51,914,305</u>	<u>\$ 52,269,294</u>	<u>\$ 53,563,420</u>	<u>\$ 54,665,668</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 267,922	\$ 1,048,052	\$ 1,525,767	\$ 1,486,331
Public safety	1,721,067	1,691,539	1,221,295	1,545,943
Public works	2,522,046	2,384,010	2,560,147	2,355,411
Culture and recreation	1,079,641	1,124,673	1,036,840	1,062,303
Community development	1,627,780	767,063	1,138,824	890,573
Operating grants and contributions	1,522,872	1,282,624	1,783,822	2,010,368
Capital grants and contributions	4,376,706	1,152,159	3,303,899	1,853,539
Total governmental activities program revenues	<u>13,118,034</u>	<u>9,450,120</u>	<u>12,570,594</u>	<u>11,204,468</u>
Business-type activities:				
Charges for services:				
Sewer	4,274,980	4,029,798	4,084,499	2,586,469
Refuse	4,720,748	4,679,431	4,638,149	4,327,870
Leisure				
Capital grants and contributions	401,970	48,878	2,060,847	293,936
Total business-type activities program revenues	<u>9,397,698</u>	<u>8,758,107</u>	<u>10,783,495</u>	<u>7,208,275</u>
Total primary government program revenues	<u>\$ 22,515,732</u>	<u>\$ 18,208,227</u>	<u>\$ 23,354,089</u>	<u>\$ 18,412,743</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (30,856,660)	\$ (34,402,651)	\$ (32,728,391)	\$ (35,568,420)
Business-type activities	1,458,087	341,584	2,519,060	(684,505)
Total primary government net expense	<u>\$ (29,398,573)</u>	<u>\$ (34,061,067)</u>	<u>\$ (30,209,331)</u>	<u>\$ (36,252,925)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 400,517	\$ 397,349	\$ 390,759	\$ 371,634
Sales taxes	16,757,320	16,192,020	16,650,008	17,555,028
Franchise taxes	620,157	-	-	-
State shared revenues	11,712,579	12,775,428	13,494,847	14,369,609
Investment income	14,763	35,631	21,877	15,870
Other revenues	1,154,004	789,674	648,058	990,238
Transfers	149,813	149,813	149,813	149,813
Total governmental activities	<u>30,809,153</u>	<u>30,339,915</u>	<u>31,355,362</u>	<u>33,452,192</u>
Business-type activities:				
Investment income				
Transfers	(149,813)	(149,813)	(149,813)	(149,813)
Total business-type activities	<u>(149,813)</u>	<u>(149,813)</u>	<u>(149,813)</u>	<u>(149,813)</u>
Total primary government	<u>\$ 30,659,340</u>	<u>\$ 30,190,102</u>	<u>\$ 31,205,549</u>	<u>\$ 33,302,379</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (47,507)	\$ (4,062,736)	\$ (1,373,029)	\$ (2,116,228)
Business-type activities	1,308,274	191,771	2,369,247	(834,318)
Total primary government	<u>\$ 1,260,767</u>	<u>\$ (3,870,965)</u>	<u>\$ 996,218</u>	<u>\$ (2,950,546)</u>

