



City of Sierra Vista, Arizona

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2013

**Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2013**



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

**City Manager Department
Finance Division**

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**CITY OF SIERRA VISTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2013**

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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

February 27, 2014

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

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Sierra Vista, Arizona for the fiscal year ended June 30, 2013.

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

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

The City of Sierra Vista, Arizona's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sierra Vista, Arizona for the fiscal year ended June 30, 2013, 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, 2013, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY

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

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

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

POLICIES AFFECTING FINANCIAL CONDITION

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

Local Economy. Sierra Vista is the economic and retail hub for Cochise County. Fort Huachuca continues to be the major employer in the area. Due to a change in the overall Army travel and lodging policy, the City experienced a decrease in its hotel/motel transaction privilege tax revenues of over \$400,000.

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

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sierra Vista for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Sierra Vista has received a Certificate of Achievement for the last twenty-five 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
Finance Manager



Government Finance Officers Association

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

Presented to

**City of Sierra Vista
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

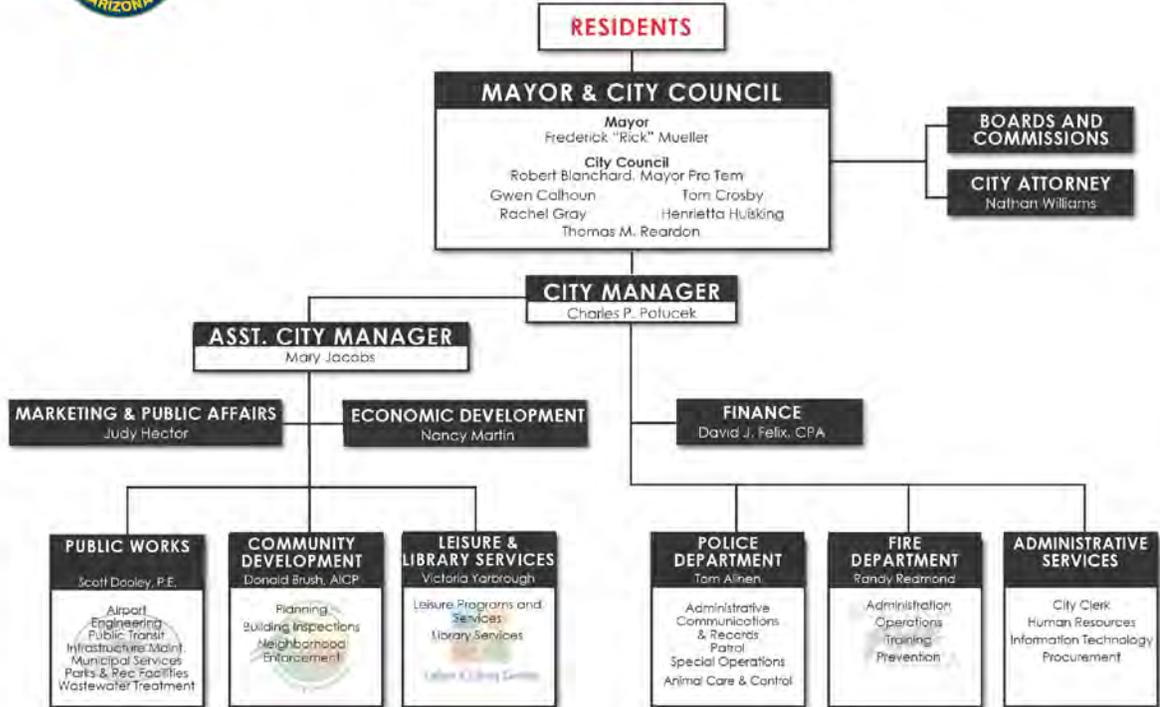
June 30, 2012

Executive Director/CEO



CITY OF SIERRA VISTA

CHART OF ORGANIZATION



City of Sierra Vista Officials

Mayor

Frederick W. "Rick" Mueller

City Council

Robert Blanchard, Mayor Pro Tem

Tom Reardon

Gwendolyn Calhoun

Tom Crosby

Henrietta "Hank" Huisking

Rachel Gray

City Manager

Charles P. Potucek

City Clerk

Jill Adams

City Attorney

Nathan Williams

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 66 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of City of Sierra Vista, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sierra Vista, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

February 27, 2014

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, 2013**

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, 2013.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2013 as follows.

- The City's total net position of governmental activities decreased \$4.06 million to \$97.0 million and business-type activities increased \$0.2 million to \$32.7 million representing 74.8 percent and 25.2 percent respectively, of the total net position of \$129.7 million.
- General revenues from governmental activities accounted for \$30.2 million in revenue, or 76.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9.5 million or 23.8 percent of total governmental activities revenues.
- The City had \$43.9 million in expenses related to governmental activities; of which \$9.5 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$30.2 million were insufficient to provide for the remaining costs of these programs. The City had \$8.4 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and grants and contributions of \$8.8 million.
- The General Fund had \$29.7 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$29.8 million. The General Fund's fund balance remained basically unchanged at \$3.9 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$129.7 million as of June 30, 2013, a decrease of \$3.9 million from June 30, 2012.

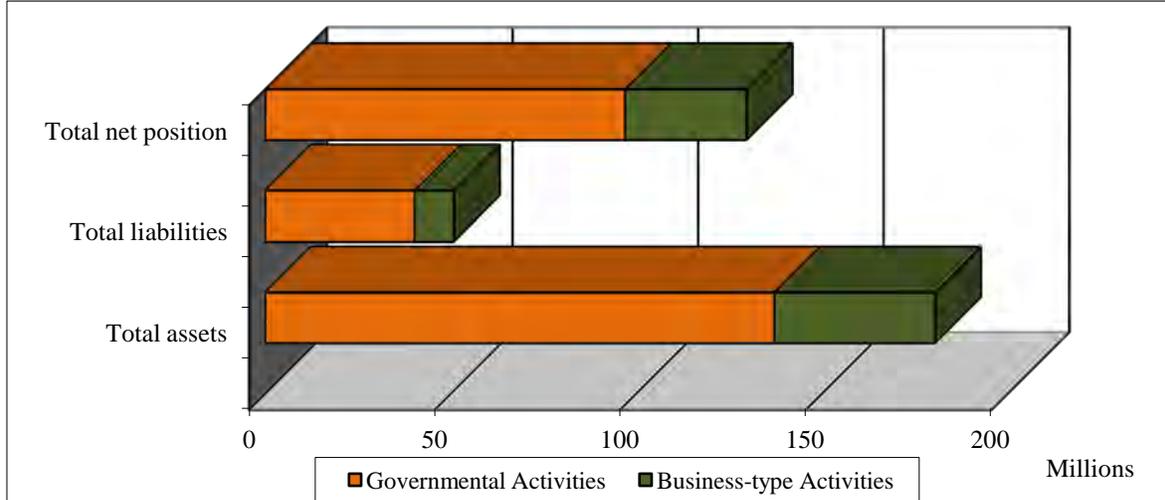
A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital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

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

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2013 and 2012.

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities	2013 Total	2012 Total
Current and other assets	\$13,738,167	\$15,011,183	\$ 649,395	\$4,855,816	\$14,387,562	\$19,846,999
Capital assets, net	<u>123,697,462</u>	<u>126,221,739</u>	<u>42,578,715</u>	<u>39,997,089</u>	<u>166,276,177</u>	<u>166,218,828</u>
Total assets	<u>137,435,629</u>	<u>141,232,922</u>	<u>43,228,110</u>	<u>44,832,905</u>	<u>180,663,739</u>	<u>186,065,827</u>
Current liabilities	7,774,436	8,295,913	1,339,595	2,976,208	9,114,031	11,272,121
Non-current liabilities	<u>32,703,011</u>	<u>31,916,091</u>	<u>9,182,724</u>	<u>9,342,677</u>	<u>41,885,735</u>	<u>41,258,768</u>
Total liabilities	<u>40,477,447</u>	<u>40,212,004</u>	<u>10,522,319</u>	<u>12,318,885</u>	<u>50,999,766</u>	<u>52,530,889</u>
Net position						
Net investment in capital assets	97,557,911	98,771,323	33,088,657	34,333,688	130,646,568	133,105,011
Restricted	4,524,148	2,500,401			4,524,148	2,500,401
Unrestricted	<u>(5,123,877)</u>	<u>(250,806)</u>	<u>(382,866)</u>	<u>(1,819,668)</u>	<u>(5,506,743)</u>	<u>(2,070,474)</u>
Total net position	<u>\$ 96,958,182</u>	<u>\$101,020,918</u>	<u>\$32,705,791</u>	<u>\$32,514,020</u>	<u>\$129,663,973</u>	<u>\$133,534,938</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**



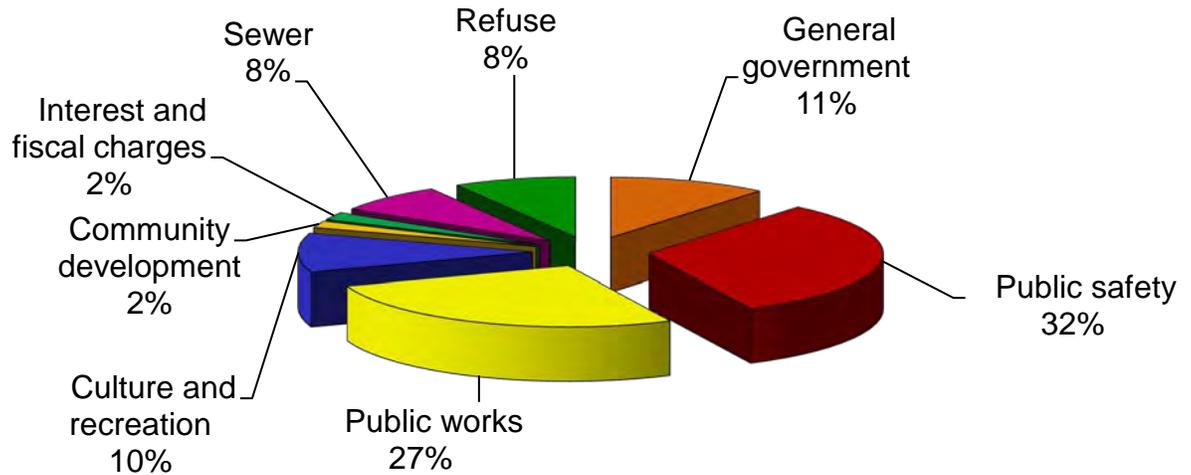
Changes in net position. The City's total revenues for the fiscal year ended June 30, 2013, were \$48.4 million. The total cost of all programs and services was \$52.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012.

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities	2013 Total	2012 Total
Revenues:						
Program revenues:						
Charges for services	\$ 7,015,337	\$ 7,218,456	\$ 8,709,229	\$ 8,995,728	\$ 15,724,566	\$ 16,214,184
Operating grants and contributions	1,282,624	1,522,872			1,282,624	1,522,872
Capital grants and contributions	1,152,159	4,376,706	48,878	401,970	1,201,037	4,778,676
General revenues:						
Property taxes	397,349	400,517			397,349	400,517
Sales taxes	16,192,020	16,757,320			16,192,020	16,757,320
Franchise fees		620,157				620,157
State shared revenues	12,775,428	11,712,579			12,775,428	11,712,579
Other Revenues	789,674	1,154,004			789,674	1,154,004
Investment income	35,631	14,763			35,631	14,763
Total revenues	<u>\$39,640,222</u>	<u>\$43,777,374</u>	<u>\$ 8,758,107</u>	<u>\$ 9,397,698</u>	<u>\$48,398,329</u>	<u>\$53,175,072</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities	2013 Total	2012 Total
Expenses:						
General government	5,733,257	5,416,997			5,733,257	5,416,997
Public safety	16,679,199	15,741,058			16,679,199	15,741,058
Public works	13,971,626	15,684,106			13,971,626	15,684,106
Culture and recreation	5,451,451	4,682,921			5,451,451	4,682,921
Community development	922,944	1,256,425			922,944	1,256,425
Interest and fiscal charges	1,094,226	1,193,187			1,094,226	1,193,187
Sewer			3,995,159	3,695,564	3,995,159	3,695,564
Refuse			<u>4,421,364</u>	<u>4,244,047</u>	<u>4,421,364</u>	<u>4,244,047</u>
Total expenses	<u>43,852,771</u>	<u>43,974,694</u>	<u>8,416,523</u>	<u>7,939,611</u>	<u>52,269,294</u>	<u>51,914,305</u>
Increase (decrease) before transfers	<u>\$ (4,212,549)</u>	<u>\$ (197,320)</u>	<u>\$341,548</u>	<u>\$1,458,087</u>	<u>\$ (3,870,965)</u>	<u>\$ 1,260,767</u>
Transfers	<u>149,813</u>	<u>149,813</u>	<u>(149,813)</u>	<u>(149,813)</u>		
Increase (decrease) in net position	<u>\$ (4,062,736)</u>	<u>\$ (47,507)</u>	<u>\$191,771</u>	<u>\$1,308,274</u>	<u>\$ (3,870,965)</u>	<u>\$ 1,260,767</u>

EXPENSES



**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

	2013		2012	
	Total Expenses	Net (Expense)/Revenue	Total Expenses	Net (Expense)/Revenue
Governmental Activities:				
General government	\$ 5,733,257	\$ (4,676,039)	\$ 5,416,997	\$ (5,138,650)
Public safety	16,679,199	(14,450,310)	15,741,058	(13,146,905)
Public works	13,971,626	(10,006,145)	15,684,106	(8,443,982)
Culture and recreation	5,451,451	(4,030,736)	4,682,921	(3,305,291)
Community development	922,944	(145,195)	1,256,425	371,355
Interest and fiscal charges	1,094,226	(1,094,226)	1,193,187	(1,193,187)
Total expenses	\$ 43,852,771	\$ (34,402,651)	\$ 43,974,694	\$ (30,856,660)
Business-Type Activities:				
Sewer	\$ 3,995,159	\$ 83,517	\$ 3,695,564	\$ 981,386
Refuse	4,421,364	258,067	4,244,047	476,701
Total expenses	\$ 8,416,523	\$341,584	\$ 7,939,611	\$1,458,087

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 is the change in the Department of Defense's travel policy. This caused the City to experience a decrease in its hotel/motel tax revenues of over \$400,000 from 2012.

The second is a decrease in Capital grants and contributions the City received from 2012. The State reconstructed the main east-west street in town with a grant it received, and donated those improvements to the City in 2012. No similar grants were completed and donated in 2013

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 \$5.7 million, a decrease of \$0.7 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 \$19,929, and met the City Council's goal of no reserve usage for the fiscal year.

The City's Capital Improvements Fund funded only one major project this year. The decrease in fund balance of \$0.3 million was mainly due to a transfer to the Airport Fund to pay off an outstanding Arizona Department of Transportation airport hangar loan early. The Airport Fund will repay the Capital Improvements Fund as it has funds available.

The \$0.5 million decrease in the Park Development Fund is due to bond payments for the construction of Cyr Center Park and insufficient connection fee revenues to cover the bond payments. The fund balance will improve when residential construction improves.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Proprietary fund. Net position of the enterprise funds at the end of the year amounted to \$32.7 million. This is an increased of \$0.2 million from 2012.

BUDGETARY HIGHLIGHTS

The City did not amend the General Fund budget during the year. The City conducts a mid-year budget review which provides an opportunity to adjust the fiscal year budget. The fiscal year 2013 mid-year review focused on maintaining the General Fund ending fund balance at a prudent level and maintaining programs and capital expenditures at planned levels. The major budget variances in General Fund revenues are due to a change in the Department of Defense's travel policy and the continued slowdown in residential and commercial building permits. The major budget variance in General Fund expenditures is the delay in hiring replacement staff and the freezing of certain positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the City had a net investment of \$166.3 million in capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$8.2 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2013 and 2012.

	2013		2012	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$7,533,810	\$1,488,882	\$7,533,810	\$1,488,882
Infrastructure	137,643,898	39,963,017	135,175,135	30,796,571
Buildings and improvements	57,480,492	12,684,195	57,408,934	12,588,201
Machinery and equipment	25,121,118	6,601,163	24,409,200	6,209,409
Construction in progress	2,625,756	36,004	1,897,566	6,046,539
Accumulated depreciation	<u>(106,707,612)</u>	<u>(18,194,546)</u>	<u>(100,202,906)</u>	<u>(17,132,513)</u>
Total	<u>\$123,697,462</u>	<u>\$42,578,715</u>	<u>\$126,221,739</u>	<u>\$39,997,089</u>

For additional information on the City's capital assets, see the capital asset section in the footnotes, starting on page 48.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Debt Administration. At year-end, the City had \$35.6 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, 2013 and 2012.

	2013		2012	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Revenue Bonds	\$23,320,000	\$	\$25,745,000	\$
Notes Payable	<u>2,819,551</u>	<u>9,490,058</u>	<u>1,705,416</u>	<u>9,785,661</u>
 Total	 <u>\$26,139,551</u>	 <u>\$ 9,490,058</u>	 <u>\$27,450,416</u>	 <u>\$ 9,785,661</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 50.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2013-2014 budget. The priorities set for the fiscal year 2014 budget include the following:

- Not budgeting the use of the City's General Fund reserves
- 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, 2013**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 10,962,149	\$ 120,065	\$ 11,082,214
Intergovernmental receivable	2,244,847	6,613	2,251,460
Accounts receivable	332,086	522,717	854,803
Inventory	199,085		199,085
Total current assets	13,738,167	649,395	14,387,562
Noncurrent assets:			
Land and improvements	7,533,810	1,488,882	9,022,692
Buildings and improvements	57,480,492	12,684,195	70,164,687
Infrastructure	137,643,898	39,963,017	177,606,915
Machinery and equipment	25,121,118	6,601,162	31,722,280
Construction in progress	2,625,756	36,004	2,661,760
Accumulated depreciation	(106,707,612)	(18,194,545)	(124,902,157)
Total noncurrent assets	123,697,462	42,578,715	166,276,177
Total assets	137,435,629	43,228,110	180,663,739
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,506,366	276,104	1,782,470
Compensated absences payable	1,420,223	76,691	1,496,914
Interest payable	488,060		488,060
Accrued salaries	1,037,728	49,709	1,087,437
Claims payable	226,470		226,470
Revenue bonds payable	2,515,000		2,515,000
Notes payable	534,664	937,091	1,471,755
Other liabilities	42,469		42,469
Customer deposits	3,456		3,456
Total current liabilities	7,774,436	1,339,595	9,114,031
Noncurrent liabilities:			
Net OPEB obligation	9,613,124	629,757	10,242,881
Revenue bonds payable	20,805,000		20,805,000
Notes payable	2,284,887	8,552,967	10,837,854
Total non-current liabilities	32,703,011	9,182,724	41,885,735
Total liabilities	40,477,447	10,522,319	50,999,766
<u>NET POSITION</u>			
Net investment in capital assets	97,557,911	33,088,657	130,646,568
Restricted for:			
Donations	395,155		395,155
Police Special Programs	94,995		94,995
Development Fees	1,932,567		1,932,567
Grants	58,685		58,685
Special purposes	490,178		490,178
Debt service	1,241,156		1,241,156
Capital projects	311,412		311,412
Unrestricted	(5,123,877)	(382,866)	(5,506,743)
Total net position	\$ 96,958,182	\$ 32,705,791	\$ 129,663,973

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

**CITY OF SIERRA VISTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 5,733,325	\$ 1,048,052	\$ 9,234	\$
Public safety	16,679,199	1,691,539	382,163	155,187
Public works	13,971,626	2,384,010	646,499	934,972
Culture and recreation	5,451,451	1,124,673	234,042	62,000
Community development	922,944	767,063	10,686	
Interest and fiscal charges	1,094,226			
Total governmental activities	<u>43,852,771</u>	<u>7,015,337</u>	<u>1,282,624</u>	<u>1,152,159</u>
Business-type activities:				
Sewer	3,995,159	4,029,798		48,878
Refuse	4,421,364	4,679,431		
Total business-type activities	<u>8,416,523</u>	<u>8,709,229</u>		<u>48,878</u>
Total primary government	<u>\$ 52,269,294</u>	<u>\$ 15,724,566</u>	<u>\$ 1,282,624</u>	<u>\$ 1,201,037</u>

General revenues:

Taxes:

 Property taxes

 Sales taxes

 Unrestricted state shared revenues

 Investment income

 Other revenues

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (4,676,039)	\$	\$ (4,676,039)
(14,450,310)		(14,450,310)
(10,006,145)		(10,006,145)
(4,030,736)		(4,030,736)
(145,195)		(145,195)
<u>(1,094,226)</u>		<u>(1,094,226)</u>
<u>(34,402,651)</u>		<u>(34,402,651)</u>
	83,517	83,517
	<u>258,067</u>	<u>258,067</u>
	<u>341,584</u>	<u>341,584</u>
<u>\$ (34,402,651)</u>	<u>\$ 341,584</u>	<u>\$ (34,061,067)</u>
397,349		397,349
16,192,020		16,192,020
12,775,428		12,775,428
35,631		35,631
789,674		789,674
149,813	(149,813)	
<u>30,339,915</u>	<u>(149,813)</u>	<u>30,190,102</u>
(4,062,736)	191,771	(3,870,965)
<u>101,020,918</u>	<u>32,514,020</u>	<u>133,534,938</u>
<u>\$ 96,958,182</u>	<u>\$ 32,705,791</u>	<u>\$ 129,663,973</u>

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FUND FINANCIAL STATEMENTS

**CITY OF SIERRA VISTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	Park Development Fee	Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 2,644,757	\$	\$ 3,286,684
Intergovernmental receivable	1,556,925		687,922
Accounts receivable	215,252		113,200
Due from other funds	991,897		1,966,170
Inventory	77,622		121,463
Total assets	\$ 5,486,453	\$	\$ 6,175,439
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 602,848	\$	\$ 864,452
Due to other funds		1,718,790	1,239,277
Interest payable			488,060
Accrued salaries	980,671		57,057
Other liabilities	641		41,828
Customer deposits	3,456		
Total liabilities	1,587,616	1,718,790	2,690,674
Fund balances (deficits):			
Unassigned	3,898,837	(1,718,790)	(1,039,383)
Restricted			4,524,148
Total fund balances	3,898,837	(1,718,790)	3,484,765
Total liabilities and fund balances	\$ 5,486,453	\$	\$ 6,175,439

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

Total
Governmental
Funds

\$ 5,931,441
2,244,847
328,452
2,958,067
199,085

\$ 11,661,892

\$ 1,467,300
2,958,067
488,060
1,037,728
42,469
3,456

5,997,080

1,140,664
4,524,148

5,664,812

\$ 11,661,892

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Governmental Fund balances **\$ 5,664,812**

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	\$230,405,074	
Less accumulated depreciation	<u>(106,707,612)</u>	
		123,697,462

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

Lease revenue bonds payable	(23,320,000)	
Notes payable	(2,819,551)	
Net OPEB obligation	(9,613,124)	
Compensated absences payable	<u>(1,420,223)</u>	
		(37,172,898)

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

Health and Accident Fund	4,445,955	
Unemployment Insurance Fund	29,849	
Self-Insured Retention Fund	<u>293,002</u>	
		<u>4,768,806</u>

Net Position of Governmental Activities **\$96,958,182**

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

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Park Development Fee</u>
Revenues:		
Taxes	\$ 13,000,777	\$
Licenses and permits	1,444,445	
Intergovernmental	10,311,728	
Charges for services	4,341,973	103,418
Fines	25,761	
Investment income	34,470	
Contributions	343	
Other revenues	535,238	
Total revenues	<u>29,694,735</u>	<u>103,418</u>
Expenditures:		
Current -		
General government	5,876,352	
Public safety	13,380,928	
Public works	6,195,824	
Culture and recreation	3,302,392	1,271,678
Community development	822,873	
Capital outlay		
Debt service -		
Interest and fiscal charges	13,359	
Principal	252,851	
Total expenditures	<u>29,844,579</u>	<u>1,271,678</u>
Excess (deficiency) of revenues over expenditures	<u>(149,844)</u>	<u>(1,168,260)</u>
Other financing sources (uses):		
Transfers out	(602,377)	(521,119)
Transfer in	287,398	
Proceeds from installment purchase	484,752	1,144,501
Total other financing sources (uses)	<u>169,773</u>	<u>623,382</u>
Changes in fund balances	<u>19,929</u>	<u>(544,878)</u>
Fund balances (deficits), beginning of year	3,878,908	(1,173,912)
Fund balances (deficits), end of year	<u>\$ 3,898,837</u>	<u>\$(1,718,790)</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,588,592	\$ 16,589,369
	1,444,445
4,604,921	14,916,649
1,099,740	5,545,131
	25,761
1,161	35,631
153,451	153,794
254,436	789,674
<u>9,702,301</u>	<u>39,500,454</u>
85,952	5,962,304
450,148	13,831,076
6,129,528	12,325,352
65,820	4,639,890
13,550	836,423
364,628	364,628
1,080,867	1,094,226
3,480,753	3,733,604
<u>11,671,246</u>	<u>42,787,503</u>
<u>(1,968,945)</u>	<u>(3,287,049)</u>
(4,037,045)	(5,160,541)
5,022,956	5,310,354
793,486	2,422,739
<u>1,779,397</u>	<u>2,572,552</u>
<u>(189,548)</u>	<u>(714,497)</u>
3,674,313	6,379,309
<u>\$ 3,484,765</u>	<u>\$ 5,664,812</u>

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

Net Changes in Fund Balances - Total Governmental Funds **\$ (714,497)**

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

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

Expenditures for capital assets	\$ 4,509,060	
Current year depreciation	<u>(7,083,993)</u>	(2,574,933)

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.