Source: City of Sierra Vista

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

	2016	2017	2018	2019	2020	2021
\$	7,299,648	\$ 6,628,073	\$ 6,856,884	\$ 6,996,456	\$ 7,167,118	\$ 7,225,450
	18,164,895	22,560,672	21,714,387	21,839,622	24,919,339	23,291,439
	15,572,233	15,218,602	15,329,956	14,620,116	14,767,173	14,783,180
	3,679,116	4,584,022	4,662,675	4,256,316	5,213,946	4,080,249
	869,175	856,310	934,551	2,028,572	1,123,834	2,029,442
	774,429	656,506	319,566	256,553	581,077	438,217
	<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>	<u>51,847,977</u>
	3,957,011	3,861,004	3,912,622	3,789,592	3,928,742	3,871,150
	4,188,929	4,385,874	4,263,011	4,391,923	4,917,805	4,683,428
	<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>8,554,578</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>	<u>60,402,555</u>
\$	1,364,244	\$ 3,861,004	\$ 2,378,403	\$ 1,711,699	\$ 2,540,772	\$ 2,044,093
	1,704,179	4,385,874	1,991,175	2,320,282	2,217,835	2,170,792
	2,542,471	3,020,506	2,572,341	2,628,271	3,638,990	3,304,528
	1,051,700	1,064,926	1,124,607	1,165,869	716,286	486,225
	619,315	572,304	466,122	365,108	382,280	505,314
	1,572,360	1,597,066	2,240,538	2,919,900	5,073,337	10,725,364
	1,801,904	1,893,296	2,042,965	311,754	968,573	1,432,438
	<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>	<u>20,668,754</u>
	3,839,006	3,824,136	3,881,815	3,650,091	3,586,287	3,802,013
	4,235,371	3,687,135	3,671,272	4,151,074	4,399,965	4,668,625
			184,378	241,532	323,837	522,609
	<u>8,074,377</u>	<u>7,511,271</u>	<u>7,737,465</u>	<u>8,042,697</u>	<u>8,310,089</u>	<u>8,993,247</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>	<u>29,662,001</u>
\$	(35,703,323)	\$ (34,109,209)	\$ (37,001,868)	\$ (38,574,752)	\$ (38,234,414)	\$ (31,179,223)
	(71,563)	(735,607)	(438,168)	(138,818)	(536,458)	438,669
\$	<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>	<u>(30,740,554)</u>
\$	359,567	\$ 364,542	\$ 358,082	\$ 358,153	\$ 363,530	\$ 370,510
	17,749,083	18,092,696	18,875,557	20,040,690	21,031,942	23,377,588
	14,666,533	14,880,201	15,419,313	15,589,252	16,746,716	18,151,433
	17,288	31,188	44,597	83,055	53,794	4,792
	374,195	431,580	519,619	557,624	507,212	459,862
	149,813	149,813				
	<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>	<u>42,364,185</u>
			3,163		10,496	495
	<u>(149,813)</u>	<u>(149,813)</u>	<u>3,163</u>	<u>-</u>	<u>10,496</u>	<u>495</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>	<u>42,364,680</u>
\$	(2,386,844)	\$ (159,189)	\$ (1,784,700)	\$ (1,945,978)	\$ 468,780	\$ 11,184,962
	(221,376)	(885,420)	(435,005)	(138,818)	(525,962)	439,164
\$	<u>(2,608,220)</u>	<u>(1,044,609)</u>	<u>(2,219,705)</u>	<u>(2,084,796)</u>	<u>(57,182)</u>	<u>11,624,126</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Unreserved				
Unassigned	\$ 3,878,908	\$ 3,898,837	\$ 3,972,820	\$ 4,066,675
Nonspendable				
Total General Fund balance	<u>\$ 3,878,908</u>	<u>\$ 3,898,837</u>	<u>\$ 3,972,820</u>	<u>\$ 4,066,675</u>
All Other Governmental Funds				
Restricted	\$ 4,437,036	\$ 4,524,148	\$ 4,966,561	\$ 6,909,429
Nonspendable				
Unassigned	(1,936,635)	(2,758,173)	(3,619,690)	(4,028,268)
Total all other governmental funds	<u>2,500,401</u>	<u>1,765,975</u>	<u>1,346,871</u>	<u>2,881,161</u>
Total all governmental funds	<u>\$ 6,379,309</u>	<u>\$ 5,664,812</u>	<u>\$ 5,319,691</u>	<u>\$ 6,947,836</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 4,076,911	\$ 4,098,515	\$ 4,098,515	\$ 5,762,990	\$ 5,961,579	\$ 6,423,769
52,031	75,647	138,478	82,999	55,351	73,866
<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>	<u>\$ 6,497,635</u>
\$ 8,033,660	\$ 7,809,861	\$ 7,554,217	\$ 9,266,201	\$12,178,559	\$13,317,127
73,438	118,913	113,184	99,896	112,651	64,670
(4,631,568)	(5,663,027)	(5,511,407)	(5,629,619)	(5,179,618)	(381,345)
<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>13,000,452</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>	<u>\$19,498,087</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues:</b>				
Taxes	\$ 17,777,994	\$ 16,589,369	\$ 17,040,767	\$ 17,926,662
Licenses and permits	1,093,475	1,444,445	1,855,217	1,775,419
Intergovernmental	14,233,771	14,916,649	16,911,860	16,638,440
Charges for services	6,095,979	5,545,131	5,602,590	5,542,823
Fines	29,002	25,761	25,066	22,319
Investment income	14,763	35,631	21,877	15,870
Contributions	2,960,309	153,794	1,670,708	1,595,076
Other revenues	1,154,004	789,674	648,058	990,238
Total revenues	<u>43,359,297</u>	<u>39,500,454</u>	<u>43,776,143</u>	<u>44,506,847</u>
<b>Expenditures:</b>				
General government	5,095,292	5,962,304	5,931,492	6,135,261
Public safety	13,580,188	13,831,076	15,097,854	14,652,603
Public works	15,444,339	12,325,352	14,719,023	14,221,370
Culture and recreation	3,743,441	4,639,890	3,171,277	2,997,303
Community development	1,186,790	836,423	1,082,532	1,191,835
Capital outlay	268,626	364,628	234,592	
Debt service -				
Interest and fiscal charges	1,193,187	1,094,226	984,643	881,623
Bond issuance costs				
Payment to refunding bond escrow agent				
Principal	2,694,552	3,733,604	3,049,664	2,948,520
Total expenditures	<u>43,206,415</u>	<u>42,787,503</u>	<u>44,271,077</u>	<u>43,028,515</u>
Excess (deficiency) of revenues over expenditures	152,882	(3,287,049)	(494,934)	1,478,332
<b>Other financing sources (uses):</b>				
Transfers out	(4,843,907)	(5,160,541)	(5,368,626)	(4,715,328)
Transfer in	4,993,720	5,310,354	5,518,439	4,865,141
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>357,709</u>	<u>2,572,552</u>	<u>149,813</u>	<u>149,813</u>
Net Change in fund balances	<u>\$ 510,591</u>	<u>\$ (714,497)</u>	<u>\$ (345,121)</u>	<u>\$ 1,628,145</u>
Debt service as a percentage of noncapital expenditures	10.4%	12.6%	10.4%	10.0%