Note proceeds	(2,422,739)	
Debt principal payments	<u>3,733,604</u>	1,310,865

Governmental funds report sales of capital assets as revenues whereas the Statement of Activities does not recognize the sale of capital assets as income. (26,050)

Losses on sale of fixed assets are included in the Statement of Activities (63,062)

Capital assets donated to the City are included in the Statement of Activities as program revenues. 139,768

Compensated absences expenses are included in the Statement of Activities. 216,892

OPEB obligation expenses are included in the Statement of Activities (2,734,254)

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

Health and Accident Fund	412,583	
Unemployment Insurance Fund	(20,040)	
Self-Insured Retention Fund	<u>(10,008)</u>	
		382,535

Changes in Net Position of Governmental Activities **\$ (4,062,736)**

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

**CITY OF SIERRA VISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Enterprise Funds	
	Sewer	Refuse
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$	\$ 120,065
Intergovernmental receivable	6,613	
Accounts receivable	262,222	260,495
Due from other funds		2,025,891
Total current assets	268,835	2,406,451
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	39,760,329	2,818,386
Total noncurrent assets	39,760,329	2,818,386
Total assets	40,029,164	5,224,837
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	114,884	161,220
Compensated absences payable	26,435	50,256
Claims payable		
Due to other funds	2,025,891	
Accrued salaries	18,792	30,917
Notes payable	468,394	468,697
Total current liabilities	2,654,396	711,090
Noncurrent liabilities:		
Net OPEB obligation	293,484	336,273
Notes payable	7,366,938	1,186,029
Total non-current liabilities	7,660,422	1,522,302
Total liabilities	10,314,818	2,233,392
<u>NET POSITION</u>		
Net investment in capital assets	31,924,997	1,163,660
Unrestricted	(2,210,651)	1,827,785
Total net position	\$ 29,714,346	\$ 2,991,445

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

Total	Governmental Activities: Internal Service Funds
\$ 120,065	\$ 5,030,708
6,613	
522,717	3,634
2,025,891	
<u>2,675,286</u>	<u>5,034,342</u>
42,578,715	
<u>42,578,715</u>	
<u>45,254,001</u>	<u>5,034,342</u>
276,104	39,066
76,691	
	226,470
2,025,891	
49,709	
937,091	
<u>3,365,486</u>	<u>265,536</u>
629,757	
<u>8,552,967</u>	
9,182,724	
<u>12,548,210</u>	<u>265,536</u>
33,088,657	
<u>(382,866)</u>	<u>4,768,806</u>
<u>\$ 32,705,791</u>	<u>\$ 4,768,806</u>

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Funds	
	Sewer	Refuse
Operating revenues:		
Charges for services	\$ 3,629,848	\$4,662,763
Contributions		
Other revenues	80,792	68
Total operating revenues	3,710,640	4,662,831
Operating expenses:		
Salaries, wages and related expenses	1,402,033	1,659,279
Operations and maintenance	1,656,767	2,378,317
Depreciation	721,397	353,068
Benefits paid		
Premiums paid		
Total operating expenses	3,780,197	4,390,664
Operating income (loss)	(69,557)	272,167
Nonoperating revenues (expenses):		
Connection income	319,005	
Investment income	153	
Gain on sale of fixed assets		16,600
Interest and fiscal charges	(214,962)	(30,700)
Total nonoperating revenues (expenses)	104,196	(14,100)
Income (loss) before capital contributions and transfers	34,639	258,067
Transfers out	(149,813)	
Capital contributions	48,878	
Changes in net position	(66,296)	258,067
Total net position, beginning of year	29,780,642	2,733,378
Total net position, end of year	\$ 29,714,346	\$2,991,445

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

<u>Total</u>	<u>Governmental Activities: Internal Service Funds</u>
\$ 8,292,611	\$
	3,657,919
80,860	126,172
<u>8,373,471</u>	<u>3,784,091</u>
3,061,312	
4,035,084	244,050
1,074,465	
	2,799,449
	363,292
<u>8,170,861</u>	<u>3,406,791</u>
<u>202,610</u>	<u>377,300</u>
319,005	
153	5,235
16,600	
(245,662)	
<u>90,096</u>	<u>5,235</u>
<u>292,706</u>	<u>382,535</u>
(149,813)	
48,878	
<u>191,771</u>	<u>382,535</u>
32,514,020	4,386,271
<u>\$ 32,705,791</u>	<u>\$ 4,768,806</u>

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Funds		
	Sewer	Refuse	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 3,569,075	\$ 4,618,418	\$ 8,187,493
Cash paid to suppliers for goods and services	(2,770,013)	(2,940,334)	(5,710,347)
Cash payments to employees for services	(1,337,778)	(1,549,234)	(2,887,012)
Other operating revenues	80,792	68	80,860
Net cash provided by (used for) operating activities	(457,924)	128,918	(329,006)
Cash flows from noncapital financing activities:			
Transfers	(149,813)		(149,813)
Change in intrafund borrowing	2,025,891	(2,025,891)	
Net cash provided by (used for) financing activities	1,876,078	(2,025,891)	(149,813)
Cash flows from capital and related financing activities:			
Interest paid on equipment contracts	(214,962)	(30,700)	(245,662)
Acquisition of capital assets	(2,658,871)	(948,342)	(3,607,213)
Proceeds from sale of capital assets		16,600	16,600
Principal paid on equipment contracts	(474,181)	(431,667)	(905,848)
Note proceeds		610,245	610,245
Capital contributed by customers	319,005		319,005
Net cash provided by (used for) capital and related financing activities	(3,029,009)	(783,864)	(3,812,873)
Cash flows from investing activities:			
Investment income	153		153
Net cash provided by investing activities	153		153
Net increase (decrease) in cash and cash equivalents	(1,610,702)	(2,680,837)	(4,291,539)
Cash and cash equivalents, July 1, 2012	1,610,702	2,800,902	4,411,604
Cash and cash equivalents, June 30, 2013	\$	\$ 120,065	\$ 120,065

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

Governmental
Activities:
Internal
Service Funds

\$ 3,657,919
(3,399,242)
125,918
384,595

5,235
5,235
389,830
4,640,878
\$ 5,030,708

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

	Enterprise Funds		
	Sewer	Refuse	Total
<u>Reconciliation of Operating Gain (Loss) to</u>			
<u>Net Cash Provided by (Used for) Operating Activities</u>			
Operating gain (loss)	\$ (69,557)	\$ 272,167	\$ 202,610
Adjustments to reconcile operating gain (loss) to net cash provided by (used for) operating activities:			
Depreciation	721,397	353,068	1,074,465
Increase (decrease) in uncollectible accounts	20,058	20,020	40,078
Change in assets and liabilities:			
Decrease (Increase) in gross accounts receivable	(80,831)	(64,365)	(145,196)
Increase (decrease) in operating portion of accounts payable	(1,113,246)	(562,017)	(1,675,263)
Increase (decrease) in accrued salaries	(250)	2,154	1,904
Increase (decrease) in OPEB obligations	61,820	105,073	166,893
Increase (decrease) in compensated absences	2,685	2,818	5,503
Total adjustments	<u>(388,367)</u>	<u>(143,249)</u>	<u>(531,616)</u>
Net cash provided by (used for) operating activities	\$ <u>(457,924)</u>	\$ <u>128,918</u>	\$ <u>(329,006)</u>

Non-cash investing, financing and capital activities:

Developers donated \$48,878 in capital assets to the City during the fiscal year.

Governmental
Activities:
Internal
Service Funds

\$ 377,300

(254)

7,549

7,295

\$ 384,595

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**CITY OF SIERRA VISTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2013**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 847,878
Accounts receivable	<u>50,156</u>
Total assets	<u>\$ 898,034</u>
<u>LIABILITIES</u>	
Accounts payable	48,536
Customer deposits	<u>849,498</u>
Total liabilities	<u>\$ 898,034</u>

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, 2013**

1. Summary of Significant Accounting Policies

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

During the year ended June 30, 2013, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources and deferred inflows of resources and their effects on net position.

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 Unit. The Sierra Vista Municipal Property Corporation, an Arizona nonprofit corporation, has been included in the accompanying financial statements as a blended component unit. 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. It has a June 30 year end. Separate financial statements are not prepared on a stand-alone basis.

B. Government-wide and Fund Financial Statements

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 the major individual enterprise fund 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.

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

Proprietary Funds

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

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

Additionally, the City reports the following fund types:

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

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

C. Measurement Focus/Basis of Accounting

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

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

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

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).

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

F. Inventories

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

G. Capital Assets

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

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

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

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

H. Long-term Obligations

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

J. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2013 were cash in bank and on hand and pooled investment with the State Treasurer.

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

2. Cash and Investments

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

The captions and carrying amounts of cash and investments at June 30, 2013, consist of the following.

	Cash on hand	\$ 6,949
	Cash in Bank (Checking / Repurchase)	1,273,290
	Investments with State Treasurer	5,147,320
	Investments held by trustee	4,991,487
	Cash held by trustee	19,894
	Cash held as trustee	491,152
	Total	\$ 11,930,092

The City's total cash in bank/trustee (bank balance) was entirely covered by Federal depository insurance, or by collateral held by the City's custodial banks (agent) in the City's name.

Investments at June 30, 2013 were as follows:

	<u>Fair Value</u>
State Treasurer's Investment Pool – 15 day weighted average maturity	\$ 5,147,320
US Treasuries – Money market – less than 1 year	4,991,487
Total	\$ 10,138,807

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. As of June 30, 2013, the City's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

3. Property Tax

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

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

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

During the fiscal year 2007 State budget process, the Arizona State Legislature reset all City's primary property tax levy limits to the levies set in fiscal year 2006. This reduced the City's maximum tax levy limit from \$1,312,454 to \$333,961. This new levy limit will increase by the two percent plus new construction as explained above.

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

4. Capital Assets

A summary of capital asset activity for the fiscal year ended June 30, 2013 is as follows.

Governmental activities:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Non-depreciable assets:				
Land	\$ 7,533,810	\$	\$	\$ 7,533,810
Construction in progress	1,897,566	1,827,661	(1,099,471)	2,625,756
Depreciable assets:				
Infrastructure	135,175,135	2,546,860	(78,097)	137,643,898
Buildings and improvements	57,408,934	279,467	(207,909)	57,480,492
Machinery and Equipment	<u>24,409,200</u>	<u>1,094,311</u>	<u>(382,393)</u>	<u>25,121,118</u>
Total Capital Assets	<u>226,424,645</u>	<u>5,748,299</u>	<u>(1,767,870)</u>	<u>230,405,074</u>
Less accumulated depreciation for:				
Infrastructure	59,279,896	4,033,019	(6,458)	63,306,457
Buildings and improvements	22,224,518	1,796,036	(201,064)	23,819,490
Machinery and Equipment	<u>18,698,492</u>	<u>1,254,938</u>	<u>(371,765)</u>	<u>19,581,665</u>
Total Accumulated Depreciation	<u>100,202,906</u>	<u>7,083,993</u>	<u>(579,287)</u>	<u>106,707,612</u>
Total Capital Assets, Net	<u><u>126,221,739</u></u>	<u><u>(1,335,694)</u></u>	<u><u>(1,188,583)</u></u>	<u><u>123,697,462</u></u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 403,437
Public safety	1,296,376
Public works	4,888,380
Culture and recreation	<u>495,800</u>
Total Depreciation Expense	<u><u>\$ 7,083,993</u></u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Business-type activities:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Non-depreciable assets				
Land	\$ 1,488,882	\$	\$	\$ 1,488,882
Construction in progress	6,046,539	17,389	(6,027,924)	36,004
Depreciable assets				
Infrastructure	30,796,571	9,166,446		39,963,017
Buildings and improvements	12,588,201	95,994		12,684,195
Machinery and Equipment	<u>6,209,409</u>	<u>420,786</u>	<u>(29,033)</u>	<u>6,601,162</u>
Total Capital Assets	<u>57,129,602</u>	<u>9,700,615</u>	<u>(6,056,957)</u>	<u>60,773,260</u>
Less accumulated depreciation for:				
Infrastructure	4,999,592	358,236		5,357,828
Buildings and improvements	8,373,586	323,029		8,696,615
Machinery and Equipment	<u>3,759,335</u>	<u>393,200</u>	<u>12,433</u>	<u>4,140,102</u>
Total Accumulated Depreciation	<u>17,132,513</u>	<u>1,074,465</u>	<u>12,433</u>	<u>18,194,545</u>
Total Capital Assets, Net	<u>39,997,089</u>	<u>8,626,150</u>	<u>(6,044,524)</u>	<u>42,578,715</u>

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

Sewer	\$ 721,397
Refuse	<u>353,068</u>
Total Depreciation Expense	<u>\$ 1,074,465</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. Long-term Debt

	<u>Outstanding Principal at June 30, 2013</u>
Business-type activities:	
A. Note payable in quarterly installments of \$ 48,815 including interest at 2.80% until June 2015; collateralized by specified vehicles (paid by Refuse Fund).	378,867
B. Note payable in quarterly installments of \$ 168,042 including interest at 2.66% until June 2027; collateralized by specified vehicles (paid by Sewer Fund).	7,835,332
C. Note payable in quarterly installments of \$ 42,921 including interest at 1.48% until June 2017; collateralized by specified vehicles (paid by Refuse Fund).	665,614
D. Note payable in quarterly installments of \$ 31,539 including interest at 1.28% until June 2018; collateralized by specified vehicles and land (paid by Refuse Fund).	<u>610,245</u> 9,490,058
Less current portion	<u>(937,091)</u>
Total business-type activity long-term debt	<u>\$ 8,552,967</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Governmental activities:

Revenue Bonds

A. 2008 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to construct a fire station, animal care facility, parks office building, parks storage facility, phase one of Cyr Center Park and expand the police station; due in varying annual installments through 2023 with interest ranging from 4.00% to 5.00% (paid by MPC I & R Fund).	15,360,000
B. 2010 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to refinance the Series 2000 Municipal Property Corporation Lease Revenue Bonds; due in varying annual installments through 2021 with interest ranging from 4.00% to 5.00% (paid by MPC I & R Fund).	7,960,000

Notes Payable

A. Note payable in quarterly installments of \$ 18,837 including interest at 2.02% until June 2023; (paid by Airport Fund).	680,993
B. Note payable in quarterly installments of \$ 48,947 including interest at 3.85% until June 2014; collateralized by specified vehicles (paid by 84% General Fund, 16% HURF Fund).	191,168
C. Note payable in quarterly installments of \$ 4,910 including interest at 2.80% until June 2015; collateralized by specified vehicles (paid by General Fund).	38,108
D. Note payable in quarterly installments of \$ 10,803 including interest at 1.48% until June 2017; collateralized by specified vehicles (paid by HURF Fund).	167,536
E. Note payable in quarterly installments of \$ 31,657 including interest at 2.02% until June 2023; collateralized by specified property (paid by Park Development Fund).	1,144,501
F. Note payable in quarterly installments of \$ 30,867 including interest at 1.28% until June 2018; collateralized by specified vehicles (paid by 81% General Fund, 19% HURF Fund).	<u>597,245</u>
	\$26,139,551
Less current portion of revenue bonds	(2,515,000)
Less current portion of notes payable	<u>(534,664)</u>
Total governmental activity long-term debt	<u>\$23,089,887</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Changes in Long-term Debt

Governmental Activities

	Balance at <u>June 30, 2012</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2013</u>	Current <u>Portion</u>
Revenue bonds	\$ 25,745,000	\$	\$ 2,425,000	\$ 23,320,000	\$ 2,515,000
Notes payable	1,705,416	2,422,739	1,308,604	2,819,551	534,664
Net OPEB obligation	6,878,870	3,387,864	653,610	9,613,124	
Compensated absences	1,637,115	1,250,288	1,467,180	1,420,223	1,420,223
Total	\$ 35,966,401	\$ 7,060,891	\$ 5,854,394	\$ 37,172,898	\$ 4,469,887

Business-type Activities

	Balance at <u>June 30, 2012</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2013</u>	Current <u>Portion</u>
Notes payable	\$ 9,785,661	\$ 610,245	\$ 905,848	\$ 9,490,058	\$ 937,091
Net OPEB obligation	462,864	220,856	53,963	629,757	
Compensated absences	71,188	70,064	64,561	76,691	76,691
Total	\$ 10,319,713	\$ 901,165	\$ 1,024,372	\$ 10,196,506	\$ 1,013,782

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Debt Service Requirements to Maturity

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2013, is detailed below.

Year ending 30-Jun	Business-type Activities		Governmental Activities				Total
	Installment Contracts		Revenue Bonds		Installment Contracts		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	937,091	228,178	2,515,000	930,220	534,664	49,423	5,194,576
2015	958,575	206,695	2,600,000	836,845	348,520	39,778	4,990,413
2016	783,509	186,499	2,690,000	735,570	334,798	33,859	4,764,235
2017	800,842	169,166	2,805,000	623,376	340,487	28,170	4,767,041
2018	645,948	152,375	2,915,000	503,101	302,823	22,621	4,541,868
2019	534,787	137,380	2,240,000	393,433	184,007	17,969	3,507,576
2020	549,155	123,012	2,335,000	295,210	187,752	14,224	3,504,353
2021	563,909	108,258	2,435,000	192,013	191,574	10,402	3,501,156
2022	579,059	93,108	1,360,000	105,250	195,473	6,503	2,339,393
2023	594,617	77,551	1,425,000	35,625	199,453	2,524	2,334,770
2024	610,592	61,575					672,167
2025	626,996	45,171					672,167
2026	643,841	28,326					672,167
2027	661,137	11,028					672,165
Total	9,490,058	1,628,322	23,320,000	4,650,643	2,819,551	225,473	42,134,047

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Continuing Disclosure Requirements

The City has pledged its future excise tax revenues to repay outstanding municipal facilities revenue bonds. Included in the excise taxes pledged are the City's transaction privilege taxes and State shared sales and income taxes. These bonds were issued by the City's Municipal Property Corporation to fund the construction of an aquatics facility, government maintenance facility, fire station, animal care facility, parks maintenance building, parks office building, water detention basin and expand the police station. The outstanding principal balance of these bonds as of June 30, 2013 was \$23.3 million. The following table shows the total excise taxes pledged, annual debt service and coverage ratio of excise taxes to debt service. The City is obligated, by bond indenture, to maintain a 3 times coverage ratio of prior year pledged excise tax revenues to current year debt service.

Year ending <u>30-Jun</u>	Pledged <u>Excise Taxes</u>	<u>MFRB's</u>	<u>Coverage</u>
2004	\$ 19,813,691	\$ 2,188,265	
2005	22,178,395	2,232,234	8.88
2006	24,713,649	2,291,174	9.68
2007	28,233,562	1,954,761	12.64
2008	29,542,082	1,957,796	14.42
2009	28,432,239	4,184,643	7.06
2010	27,930,976	3,475,089	8.18
2011	26,120,663	2,990,708	9.34
2012	25,688,339	3,437,020	7.60
2013	25,745,669	3,445,345	7.46
2014		3,445,220	7.47
2015		3,436,845	
2016		3,425,570	
2017		3,428,376	
2018		3,418,101	
2019		2,633,433	
2020		2,630,210	
2021		2,627,013	
2022		1,465,250	
2023		1,460,625	

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

6. Pension Plan

Plan Descriptions:

The City contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan, health insurance subsidy plan and long-term disability that cover general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan and health insurance subsidy plan that cover public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board, known as The Trustees, and participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that included its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan

ASRS

3300 N. Central Ave.
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2200 or (800) 621-377

PSPRS

3010 E. Camelback Rd., Suite 200
Phoenix, AZ 85016
(602) 255-5575

Funding Policy:

The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates.

Cost-sharing plans - For the year ended June 30, 2013, as required by statute, active ASRS members and the City were each required to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2013, 2012 and 2011 were \$1,198,594, \$1,129,501 and \$1,124,634 respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2013, active PSPRS police members were required by statute to contribute 9.55 percent of the members' annual covered payroll and the City was required to contribute at the actuarially determined rate of 29.28 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 1.86 percent of covered payroll. Active PSPRS fire members were required by statute to contribute 9.55 percent of the members' covered payroll and the City was required to contribute 22.87 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.58 percent of covered payroll.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Annual Pension Cost:

The City's pension cost for the two agent plans for the year ended June 30, 2013, the date of the most recent actuarial valuation available, and related information follow:

	<u>PSPRS</u>	<u>ASRS</u>
Actuarial valuation date	June 30, 2013	June 30, 2013
Actuarial cost method	Entry Age Normal	Projected Unit Credit
Actuarial assumptions:		
Investment rate of return	7.85%	8.00%
Projected salary increases	4.5% - 8.5%	4.00% - 9.00%
Inflation rate	5.0%	3.25
Cost-of-living adjustments	none	none
Amortization method	level percent-of-pay, closed	level dollar, open
Remaining amortization period	23 years for underfunded 20 years for overfunded	30 years
Asset valuation method (smoothed market)	7-year	10 year

Trend information

Information for each of the agent plans as of most recent actuarial valuations follows:

Contributions Required and Contributions Made (PSRS-Police)

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$927,027	100%	\$-0-
2012	\$954,172	100%	\$-0-
2013	\$1,123,039	100%	\$-0-

Contributions Required and Contributions Made (PSRS-Fire)

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$507,684	100%	\$-0-
2012	\$520,927	100%	\$-0-
2013	\$638,051	100%	\$-0-

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Funding Status:

An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2013, available follows:

PSRS-Police

Valuation Date June 30,	Valuation Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2011	14,308,472	24,834,455	10,525,983	57.6%	3,714,914	283.3%
2012	14,566,814	27,613,716	13,046,902	52.8%	4,071,033	320.5%
2013	14,623,299	28,700,565	14,077,266	51.0%	4,475,266	314.6%

PSRS-Fire

Valuation Date June 30,	Valuation Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Percent Funded (a/b)	Annual Covered Payroll (c)	Unfunded UAAL as a Percentage of Covered Payroll ([b-a]/c)
2011	12,732,426	17,746,952	5,014,526	71.7%	2,718,325	184.5%
2012	13,123,158	19,349,994	6,226,836	67.8%	2,738,862	227.4%
2013	13,682,275	20,847,542	7,165,267	65.6%	2,825,891	253.6%

PSPRS OPEB Costs:

The City's OPEB information for the agent plans are as follows :

PSRS-Police

Schedule of Funding Progress

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2011	0	959,882	959,882	0.00%	3,714,914	25.84%
2012	0	989,279	989,279	0.00%	4,071,033	24.30%
2013	0	1,007,849	1,007,849	0.00%	4,475,266	22.52%

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Contributions Required and Contributions Made

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$70,571	100%	\$-0-
2012	\$74,811	100%	\$-0-
2013	\$76,180	100%	\$-0-

PSRS-Fire

Schedule of Funding Progress

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2011	0	609,369	609,369	0.00%	2,718,325	22.42%
2012	0	641,975	641,975	0.00%	2,738,862	23.44%
2013	0	731,542	731,542	0.00%	2,825,891	25.89%

Contributions Required and Contributions Made

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$43,288	100%	\$-0-
2012	\$42,646	100%	\$-0-
2013	\$47,352	100%	\$-0-

7. Post-employment Benefits Other Than Pensions

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

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

over a period not to exceed thirty years. The City's annual OPEB cost for 2013 is:

Annual Required Contribution (ARC)	\$3,716,413
ARC Adjustment	(419,717)
Interest adjustment on Net OPEB obligation	<u>312,024</u>
Annual OPEB Cost	3,608,720
Contributions Made	<u>707,573</u>
Net Increase in OPEB Obligation	2,901,147
Net OPEB Obligation – Beginning of Year	<u>7,341,734</u>
Net OPEB Obligation – End of Year	<u>\$10,242,881</u>

The plan is not accounted for as a trust fund. The City's Health and Accident Insurance fund has net position of \$4,445,955 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 City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for fiscal year 2011, 2012 and 2013 are as follows:

Fiscal Year Ended June 30,	Annual OPEB cost	Employer Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation
2011	\$2,272,790	\$411,000	18.08%	\$5,479,944
2012	\$2,272,790	\$411,000	18.08%	\$7,341,734
2013	\$3,608,720	\$707,573	19.61%	\$10,242,881

The funding progress of the plan (in thousands) as of June 30, 2013 is:

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)
2008	0	23,384	23,384	0.00%
2010	0	22,425	22,425	0.00%
2012	0	33,702	33,702	0.00%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

The actuarial methods and significant assumptions used to determine the ARC for the

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

current year are:

Valuation Date:	07/01/2012
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level dollar method, open
Remaining Amortization Period:	30 years
Inflation Rate:	4.25%
Investment Rate of Return:	N/A
Future Payroll Increases :	N/A
Healthcare Cost Trend Rate:	4.75-8.00%

Termination Benefits

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

8. Construction Commitments

At June 30, 2013, the City had \$813,070 in unperformed construction contracts and commitments outstanding.

9. Stewardship, Compliance and Accountability

Negative Fund Balances

The Airport, Park Development Fee, Police Development Fee and Fire Development Fee Funds had negative fund balances on June 30, 2013. The negative balance in the Airport fund is accounts receivable and fuel inventory. The negative balances in the development fee funds are due to bond payment transfers to the SVMPC I&R fund. Future impact fee revenues are expected to remove the development fee funds' negative fund balances.

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

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

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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			
	General	Park Development Fee	Non-Major Funds	Total Funds
Fund Balances:				
Restricted for:				
Debt Service			1,241,156	1,241,156
Street Projects			2,281,205	2,281,205
Other Projects			1,001,787	1,001,787
Unassigned:	3,898,837	(1,718,790)	(1,039,383)	1,140,664
Total fund balances	<u>\$ 3,898,837</u>	<u>\$ (1,718,790)</u>	<u>\$ 3,484,765</u>	<u>\$ 5,664,812</u>

11. Contingencies

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. At June 30, 2013, it is the opinion of City management, based on the advice of the City Attorney, that there is not any pending litigation that would have a material effect on the City's financial position.

12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the City established the following self-insurance funds.

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

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 it risks of loss related to unemployment claims. The City has fully assumed the liability risk associated with this program.

The Unemployment Insurance Fund is fully funded, and therefore, no contribution was made to it. The City has designated the net position in this fund of \$29,849 as future catastrophe loss reserves. The Self Insured Retention Fund received restitution payments of \$39,747 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, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in fiscal years 2011-2012 and 2012-2013 were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year End</u>
Health and Accident Insurance:				
2011-12	\$182,964	\$2,651,044	\$2,604,758	\$229,250
2012-13	\$229,250	\$2,729,654	\$2,732,434	\$226,470
Unemployment Insurance:				
2011-12	\$6,860	\$26,521	\$24,649	\$8,732
2012-13	\$8,732	\$20,040	\$28,772	-0-
Self-Insured Retention:				
2011-12	-0-	\$90,581	\$90,522	\$59
2012-13	\$59	\$49,755	\$49,814	-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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

13. Interfund Balances and Transfers

Individual interfund balances for due to/ from to other funds at June 30, 2013 are as follows.

<u>Governmental Funds</u>	<u>Due to other funds</u>	<u>Due from other funds</u>
General	\$	\$ 991,897
Infrastructure Development		1,966,170
Refuse		2,025,891
Sewer	2,025,891	
LTAf	46,857	
Airport	217,581	
Park Development	1,718,790	
Police Development	322,005	
Fire Development	652,834	
Total	\$ <u>4,983,958</u>	\$ <u>4,983,958</u>

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

Individual interfund transfers for Fiscal Year 2012 were:

<u>Fund</u>	Individual Fund Transfer	Total Fund <u>Transfer out</u>	Individual Fund Transfer	Total Fund <u>Transfer In</u>
General	\$	\$ 602,377	\$	\$
LTAf	360,000			
HURF	169,503			
Police Development	7,913			
Infrastructure Development	55,757			
Fire Development	9,204			
Capital Improvements		3,555,811		
HURF	637,762			
LTAf	70,420			
Airport	226,311			
General	287,398			
SVMPC I&R	2,333,920			
Sewer		149,813		
SVMPC I&R	149,813			
Park Development		521,119		
SVMPC I&R	521,119			
Library Development		7,725		
Capital Improvements	7,725			
Police Development		212,043		
SVMPC I&R	212,043			
Fire Development		261,466		
SVMPC I&R	261,466			

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

General		287,398
Capital Improvements	287,398	
HURF		807,265
General	169,503	
Capital Improvements	637,762	
LTAIF		430,420
General	360,000	
Capital Improvements	70,420	
Airport		226,311
Capital Improvements	226,311	
Capital Improvements		7,725
Library Development	7,725	
SVMPC I&R		3,478,361
Capital Improvements	2,333,920	
Sewer	149,813	
Park Development	521,119	
Police Development	212,043	
Fire Development	261,466	
Police Development		7,913
General	7,913	
Infrastructure Development		55,757
General	55,757	
Fire Development		9,204
General	9,204	
Total Transfers	<u>\$ 5,310,354</u>	<u>\$ 5,310,354</u>

Transfers to the SVMPC Interest and Redemption Fund are to cover bond principal and interest payments. The transfers to the Local Transportation Assistance and Highway User Revenue Fund are to cover grant match requirements and capital maintenance. The transfer to the Airport is to cover grant match requirements and an early loan payoff. The transfer from the Library Development Fee Fund is to repay the Capital Improvement Fund's early payoff of Municipal Property Corporation bonds. Capital Improvement Fund transfer to the General Fund is to cover debt service. The General Fund transfers to the development fee funds are required by the City's development fee code.

**BUDGETARY COMPARISON SCHEDULES
(REQUIRED SUPPLEMENTARY INFORMATION)**

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Taxes	\$13,545,098	\$13,000,777	\$ (544,321)
Licenses and permits	2,083,960	1,444,445	(639,515)
Intergovernmental	10,429,603	10,311,728	(117,875)
Charges for services	4,529,000	4,341,973	(187,027)
Fines	32,000	25,761	(6,239)
Investment income	6,000	34,470	28,470
Contributions	5,000	343	(4,657)
Other revenues	666,000	535,238	(130,762)
Total revenues	<u>31,296,661</u>	<u>29,694,735</u>	<u>(1,601,926)</u>
Expenditures:			
Current -			
General government	6,442,767	5,876,352	566,415
Public safety	13,880,249	13,380,928	499,321
Public works	6,104,779	6,195,824	(91,045)
Culture and recreation	3,607,041	3,302,392	304,649
Community development	962,451	822,873	139,578
Debt service -			
Interest and fiscal charges	13,359	13,359	
Principal	252,850	252,851	(1)
Total expenditures	<u>31,263,496</u>	<u>29,844,579</u>	<u>1,418,917</u>
Excess (deficiency) of revenues over expenditures	<u>33,165</u>	<u>(149,844)</u>	<u>(183,009)</u>
Other financing sources (uses):			
Transfers out	(875,265)	(602,377)	272,888
Transfer in	357,000	287,398	(69,602)
Proceeds from installment purchase	485,100	484,752	(348)
Total other financing sources (uses)	<u>(33,165)</u>	<u>169,773</u>	<u>202,938</u>
Change in fund balances		<u>19,929</u>	<u>19,929</u>
Fund balances, July 1, 2012		3,878,908	3,878,908
Fund balances, June 30, 2013	<u>\$</u>	<u>\$ 3,898,837</u>	<u>\$ 3,898,837</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARK DEVELOPMENT FEE
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Charges for services	\$ 236,670	\$ 103,418	\$ (133,252)
Total revenues	<u>236,670</u>	<u>103,418</u>	<u>(133,252)</u>
Expenditures:			
Current -			
Culture and recreation	1,300,000	1,271,678	28,322
Total expenditures	<u>1,300,000</u>	<u>1,271,678</u>	<u>28,322</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,330)</u>	<u>(1,168,260)</u>	<u>(104,930)</u>
Other financing sources (uses):			
Transfers out	(521,119)	(521,119)	
Proceeds from installment purchase	1,300,000	1,144,501	(155,499)
Total other financing sources (uses)	<u>778,881</u>	<u>623,382</u>	<u>(155,499)</u>
Change in fund balances	<u>(284,449)</u>	<u>(544,878)</u>	<u>(260,429)</u>
Fund balances (deficits), July 1, 2012	284,449	(1,173,912)	(1,458,361)
Fund balances (deficits), June 30, 2013	<u>\$</u>	<u>\$(1,718,790)</u>	<u>\$(1,718,790)</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

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.

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

CITY OF SIERRA VISTA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2013

	Special Revenue	Municipal Property Corporation Interest and Redemption	Capital Improvements
<u>ASSETS</u>			
Cash and investments	\$ 1,256,323	\$ 1,736,716	\$ 293,645
Intergovernmental receivable	687,922		
Accounts receivable	66,559		46,641
Due from other funds	1,966,170		
Inventory	121,463		
Total assets	\$ 4,098,437	\$ 1,736,716	\$ 340,286
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 828,078	\$ 7,500	\$ 28,874
Due to other funds	1,239,277		
Interest payable		488,060	
Accrued salaries	57,057		
Other liabilities	41,828		
Total liabilities	2,166,240	495,560	28,874
Fund balances:			
Unassigned	(1,039,383)		
Restricted	2,971,580	1,241,156	311,412
Total fund balances	1,932,197	1,241,156	311,412
Total liabilities and fund balances	\$ 4,098,437	\$ 1,736,716	\$ 340,286

Total
Non-Major
Governmental
Funds

\$ 3,286,684
687,922
113,200
1,966,170

121,463

\$ 6,175,439

\$ 864,452
1,239,277
488,060
57,057

41,828

2,690,674

(1,039,383)

4,524,148

3,484,765

\$ 6,175,439

CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2013

	Special Revenue	Municipal Property Corporation Interest and Redemption
Revenues:		
Taxes	\$	\$
Intergovernmental	4,604,921	
Charges for services	1,099,740	
Investment income	1,117	44
Contributions	153,451	
Other revenues	254,436	
Total revenues	6,113,665	44
Expenditures:		
Current -		
General government	85,952	
Public safety	450,148	
Public works	6,129,528	
Culture and recreation	65,820	
Community development	13,550	
Capital outlay		
Debt service -		
Interest and fiscal charges	53,022	1,027,845
Principal	1,055,753	2,425,000
Total expenditures	7,853,773	3,452,845
Excess (deficiency) of revenues over expenditures	(1,740,108)	(3,452,801)
Other financing sources (uses):		
Transfers out	(481,234)	
Transfer in	1,536,870	3,478,361
Proceeds from installment purchase	793,486	
Total other financing sources (uses)	1,849,122	3,478,361
Change in fund balances	109,014	25,560
Fund balances, beginning of year	1,823,183	1,215,596
Fund balances, end of year	\$ 1,932,197	\$ 1,241,156

<u>Capital Improvements</u>	<u>Total Non-Major Governmental Funds</u>
\$ 3,588,592	\$ 3,588,592
	4,604,921
	1,099,740
	1,161
	153,451
	254,436
<u>3,588,592</u>	<u>9,702,301</u>
	85,952
	450,148
	6,129,528
	65,820
	13,550
364,628	364,628
	1,080,867
	3,480,753
<u>364,628</u>	<u>11,671,246</u>
<u>3,223,964</u>	<u>(1,968,945)</u>
(3,555,811)	(4,037,045)
7,725	5,022,956
	793,486
<u>(3,548,086)</u>	<u>1,779,397</u>
<u>(324,122)</u>	<u>(189,548)</u>
635,534	3,674,313
<u>\$ 311,412</u>	<u>\$ 3,484,765</u>

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NON-MAJOR SPECIAL REVENUE FUNDS

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

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

Highway User Revenue Fund (HURF) - To account for the state-shares Highway User Revenue Taxes, which must be used for roadway construction and maintenance.

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.

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.

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

Convention and Visitors Bureau - To account for funds appropriated for generating tourism in Sierra Vista.

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

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

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

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

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.

**CITY OF SIERRA VISTA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	<u>HURF</u>	<u>LTAF</u>	<u>Police Special Programs</u>	<u>Grants</u>
<u>ASSETS</u>				
Cash and investments	\$ 542,031	\$	\$ 195,086	\$ 21,995
Intergovernmental receivable	267,596	355,609		47,112
Accounts receivable	32,970	562	1,352	
Due from other funds				
Inventory				
Total assets	<u>\$ 842,597</u>	<u>\$ 356,171</u>	<u>\$ 196,438</u>	<u>\$ 69,107</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 423,187	\$ 238,408	\$ 101,443	\$ 10,422
Due to other funds		46,857		
Accrued salaries	28,944	23,422		
Other liabilities	41,828			
Total liabilities	<u>493,959</u>	<u>308,687</u>	<u>101,443</u>	<u>10,422</u>
Fund balances (deficits):				
Unassigned				
Restricted	<u>348,638</u>	<u>47,484</u>	<u>94,995</u>	<u>58,685</u>
Total fund balances	<u>348,638</u>	<u>47,484</u>	<u>94,995</u>	<u>58,685</u>
Total liabilities and fund balances	<u>\$ 842,597</u>	<u>\$ 356,171</u>	<u>\$ 196,438</u>	<u>\$ 69,107</u>

Convention and Visitors Bureau	Judicial Collection Enhancement	Airport	Miscellaneous Donations	Police Development Fee	Infrastructure Development Fee
\$ 93,899	\$ 157	\$	\$ 403,155	\$	\$
		17,605			
		31,575	100		
		121,463			1,966,170
<u>\$ 93,899</u>	<u>\$ 157</u>	<u>\$ 170,643</u>	<u>\$ 403,255</u>	<u>\$</u>	<u>\$ 1,966,170</u>
\$	\$	\$ 12,915	\$ 8,100	\$	\$ 33,603
		217,581		322,005	
		4,691			
		235,187	8,100	322,005	33,603
		(64,544)		(322,005)	
93,899	157		395,155		1,932,567
<u>93,899</u>	<u>157</u>	<u>(64,544)</u>	<u>395,155</u>	<u>(322,005)</u>	<u>1,932,567</u>
<u>\$ 93,899</u>	<u>\$ 157</u>	<u>\$ 170,643</u>	<u>\$ 403,255</u>	<u>\$</u>	<u>\$ 1,966,170</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013
(Concluded)

	Fire Development Fee	Totals
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and investments	\$	\$ 1,256,323
Intergovernmental receivable		687,922
Accounts receivable		66,559
Due from other funds		1,966,170
Inventory		121,463
Total assets	\$	\$ 4,098,437
	<u> </u>	<u> </u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$	\$ 828,078
Due to other funds	652,834	1,239,277
Accrued salaries		57,057
Other liabilities		41,828
Total liabilities	652,834	2,166,240
	<u> </u>	<u> </u>
Fund balances (deficits):		
Unassigned	(652,834)	(1,039,383)
Restricted		2,971,580
Total fund balances	(652,834)	1,932,197
	<u> </u>	<u> </u>
Total liabilities and fund balances	\$	\$ 4,098,437
	<u> </u>	<u> </u>

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**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES -
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013**

	<u>HURF</u>	<u>LTAFF</u>	<u>Police Special Programs</u>
Revenues:			
Intergovernmental	\$2,876,637	\$ 955,090	\$ 71,342
Charges for services		107,426	12,233
Investment income	1,117		
Contributions			2,571
Other revenues	716	3,288	51,355
Total revenues	<u>2,878,470</u>	<u>1,065,804</u>	<u>137,501</u>
Expenditures:			
Current -			
General government	73,325		
Public safety			97,186
Public works	3,472,238	1,466,118	
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges	5,545		
Principal	102,305		
Total expenditures	<u>3,653,413</u>	<u>1,466,118</u>	<u>97,186</u>
Excess (deficiency) of revenues over expenditures	<u>(774,943)</u>	<u>(400,314)</u>	<u>40,315</u>
Other financing sources (uses):			
Transfers out			
Transfer in	807,265	430,420	
Proceeds from installment purchase	112,493		
Total other financing sources (uses)	<u>919,758</u>	<u>430,420</u>	
Change in fund balances	<u>144,815</u>	<u>30,106</u>	<u>40,315</u>
Fund balances (deficits), beginning of year	203,823	17,378	54,680
Fund balances (deficits), end of year	<u>\$ 348,638</u>	<u>\$ 47,484</u>	<u>\$ 94,995</u>