Source: City of Sierra Vista



<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 18,108,650	\$ 18,457,238	\$ 19,233,639	\$ 20,398,843	\$ 21,395,472	\$ 23,748,099
1,553,851	1,729,991	1,998,204	1,921,499	1,993,234	1,829,125
16,336,187	18,205,719	17,768,716	18,624,860	22,563,071	30,029,366
5,707,852	6,194,348	5,810,644	6,196,544	6,650,654	6,207,699
20,206	19,020	21,430	19,535	10,868	2,175
17,288	31,188	44,597	83,055	53,794	4,792
1,704,611	164,844	909,675	196,072	225,555	279,870
374,195	431,560	519,619	557,624	507,212	459,862
<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>	<u>62,560,988</u>
6,354,521	6,198,461	6,384,018	6,800,502	6,752,031	7,081,543
15,352,722	17,387,613	18,210,858	19,765,952	21,901,308	22,693,352
13,211,542	15,453,133	12,854,850	11,284,364	12,007,575	14,484,400
3,150,038	3,384,473	3,483,371	4,529,600	4,280,076	5,981,964
873,558	862,021	939,144	896,691	1,099,326	1,066,685
524,409	372,698	49,056		12,750,668	
774,429	656,506	196,057	191,304	419,078	372,968
		123,509		96,750	
		1,749,506			
<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>4,510,511</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>	<u>56,191,423</u>
556,823	(2,226,484)	(912,378)	1,621,956	(10,168,945)	6,369,565
(4,768,674)	(5,237,077)	(4,418,200)	(3,763,962)	(5,068,766)	(9,197,622)
4,868,487	5,361,890	4,393,200	3,738,962	5,068,766	9,197,622
		11,345,000		13,715,000	
		(11,221,491)			
	937,088	766,947	-	-	-
<u>99,813</u>	<u>1,061,901</u>	<u>865,456</u>	<u>(25,000)</u>	<u>13,715,000</u>	<u>-</u>
<u>\$ 656,636</u>	<u>\$ (1,164,583)</u>	<u>\$ (46,922)</u>	<u>\$ 1,596,956</u>	<u>\$ 3,546,055</u>	<u>\$ 6,369,565</u>
9.7%	9.4%	8.1%	7.5%	9.8%	9.9%