<u>Grants</u>	<u>Convention and Visitors Bureau</u>	<u>Judicial Collection Enhancement</u>	<u>Airport</u>	<u>Miscellaneous Donations</u>	<u>Library Development Fee</u>
\$ 325,480	\$	\$	\$ 376,372	\$	\$
			753,734		7,725
6,365				144,515	
			191,077		
<u>331,845</u>			<u>1,321,183</u>	<u>144,515</u>	<u>7,725</u>
		68		12,559	
277,837				75,125	
			1,099,182	20,233	
7,200				58,620	
13,550					
			47,477		
			953,448		
<u>298,587</u>		<u>68</u>	<u>2,100,107</u>	<u>166,537</u>	
<u>33,258</u>		<u>(68)</u>	<u>(778,924)</u>	<u>(22,022)</u>	<u>7,725</u>
					(7,725)
			226,311		
			680,993		
			<u>907,304</u>		<u>(7,725)</u>
<u>33,258</u>		<u>(68)</u>	<u>128,380</u>	<u>(22,022)</u>	
25,427	93,899	225	(192,924)	417,177	
<u>\$ 58,685</u>	<u>\$ 93,899</u>	<u>\$ 157</u>	<u>\$ (64,544)</u>	<u>\$ 395,155</u>	<u>\$</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013
(Concluded)

	Police Development Fee	Infrastructure Development Fee	Fire Development Fee
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	23,739	167,270	27,613
Investment income			
Contributions			
Other revenues		8,000	
Total revenues	<u>23,739</u>	<u>175,270</u>	<u>27,613</u>
Expenditures:			
Current -			
General government			
Public safety			
Public works		71,757	
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u> </u>	<u>71,757</u>	<u> </u>
Excess (deficiency) of revenues over expenditures	<u>23,739</u>	<u>103,513</u>	<u>27,613</u>
Other financing sources (uses):			
Transfers out	(212,043)		(261,466)
Transfer in	7,913	55,757	9,204
Proceeds from installment purchase			
Total other financing sources (uses)	<u>(204,130)</u>	<u>55,757</u>	<u>(252,262)</u>
Change in fund balances	<u>(180,391)</u>	<u>159,270</u>	<u>(224,649)</u>
Fund balances (deficits), beginning of year	(141,614)	1,773,297	(428,185)
Fund balances (deficits), end of year	<u>\$ (322,005)</u>	<u>\$ 1,932,567</u>	<u>\$ (652,834)</u>

Totals
\$ 4,604,921
1,099,740
1,117
153,451
254,436
6,113,665

85,952
450,148
6,129,528
65,820
13,550
53,022
1,055,753
7,853,773

(1,740,108)

(481,234)
1,536,870
793,486
1,849,122

109,014

1,823,183

\$ 1,932,197

**CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013**

	HURF		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 6,321,910	\$ 2,876,637	\$(3,445,273)
Charges for services			
Fines			
Investment income		1,117	1,117
Contributions			
Other revenues	220,000	716	(219,284)
Total revenues	<u>6,541,910</u>	<u>2,878,470</u>	<u>(3,663,440)</u>
Expenditures:			
Current -			
General government		73,325	(73,325)
Public safety			
Public works	7,721,361	3,472,238	4,249,123
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges	2,692	5,545	(2,853)
Principal	62,632	102,305	(39,673)
Total expenditures	<u>7,786,685</u>	<u>3,653,413</u>	<u>4,133,272</u>
Excess (deficiency) of revenues over expenditures	<u>(1,244,775)</u>	<u>(774,943)</u>	<u>469,832</u>
Other financing sources (uses):			
Transfers out			
Transfer in	1,129,775	807,265	(322,510)
Proceeds from installment purchase	115,000	112,493	(2,507)
Total other financing sources (uses)	<u>1,244,775</u>	<u>919,758</u>	<u>(325,017)</u>
Change in fund balances		<u>144,815</u>	<u>144,815</u>
Fund balances (deficits), July 1, 2012		203,823	203,823
Fund balances (deficits), June 30, 2013	<u>\$</u>	<u>\$ 348,638</u>	<u>\$ 348,638</u>

LTAF			Police Special Programs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 966,485	\$ 955,090	\$ (11,395)	\$ 103,620	\$ 71,342	\$ (32,278)
120,000	107,426	(12,574)		12,233	12,233
				2,571	2,571
10,000	3,288	(6,712)		51,355	51,355
1,096,485	1,065,804	(30,681)	103,620	137,501	33,881
			103,620	97,186	6,434
1,526,905	1,466,118	60,787			
<u>1,526,905</u>	<u>1,466,118</u>	<u>60,787</u>	<u>103,620</u>	<u>97,186</u>	<u>6,434</u>
(430,420)	(400,314)	30,106		40,315	40,315
430,420	430,420				
<u>430,420</u>	<u>430,420</u>				
	30,106	30,106		40,315	40,315
	17,378	17,378		54,680	54,680
<u>\$</u>	<u>\$ 47,484</u>	<u>\$ 47,484</u>	<u>\$</u>	<u>\$ 94,995</u>	<u>\$ 94,995</u>

(Continued)

**CITY OF SIERRA VISTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013
 (Continued)**

	Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 1,025,251	\$ 325,480	\$ (699,771)
Charges for services			
Fines			
Investment income			
Contributions	122,000	6,365	(115,635)
Other revenues			
Total revenues	<u>1,147,251</u>	<u>331,845</u>	<u>(815,406)</u>
Expenditures:			
Current -			
General government			
Public safety	1,103,466	277,837	825,629
Public works			
Culture and recreation	100,000	7,200	92,800
Community development		13,550	(13,550)
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>1,203,466</u>	<u>298,587</u>	<u>904,879</u>
Excess (deficiency) of revenues over expenditures	<u>(56,215)</u>	<u>33,258</u>	<u>89,473</u>
Other financing sources (uses):			
Transfers out			
Transfer in	37,515		(37,515)
Proceeds from installment purchase			
Total other financing sources (uses)	<u>37,515</u>		<u>(37,515)</u>
Change in fund balances	<u>(18,700)</u>	<u>33,258</u>	<u>51,958</u>
Fund balances (deficits), July 1, 2012	18,700	25,427	6,727
Fund balances (deficits), June 30, 2013	<u>\$</u>	<u>\$ 58,685</u>	<u>\$ 58,685</u>

*The Convention and Visitors Bureau Fund was included in the City's budget, however, the budget was -0-.

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013
(Continued)

	Airport		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 2,190,716	\$ 376,372	\$(1,814,344)
Charges for services	1,277,568	753,734	(523,834)
Fines			
Investment income			
Contributions			
Other revenues	5,000	191,077	186,077
Total revenues	<u>3,473,284</u>	<u>1,321,183</u>	<u>(2,152,101)</u>
Expenditures:			
Current -			
General government			
Public safety			
Public works	3,379,663	1,099,182	2,280,481
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges	47,477	47,477	
Principal	64,894	953,448	(888,554)
Total expenditures	<u>3,492,034</u>	<u>2,100,107</u>	<u>1,391,927</u>
Excess (deficiency) of revenues over expenditures	<u>(18,750)</u>	<u>(778,924)</u>	<u>(760,174)</u>
Other financing sources (uses):			
Transfers out			
Transfer in	18,750	226,311	207,561
Proceeds from installment purchase		680,993	680,993
Total other financing sources (uses)	<u>18,750</u>	<u>907,304</u>	<u>888,554</u>
Change in fund balances		<u>128,380</u>	<u>128,380</u>
Fund balances (deficits), July 1, 2012		(192,924)	(192,924)
Fund balances (deficits), June 30, 2013	<u>\$</u>	<u>\$ (64,544)</u>	<u>\$ (64,544)</u>

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013
(Continued)

	Police Development Fee		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	41,944	23,739	(18,205)
Fines			
Investment income			
Contributions			
Other revenues			
Total revenues	41,944	23,739	(18,205)
Expenditures:			
Current -			
General government			
Public safety			
Public works			
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures			
Excess (deficiency) of revenues over expenditures	41,944	23,739	(18,205)
Other financing sources (uses):			
Transfers out	(212,043)	(212,043)	
Transfer in	13,981	7,913	(6,068)
Proceeds from installment purchase			
Total other financing sources (uses)	(198,062)	(204,130)	(6,068)
Change in fund balances	(156,118)	(180,391)	(24,273)
Fund balances (deficits), July 1, 2012	156,118	(141,614)	(297,732)
Fund balances (deficits), June 30, 2013	\$	\$ (322,005)	\$ (322,005)

Infrastructure Development Fee		
Budget	Actual	Variance - Positive (Negative)
\$ 189,220	\$ 167,270	\$ (21,950)
	8,000	8,000
<u>189,220</u>	<u>175,270</u>	<u>(13,950)</u>
800,000	71,757	728,243
<u>800,000</u>	<u>71,757</u>	<u>728,243</u>
(610,780)	103,513	714,293
47,305	55,757	8,452
<u>47,305</u>	<u>55,757</u>	<u>8,452</u>
(563,475)	159,270	722,745
563,475	1,773,297	1,209,822
<u>\$</u>	<u>\$ 1,932,567</u>	<u>\$ 1,932,567</u>

Fire Development Fee		
Budget	Actual	Variance - Positive (Negative)
\$ 49,392	\$ 27,613	\$ (21,779)
<u>49,392</u>	<u>27,613</u>	<u>(21,779)</u>
(261,466)	(261,466)	
16,464	9,204	(7,260)
<u>(245,002)</u>	<u>(252,262)</u>	<u>(7,260)</u>
(195,610)	(224,649)	(29,039)
195,610	(428,185)	(623,795)
<u>\$</u>	<u>\$ (652,834)</u>	<u>\$ (652,834)</u>

(Continued)

CITY OF SIERRA VISTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013
(Concluded)

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 10,607,982	\$4,604,921	\$(6,003,061)
Charges for services	1,688,071	1,099,740	(588,331)
Fines	100		(100)
Investment income		1,117	1,117
Contributions	634,620	153,451	(481,169)
Other revenues	235,000	254,436	19,436
Total revenues	<u>13,165,773</u>	<u>6,113,665</u>	<u>(7,052,108)</u>
Expenditures:			
Current -			
General government	20,350	85,952	(65,602)
Public safety	1,427,236	450,148	977,088
Public works	13,456,079	6,129,528	7,326,551
Culture and recreation	348,370	65,820	282,550
Community development	100	13,550	(13,450)
Debt service -			
Interest and fiscal charges	50,169	53,022	(2,853)
Principal	127,526	1,055,753	(928,227)
Total expenditures	<u>15,429,830</u>	<u>7,853,773</u>	<u>7,576,057</u>
Excess (deficiency) of revenues over expenditures	<u>(2,264,057)</u>	<u>(1,740,108)</u>	<u>523,949</u>
Other financing sources (uses):			
Transfers out	(533,456)	(481,234)	52,222
Transfer in	1,694,210	1,536,870	(157,340)
Proceeds from installment purchase	115,000	793,486	678,486
Total other financing sources (uses)	<u>1,275,754</u>	<u>1,849,122</u>	<u>573,368</u>
Change in fund balances	<u>(988,303)</u>	<u>109,014</u>	<u>1,097,317</u>
Fund balances (deficits), July 1, 2012	988,303	1,823,183	834,880
Fund balances (deficits), June 30, 2013	<u>\$</u>	<u>\$1,932,197</u>	<u>\$ 1,932,197</u>

NON-MAJOR DEBT SERVICE FUND

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

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

**CITY OF SIERRA VISTA
BALANCE SHEET - NON-MAJOR DEBT SERVICE FUND
JUNE 30, 2013**

	Municipal Property Corporation Interest and Redemption
<u>ASSETS</u>	
Cash and investments	\$ 1,736,716
Total assets	<u><u>\$ 1,736,716</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 7,500
Interest payable	488,060
Total liabilities	<u>495,560</u>
Fund balances:	
Unassigned	
Restricted	<u>1,241,156</u>
Total fund balances	<u>1,241,156</u>
Total liabilities and fund balances	<u><u>\$ 1,736,716</u></u>

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013**

	Municipal Property Corporation Interest and Redemption
Revenues:	
Investment income	\$ 44
Total revenues	44
 Expenditures:	
Debt service -	
Interest and fiscal charges	1,027,845
Principal	2,425,000
Total expenditures	3,452,845
Excess (deficiency) of revenues over expenditures	(3,452,801)
 Other financing sources (uses):	
Transfer in	3,478,361
Total other financing sources (uses)	3,478,361
Change in fund balances	25,560
Fund balances, beginning of year	1,215,596
Fund balances, end of year	\$ 1,241,156

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013**

	Municipal Property Corporation Interest and Redemption		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment income	\$	\$ 44	\$ 44
Total revenues		44	44
Expenditures:			
Debt service -			
Interest and fiscal charges	1,074,929	1,027,845	47,084
Principal	2,425,000	2,425,000	
Total expenditures	3,499,929	3,452,845	47,084
Excess (deficiency) of revenues over expenditures	(3,499,929)	(3,452,801)	47,128
Other financing sources (uses):			
Transfer in	3,499,929	3,478,361	(21,568)
Total other financing sources (uses)	3,499,929	3,478,361	(21,568)
Change in fund balances		25,560	25,560
Fund balances, July 1, 2012		1,215,596	1,215,596
Fund balances, June 30, 2013	\$	\$1,241,156	\$ 1,241,156

NON-MAJOR CAPITAL IMPROVEMENT 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
BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUND
JUNE 30, 2013**

	<u>Capital Improvements</u>
<u>ASSETS</u>	
Cash and investments	\$ 293,645
Accounts receivable	<u>46,641</u>
Total assets	<u><u>\$ 340,286</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 28,874
Total liabilities	<u>28,874</u>
Fund balances:	
Unassigned	
Restricted	<u>311,412</u>
Total fund balances	<u>311,412</u>
 Total liabilities and fund balances	 <u><u>\$ 340,286</u></u>

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2013**

	Capital Improvements
Revenues:	
Taxes	\$ 3,588,592
Total revenues	3,588,592
Expenditures:	
Capital outlay	364,628
Total expenditures	364,628
Excess (deficiency) of revenues over expenditures	3,223,964
Other financing sources (uses):	
Transfers out	(3,555,811)
Transfer in	7,725
Total other financing sources (uses)	(3,548,086)
Change in fund balances	(324,122)
Fund balances, beginning of year	635,534
Fund balances, end of year	\$ 311,412

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2013**

	Capital Improvements		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 3,699,899	\$ 3,588,592	\$ (111,307)
Other revenues	250,000		(250,000)
Total revenues	<u>3,949,899</u>	<u>3,588,592</u>	<u>(361,307)</u>
Expenditures:			
Capital outlay	1,325,000	364,628	960,372
Total expenditures	<u>1,325,000</u>	<u>364,628</u>	<u>960,372</u>
Excess (deficiency) of revenues over expenditures	<u>2,624,899</u>	<u>3,223,964</u>	<u>599,065</u>
Other financing sources (uses):			
Transfers out	(3,531,433)	(3,555,811)	(24,378)
Transfer in	59,947	7,725	(52,222)
Total other financing sources (uses)	<u>(3,471,486)</u>	<u>(3,548,086)</u>	<u>(76,600)</u>
Change in fund balances	<u>(846,587)</u>	<u>(324,122)</u>	<u>522,465</u>
Fund balances, July 1, 2012	846,587	635,534	(211,053)
Fund balances, June 30, 2013	<u>\$</u>	<u>\$ 311,412</u>	<u>\$ 311,412</u>

INTERNAL SERVICE FUNDS

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

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

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

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

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2013**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 4,707,770	\$ 30,037	\$ 292,901	\$5,030,708
Accounts receivable	3,533		101	3,634
Total assets	<u>4,711,303</u>	<u>30,037</u>	<u>293,002</u>	<u>5,034,342</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 38,878	\$ 188	\$	\$ 39,066
Claims payable	226,470			226,470
Total liabilities	<u>265,348</u>	<u>188</u>		<u>265,536</u>
<u>NET POSITION</u>				
Unrestricted	<u>4,445,955</u>	<u>29,849</u>	<u>293,002</u>	<u>4,768,806</u>
Total net position	<u>\$ 4,445,955</u>	<u>\$ 29,849</u>	<u>\$ 293,002</u>	<u>\$4,768,806</u>

CITY OF SIERRA VISTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
Operating revenues:				
Contributions	\$ 3,657,919	\$	\$	\$ 3,657,919
Other revenues	86,425		39,747	126,172
Total operating revenues	<u>3,744,344</u>		<u>39,747</u>	<u>3,784,091</u>
Operating expenses:				
Operations and maintenance	244,050			244,050
Benefits paid	2,729,654	20,040	49,755	2,799,449
Premiums paid	363,292			363,292
Total operating expenses	<u>3,336,996</u>	<u>20,040</u>	<u>49,755</u>	<u>3,406,791</u>
Operating income (loss)	<u>407,348</u>	<u>(20,040)</u>	<u>(10,008)</u>	<u>377,300</u>
Nonoperating revenues:				
Investment income	5,235			5,235
Total nonoperating revenues	<u>5,235</u>			<u>5,235</u>
Change in net position	<u>412,583</u>	<u>(20,040)</u>	<u>(10,008)</u>	<u>382,535</u>
Total net position, beginning of year	4,033,372	49,889	303,010	4,386,271
Total net position, end of year	<u>\$ 4,445,955</u>	<u>\$ 29,849</u>	<u>\$ 293,002</u>	<u>\$ 4,768,806</u>

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 3,657,919	\$	\$	\$ 3,657,919
Cash paid to suppliers for goods and services	(3,320,844)	(28,584)	(49,814)	(3,399,242)
Other operating revenues	86,171		39,747	125,918
Net cash provided by (used for) operating activities	423,246	(28,584)	(10,067)	384,595
Cash flows from investing activities:				
Investment income	5,235			5,235
Net cash provided by investing activities	5,235			5,235
Net increase (decrease) in cash and cash equivalents	428,481	(28,584)	(10,067)	389,830
Cash and cash equivalents, July 1, 2012	4,279,289	58,621	302,968	4,640,878
Cash and cash equivalents, June 30, 2013	\$ 4,707,770	\$ 30,037	\$ 292,901	\$ 5,030,708
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided BY (Used for) Operating Activities</u>				
Operating income (loss)	\$ 407,348	\$ (20,040)	\$ (10,008)	\$ 377,300
Adjustments to reconcile operating income (loss)				
to net cash used for operating activities:				
Change in assets and liabilities:				
Decrease (increase) in gross accounts receivable	(254)			(254)
Increase (decrease) in operating portion of accounts payable	16,152	(8,544)	(59)	7,549
Total adjustments	15,898	(8,544)	(59)	7,295
Net cash provided by (used for) operating activities	\$ 423,246	\$ (28,584)	\$ (10,067)	384,595

AGENCY FUNDS

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

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

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

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2013**

	Customer Deposits	Partnership Deposits	Totals
<u>ASSETS</u>			
Cash and investments	\$ 356,726	\$ 491,152	\$ 847,878
Accounts receivable	156	50,000	50,156
Total assets	\$ 356,882	\$ 541,152	\$ 898,034
 <u>LIABILITIES</u>			
Accounts payable		48,536	48,536
Customer deposits	356,882	492,616	849,498
Total liabilities	\$ 356,882	\$ 541,152	\$ 898,034

CITY OF SIERRA VISTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Customer Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 410,565	\$ 1,407,464	\$ 1,461,303	\$ 356,726
Accounts receivable		26,834	26,678	156
Total assets	<u>\$ 410,565</u>	<u>\$ 1,434,298</u>	<u>\$ 1,487,981</u>	<u>\$ 356,882</u>
<u>Liabilities</u>				
Accounts payable	11,061	49,908	60,969	
Customer deposits	399,504	1,445,395	1,488,017	356,882
Total liabilities	<u>\$ 410,565</u>	<u>\$ 1,495,303</u>	<u>\$ 1,548,986</u>	<u>\$ 356,882</u>
<u>Partnership Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 498,533	\$ 4,657,230	\$ 4,664,611	\$ 491,152
Accounts receivable		1,153,000	1,103,000	50,000
Total assets	<u>\$ 498,533</u>	<u>\$ 5,810,230</u>	<u>\$ 5,767,611</u>	<u>\$ 541,152</u>
<u>Liabilities</u>				
Accounts payable	43	1,303,087	1,254,594	48,536
Customer deposits	498,490	1,643,324	1,649,198	492,616
Total liabilities	<u>\$ 498,533</u>	<u>\$ 2,946,411</u>	<u>\$ 2,903,792</u>	<u>\$ 541,152</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 909,098	\$ 6,064,694	\$ 6,125,914	\$ 847,878
Accounts receivable		1,179,834	1,129,678	50,156
Total assets	<u>\$ 909,098</u>	<u>\$ 7,244,528</u>	<u>\$ 7,255,592</u>	<u>\$ 898,034</u>
<u>Liabilities</u>				
Accounts payable	11,104	1,352,995	1,315,563	48,536
Customer deposits	897,994	3,088,719	3,137,215	849,498
Total liabilities	<u>\$ 909,098</u>	<u>\$ 4,441,714</u>	<u>\$ 4,452,778</u>	<u>\$ 898,034</u>

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STATISTICAL SECTION

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

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

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

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

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

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 11,553,873	\$ 19,982,512	\$ 65,756,390	\$ 79,561,766
Restricted	804,687	914,956	1,792,318	2,067,402
Unrestricted	<u>3,242,842</u>	<u>7,093,591</u>	<u>7,273,386</u>	<u>7,170,997</u>
Total governmental activities net position	<u>\$ 15,601,402</u>	<u>\$ 27,991,059</u>	<u>\$ 74,822,094</u>	<u>\$ 88,800,165</u>
Business-type activities				
Net investment in capital assets	25,310,978	26,767,719	28,244,714	29,809,478
Unrestricted	<u>(174,344)</u>	<u>45,138</u>	<u>(216,080)</u>	<u>(751,405)</u>
Total business-type activities net position	<u>\$ 25,136,634</u>	<u>\$ 26,812,857</u>	<u>\$ 28,028,634</u>	<u>\$ 29,058,073</u>
Primary government				
Net investment in capital assets	\$ 36,864,851	\$ 46,750,231	\$ 94,001,104	\$ 109,371,244
Restricted	804,687	914,956	1,792,318	2,067,402
Unrestricted	<u>3,068,498</u>	<u>7,138,729</u>	<u>7,057,306</u>	<u>6,419,592</u>
Total primary government net position	<u>\$ 40,738,036</u>	<u>\$ 54,803,916</u>	<u>\$ 102,850,728</u>	<u>\$ 117,858,238</u>

Note: In FY2006 the City added \$35,316,215 in net pre-2003 infrastructure assets to the financial statements
Source: City of Sierra Vista

2008	2009	2010	2011	2012	2013
\$ 71,669,712	\$ 93,879,321	\$ 97,100,275	\$ 98,629,178	\$ 98,771,323	\$ 97,557,911
892,345	1,388,809	1,214,338	1,582,118	2,500,401	4,524,148
25,539,943	2,958,036	3,600,823	857,128	(250,806)	(5,123,877)
<u>\$ 98,102,000</u>	<u>\$ 98,226,166</u>	<u>\$ 101,915,436</u>	<u>\$ 101,068,424</u>	<u>\$ 101,020,918</u>	<u>\$ 96,958,182</u>
30,854,970	33,105,955	33,790,428	34,181,472	34,333,688	33,088,657
(1,335,420)	(2,981,587)	(3,011,800)	(2,975,726)	(1,819,668)	(382,866)
<u>\$ 29,519,550</u>	<u>\$ 30,124,368</u>	<u>\$ 30,778,628</u>	<u>\$ 31,205,746</u>	<u>\$ 32,514,020</u>	<u>\$ 32,705,791</u>
\$ 102,524,682	\$ 126,985,276	\$ 130,890,703	\$ 132,810,650	\$ 133,105,011	\$ 130,646,568
892,345	1,388,809	1,214,338	1,582,118	2,500,401	4,524,148
24,204,523	(23,551)	589,023	(2,118,598)	(2,070,474)	(5,506,743)
<u>\$ 127,621,550</u>	<u>\$ 128,350,534</u>	<u>\$ 132,694,064</u>	<u>\$ 132,274,170</u>	<u>\$ 133,534,938</u>	<u>\$ 129,663,973</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental activities:				
General government	\$ 3,936,506	\$ 3,641,890	\$ 5,410,627	\$ 5,674,130
Public safety	9,248,725	9,139,901	9,642,075	11,404,231
Public works	6,292,337	7,826,133	11,494,632	11,114,466
Culture and recreation	5,010,529	5,042,422	5,651,213	6,186,719
Community development	1,757,003	1,430,891	1,565,209	1,309,034
Interest and fiscal charges	1,697,165	1,543,319	1,410,338	1,145,314
Total governmental activities expenses	<u>27,942,265</u>	<u>28,624,556</u>	<u>35,174,094</u>	<u>36,833,896</u>
Business-type activities:				
Sewer	3,312,060	3,177,892	3,272,135	3,558,063
Refuse	2,790,496	3,014,916	3,279,250	3,597,034
Leisure				
Total business-type activities expenses	<u>6,102,556</u>	<u>6,192,808</u>	<u>6,551,385</u>	<u>7,155,097</u>
Total primary government expenses	<u>\$ 34,044,821</u>	<u>\$ 34,817,364</u>	<u>\$ 41,725,479</u>	<u>\$ 43,988,993</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 225,819	\$ 229,576	\$ 248,797	\$ 261,907
Public safety	1,014,257	1,018,432	1,110,743	1,191,121
Public works	784,069	1,611,282	2,212,506	2,129,322
Culture and recreation	1,097,245	1,139,119	1,301,172	1,658,455
Community development	1,507,509	2,252,846	2,128,351	1,155,139
Operating grants and contributions	1,806,564	924,929	901,037	1,148,015
Capital grants and contributions	3,689,737	6,794,810	8,918,625	9,070,377
Total governmental activities program revenues	<u>10,125,200</u>	<u>13,970,994</u>	<u>16,821,231</u>	<u>16,614,338</u>
Business-type activities:				
Charges for services:				
Sewer	2,968,708	3,307,419	3,161,055	3,069,160
Refuse	3,261,082	3,627,891	3,833,817	3,962,942
Leisure				
Capital grants and contributions	668,328	1,096,013	772,290	1,118,437
Total business-type activities program revenues	<u>6,898,118</u>	<u>8,031,323</u>	<u>7,767,162</u>	<u>8,150,539</u>
Total primary government program revenues	<u>\$ 17,023,318</u>	<u>\$ 22,002,317</u>	<u>\$ 24,588,393</u>	<u>\$ 24,764,877</u>
Net (Expense)/Revenue				
Governmental activities	\$ (17,817,065)	\$ (14,653,562)	\$ (18,352,863)	\$ (20,219,558)
Business-type activities	795,562	1,838,515	1,215,777	995,442
Total primary government net expense	<u>\$ (17,021,503)</u>	<u>\$ (12,815,047)</u>	<u>\$ (17,137,086)</u>	<u>\$ (19,224,116)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 246,863	\$ 281,765	\$ 299,347	\$ 332,244
Sales taxes	11,940,464	13,472,588	14,734,321	17,364,207
Franchise taxes	289,531	404,240	293,997	312,137
State shared revenues	11,574,481	12,268,381	13,685,090	15,425,650
Investment income	(17,954)	95,580	371,579	452,530
Other revenues	112,674	351,291	483,349	310,861
Transfers	169,887	169,374		
Total governmental activities	<u>24,315,946</u>	<u>27,043,219</u>	<u>29,867,683</u>	<u>34,197,629</u>
Business-type activities:				
Investment income	(33,045)	7,082		33,997
Transfers	(169,887)	(169,374)		
Total business-type activities	<u>(202,932)</u>	<u>(162,292)</u>		<u>33,997</u>
Total primary government	<u>\$ 24,113,014</u>	<u>\$ 26,880,927</u>	<u>\$ 29,867,683</u>	<u>\$ 34,231,626</u>
Change in Net Position				
Governmental activities	\$ 6,498,881	\$ 12,389,657	\$ 11,514,820	\$ 13,978,071
Business-type activities	592,630	1,676,223	1,215,777	1,029,439
Total primary government	<u>\$ 7,091,511</u>	<u>\$ 14,065,880</u>	<u>\$ 12,730,597</u>	<u>\$ 15,007,510</u>