Source: City of Sierra Vista

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

<b>Business Category</b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Communications & utilities	\$ 1,596,186	\$ 1,601,169	\$ 1,495,522	\$ 1,505,027
Transportation & warehousing	9,194	9,566	6,850	6,080
Construction	1,028,675	986,088	1,116,402	1,403,500
Manufacturing	275,777	232,035	228,141	237,632
Wholesale trade	142,693	116,566	247,272	313,885
Retail trade	8,711,519	8,915,252	9,183,309	9,438,478
Finance & insurance	8,679	9,940	13,650	15,287
Real estate, rental & leasing	1,290,723	1,209,747	1,172,494	1,155,182
Restaurant & bar	1,889,937	1,742,476	1,768,624	1,817,655
Accommodation	1,191,335	773,819	770,012	864,633
Services	478,406	481,911	544,579	642,174
Arts & entertainment	6,845	7,822	7,788	6,188
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	127,350	105,629	95,365	149,307
Under old classifications				
<b>Total</b>	<b><u>\$16,757,320</u></b>	<b><u>\$16,192,020</u></b>	<b><u>\$16,650,008</u></b>	<b><u>\$17,555,028</u></b>

Source:

Arizona Department of Revenue

Notes:

Effective 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.

Effective March 1 , 2021, the Construciton Contracting tax classifications taxed at a 2.45% rate were reduced to 1.95%.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
914,616	1,038,117	1,071,019	1,127,563	1,074,415	1,076,888
274,829	219,084	232,131	239,953	216,536	151,774
45,105	47,353	43,627	38,606	35,651	35,135
1,956,725	2,176,936	2,252,588	2,391,663	2,318,154	2,637,676
621,019	519,852	723,807	828,653	708,650	503,461
8,042,943	9,230,031	9,519,169	10,064,496	10,599,143	12,033,089
533,442	509,904	625,414	760,457	722,244	796,415
27,328	8,975	9,359	8,361	8,576	12,070
374,580	399,242	410,991	432,682	452,833	497,024
1,920,150	2,205,658	2,342,216	2,428,222	2,743,032	2,921,812
384,082	370,495	362,403	369,639	356,607	362,874
177,405	222,022	213,311	259,529	231,317	238,315
714,949	897,679	909,068	917,068	860,399	930,791
106,767	105,786	160,454	173,798	586,917	1,091,943
1,655,143	141,562			117,468	88,321
<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>	<u>\$23,377,588</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>
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%
2021	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				
Fiscal Year	Pledged Revenues	Principal	Interest	Coverage
2012	\$ 25,688,339	\$ 2,330,000	\$ 1,107,020	
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
2021	36,627,472	4,270,000	409,518	7.15

Source: City of Sierra Vista

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Estimated Property Value	\$3,145,518,326	\$3,082,322,495	\$2,926,589,424	\$2,922,865,504
<b>Assessed Property Value</b>	<b>\$ 354,576,088</b>	<b>\$ 342,392,651</b>	<b>\$ 325,296,345</b>	<b>\$ 320,629,532</b>
<b><u>Debt Limits</u></b>				
Legal Debt Limit - 20% Bonds	\$ 70,915,218	\$ 68,478,530	\$ 65,059,269	\$ 64,125,906
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 20% Bonds	<u>\$ 70,915,218</u>	<u>\$ 68,478,530</u>	<u>\$ 65,059,269</u>	<u>\$ 64,125,906</u>
Legal Debt Limit - 6% Bonds	\$ 21,274,565	\$ 20,543,559	\$ 19,517,781	\$ 19,237,772
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 6% Bonds	<u>\$ 21,274,565</u>	<u>\$ 20,543,559</u>	<u>\$ 19,517,781</u>	<u>\$ 19,237,772</u>

**Direct Government Activities Debt**

City of Sierra Vista	\$ 27,450,416	\$ 26,139,551	\$ 23,089,887	\$ 20,141,367
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**Overlapping Governmental Activities Debt**

Jurisdiction:

Sierra Vista Public Schools	None	None	None	None
Cochise College	N/A	N/A	N/A	\$ 20,075,000
Cochise County	N/A	N/A	N/A	2,007,494
Total	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 22,082,494</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	\$ 27,450,416	\$ 26,139,551	\$ 23,089,887	\$ 20,141,367
Sierra Vista Public Schools	None	None	None	None
Cochise College	N/A	N/A	N/A	20,075,000
Cochise County	N/A	N/A	N/A	2,007,494
Total	<u>\$ 27,450,416</u>	<u>\$ 26,139,551</u>	<u>\$ 23,089,887</u>	<u>\$ 42,223,861</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$2,935,601,712	\$2,894,459,540	\$2,904,374,277	\$2,971,854,584	\$3,086,344,607	\$3,124,198,356
\$ 319,072,042	\$ 316,232,149	\$ 316,754,103	\$ 324,172,815	\$ 336,377,878	\$ 340,383,802
\$ 63,814,408	\$ 63,246,430	\$ 63,350,821	\$ 64,834,563	\$ 67,275,576	\$ 68,076,760
-	-	-	-	-	-
\$ 63,814,408	\$ 63,246,430	\$ 63,350,821	\$ 64,834,563	\$ 67,275,576	\$ 68,076,760
\$ 19,144,323	\$ 18,973,929	\$ 19,005,246	\$ 19,450,369	\$ 20,182,673	\$ 20,423,028
-	-	-	-	-	-
\$ 19,144,323	\$ 18,973,929	\$ 19,005,246	\$ 19,450,369	\$ 20,182,673	\$ 20,423,028
\$ 17,116,569	\$ 14,908,170	\$ 11,081,584	\$ 8,173,921	\$ 17,626,928	\$ 13,116,417
None	\$ 16,075,000	\$ 16,075,000	\$ 16,075,000	\$ 16,075,000	\$ 16,075,000
\$ 24,310,000	None	None	None	None	None
1,292,713	1,292,713	1,292,713	1,292,713	1,292,713	1,292,713
\$ 25,602,713	\$ 17,367,713	\$ 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
\$ 17,116,569	\$ 14,908,170	\$ 11,081,584	\$ 8,173,921	\$ 17,626,928	\$ 13,116,417
None	16,075,000	16,075,000	16,075,000	16,075,000	16,075,000
24,310,000	N/A	N/A	N/A	N/A	N/A
1,292,713	1,292,713	1,292,713	1,292,713	1,292,713	1,292,713
\$ 42,719,282	\$ 32,275,883	\$ 28,449,297	\$ 25,541,634	\$ 34,994,641	\$ 30,484,130

**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			
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	503	N/A
2021	12,602,000	514,417	3,390,000	619,801	17,126,218	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  
2021 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>
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	45,308	N/A	N/A	6.40%	7.00%	7.90%
2021	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 for 2012 thru 2019  
per Capita Income not available after 2013

Unemployment rates for 2020 from Arizona Department of Commerce

2021 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
City Manager	24	25	25	19	20	21	21	22	23	23
Administrative Services	32	31	31	19	21	21	21	21	23	23
Court and Legal	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	102	102	102	96	95	97	95	82	85	87
SEACOM								12	25	26
Fire	59	61	61	55	55	56	58	66	69	69
Public Works										
Public Works	62	62	62	49	49	50	50	38	38	38
Streets and Traffic	21	21	21	22	22	17	18	18	18	18
Airport	1	1	1	1	1	1	1	2	1	1
Transit	10	10	10	11	11	10	10	10	10	10
Sewer	12	12	12	12	12	12	12	12	13	13
Refuse	14	14	14	14	14	14	15	17	17	17
Culture and Recreation										
Parks and Leisure	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Leisure and Library	37	37	37	25	23	28	27	38	46	46
Community Development	18	18	18	9	12	11	11	11	9	9
	<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>	<u>381</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police				
UCR Part 1 clearance rate	38.1%	37.4%	34.9%	33.9%
UCR Part 1 recovery rate	28.5%	35.1%	30.3%	38.4%
Traffic Citations	5,201	4,956	4,918	4,369
Animals adopted	960	843	728	731
Refuse				
Tons of refuse collected per year	24,906	23,935	23,917	22,496
Sewer				
Acre-feet of effluent treated per year	3,535	2,942	2,544	2,743
Transit				
Number of riders	163,005	158,711	158,598	173,096

Source: City of Sierra Vista

Statistics shown thru 2020 because some departments only compile them on a calendar year basis

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
39.7%	37.6%	35.8%	34.0%	36.0%	45.3%
28.6%	27.1%	31.0%	33.5%	30.3%	70.5%
3,506	3,389	2,321	2,453	2,112	2,199
786	628	678	739	852	708
19,694	17,781	16,491	19,448	N/A	N/A
2,831	2,877	2,027	2,715	N/A	N/A
188,458	140,960	146,578	146,578	N/A	N/A

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police				
Stations	1	1	1	1
Fire				
Stations	3	3	3	3
Refuse				
Refuse trucks	16	16	15	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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1	1	1	1	1	1
3	3	3	3	3	3
16	19	19	18	18	17
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	14	14	14	14	14

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