Source: City of Sierra Vista

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 5,400,652	\$ 6,295,912	\$ 6,373,071	\$ 6,105,723	\$ 5,416,997	\$ 5,733,325
12,982,854	15,383,618	15,936,516	15,361,959	15,741,058	16,679,199
13,397,910	14,704,763	13,493,614	14,466,185	15,684,106	13,971,626
6,730,299	5,669,339	5,413,023	6,612,745	4,682,921	5,451,451
1,354,739	1,460,767	1,314,933	1,284,149	1,256,425	922,944
1,168,106	2,052,274	1,597,221	1,322,280	1,193,187	1,094,226
<u>41,034,560</u>	<u>45,566,673</u>	<u>44,128,378</u>	<u>45,153,041</u>	<u>43,974,694</u>	<u>43,852,771</u>
4,138,394	4,195,950	3,800,591	3,828,618	3,695,564	3,995,159
3,737,762	4,432,709	4,054,523	4,058,302	4,244,047	4,421,364
	1,382,032	1,261,163			
<u>7,876,156</u>	<u>10,010,691</u>	<u>9,116,277</u>	<u>7,886,920</u>	<u>7,939,611</u>	<u>8,416,523</u>
<u>\$ 48,910,716</u>	<u>\$ 55,577,364</u>	<u>\$ 53,244,655</u>	<u>\$ 53,039,961</u>	<u>\$ 51,914,305</u>	<u>\$ 52,269,294</u>
\$ 262,840	\$ 271,822	\$ 259,992	\$ 263,643	\$ 267,922	\$ 1,048,052
1,388,991	1,346,379	1,562,677	1,759,035	1,721,067	1,691,539
2,968,974	2,380,250	2,039,748	3,411,247	2,522,046	2,384,010
1,703,407	351,461	489,592	1,478,401	1,079,641	1,124,673
1,012,268	1,728,017	2,470,275	541,794	1,627,780	767,063
1,350,710	1,163,531	1,418,887	1,498,867	1,522,872	1,282,624
6,077,483	4,178,833	6,773,655	3,464,727	4,376,706	1,152,159
<u>14,764,673</u>	<u>11,420,293</u>	<u>15,014,826</u>	<u>12,417,714</u>	<u>13,118,034</u>	<u>9,450,120</u>
3,101,539	3,394,053	3,842,782	3,916,860	4,274,980	4,029,798
4,054,365	4,497,864	4,412,952	4,535,961	4,720,748	4,679,431
	980,472	730,698			
<u>1,165,433</u>	<u>1,534,673</u>	<u>359,605</u>	<u>10,890</u>	<u>401,970</u>	<u>48,878</u>
<u>8,321,337</u>	<u>10,407,062</u>	<u>9,346,037</u>	<u>8,463,711</u>	<u>9,397,698</u>	<u>8,758,107</u>
<u>\$ 23,086,010</u>	<u>\$ 21,827,355</u>	<u>\$ 24,360,863</u>	<u>\$ 20,881,425</u>	<u>\$ 22,515,732</u>	<u>\$ 18,208,227</u>
\$ (26,269,887)	\$ (34,146,380)	\$ (29,113,552)	\$ (32,735,327)	\$ (30,856,660)	\$ (34,402,651)
445,181	396,371	229,760	576,791	1,458,087	341,584
<u>\$ (25,824,706)</u>	<u>\$ (33,750,009)</u>	<u>\$ (28,883,792)</u>	<u>\$ (32,158,536)</u>	<u>\$ (29,398,573)</u>	<u>\$ (34,061,067)</u>
\$ 347,249	\$ 368,755	\$ 373,046	\$ 378,251	\$ 400,517	\$ 397,349
17,797,427	17,433,009	17,230,912	17,086,526	16,757,320	16,192,020
273,177	413,668	646,654	620,704	620,157	-
16,185,925	15,557,391	14,087,082	12,692,598	11,712,579	12,775,428
329,808	62,461	8,073	6,722	14,763	35,631
638,136	643,443	881,273	953,701	1,154,004	789,674
	(208,181)	(424,218)	149,813	149,813	149,813
<u>35,571,722</u>	<u>34,270,546</u>	<u>32,802,822</u>	<u>31,888,315</u>	<u>30,809,153</u>	<u>30,339,915</u>
16,296		282	140		
	208,181	424,218	(149,813)	(149,813)	(149,813)
<u>16,296</u>	<u>208,181</u>	<u>424,500</u>	<u>(149,673)</u>	<u>(149,813)</u>	<u>(149,813)</u>
<u>\$ 35,588,018</u>	<u>\$ 34,478,727</u>	<u>\$ 33,227,322</u>	<u>\$ 31,738,642</u>	<u>\$ 30,659,340</u>	<u>\$ 30,190,102</u>
\$ 9,301,835	\$ 124,166	\$ 3,689,270	\$ (847,012)	\$ (47,507)	\$ (4,062,736)
461,477	604,552	654,260	427,118	1,308,274	191,771
<u>\$ 9,763,312</u>	<u>\$ 728,718</u>	<u>\$ 4,343,530</u>	<u>\$ (419,894)</u>	<u>\$ 1,260,767</u>	<u>\$ (3,870,965)</u>

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

	Fiscal year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Unreserved	\$2,448,531	\$2,717,700	\$2,808,600	\$3,178,722
Unassigned				
Total General Fund balance	<u>\$2,448,531</u>	<u>\$2,717,700</u>	<u>\$2,808,600</u>	<u>\$3,178,722</u>
All Other Governmental Funds				
Restricted				
Unassigned				
Unreserved, reported in:				
Special revenue funds	1,481,117	3,326,689	5,363,088	4,332,400
Capital projects funds	332,436	1,948,249	924,206	1,809,493
Debt service funds	538,693	596,085	519,268	553,288
Total all other governmental funds	<u>2,352,246</u>	<u>5,871,023</u>	<u>6,806,562</u>	<u>6,695,181</u>
Total all governmental funds	<u>\$4,800,777</u>	<u>\$8,588,723</u>	<u>\$9,615,162</u>	<u>\$9,873,903</u>

Source: City of Sierra Vista

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 3,493,303	\$ 3,776,988	\$ 3,851,411			
			\$ 3,863,565	\$ 3,878,908	\$ 3,898,837
<u>\$ 3,493,303</u>	<u>\$ 3,776,988</u>	<u>\$ 3,851,411</u>	<u>\$ 3,863,565</u>	<u>\$ 3,878,908</u>	<u>\$ 3,898,837</u>
			3,697,571	4,437,036	4,524,148
			(1,692,419)	(1,936,635)	(2,758,173)
3,090,300	2,038,723	1,601,406			
18,955,800	4,885,226	2,002,537			
574,223	1,034,839	744,177			
<u>22,620,323</u>	<u>7,958,788</u>	<u>4,348,120</u>	<u>2,005,152</u>	<u>2,500,401</u>	<u>1,765,975</u>
<u>\$26,113,626</u>	<u>\$ 11,735,776</u>	<u>\$ 8,199,531</u>	<u>\$ 5,868,717</u>	<u>\$ 6,379,309</u>	<u>\$ 5,664,812</u>

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

	Fiscal year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 12,476,858	\$ 14,158,593	\$ 15,327,665	\$ 18,008,588
Licenses and permits	1,062,140	1,298,084	1,409,809	1,222,792
Intergovernmental	14,629,258	15,517,628	19,965,160	19,824,836
Charges for services	3,538,075	4,925,281	5,564,586	5,147,332
Fines	28,684	27,890	27,174	25,822
Investment income	(17,954)	95,580	371,579	452,530
Contributions	78,025	689,860	990,829	236,509
Other revenues	113,821	351,291	483,349	310,861
Total revenues	31,908,907	37,064,207	44,140,151	45,229,270
Expenditures:				
General government	3,683,962	4,200,959	5,576,091	6,022,584
Public safety	8,665,594	9,093,290	9,998,321	11,292,687
Public works	6,403,005	7,804,388	14,220,495	15,126,255
Culture and recreation	4,362,675	5,035,337	5,349,117	6,783,492
Community development	2,057,947	1,412,152	1,564,828	1,610,196
Capital outlay	50,170	1,290,560	180,393	2,115,900
Debt service -				
Interest and fiscal charges	1,697,165	1,543,319	1,410,338	1,145,314
Principal	3,561,490	3,655,247	6,976,529	2,237,375
Total expenditures	30,482,008	34,035,252	45,276,112	46,333,803
Excess (deficiency) of revenues over expenditures	1,426,899	3,028,955	(1,135,961)	(1,104,533)
Other financing sources (uses):				
Transfers out	(4,578,341)	(5,804,889)	(8,742,545)	(3,827,229)
Transfer in	4,648,228	5,974,263	8,742,545	3,827,229
Net Proceeds from sale of bonds				
Proceeds from installment purchase	246,373	589,617	2,162,400	1,363,274
Total other financing sources (uses)	316,260	758,991	2,162,400	1,363,274
Net Change in fund balances	\$ 1,743,159	\$ 3,787,946	\$ 1,026,439	\$ 258,741
Debt service as a percentage of noncapital expenditures	18.4%	17.5%	22.3%	10.2%

Source: City of Sierra Vista

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 18,417,853	\$ 18,215,432	\$ 18,250,612	\$ 18,085,481	\$ 17,777,994	\$ 16,589,369
1,201,168	974,873	1,207,778	815,087	1,093,475	1,444,445
18,524,043	18,328,714	20,719,892	17,231,563	14,233,771	14,916,649
6,105,738	5,071,891	5,581,742	6,607,534	6,095,979	5,545,131
29,574	31,165	32,764	31,499	29,002	25,761
329,808	62,461	8,073	6,722	14,763	35,631
405,175	412,013	735,101	103,620	2,960,309	153,794
638,136	643,443	881,273	953,701	1,154,004	789,674
<u>45,651,495</u>	<u>43,739,992</u>	<u>47,417,235</u>	<u>43,835,207</u>	<u>43,359,297</u>	<u>39,500,454</u>
6,306,083	6,193,351	6,432,811	5,940,858	5,095,292	5,962,304
12,183,789	13,732,763	13,269,989	13,183,030	13,580,188	13,831,076
13,143,762	12,478,750	15,865,085	13,280,984	15,444,339	12,325,352
6,570,074	5,025,905	4,648,446	5,263,125	3,743,441	4,639,890
1,430,534	1,411,283	1,291,078	1,222,838	1,186,790	836,423
9,130,044	9,010,524	3,907,207	3,097,265	268,626	364,628
1,168,106	2,052,274	1,694,277	1,322,280	1,193,187	1,094,226
2,498,766	8,891,434	13,628,968	3,005,454	2,694,552	3,733,604
<u>52,431,158</u>	<u>58,796,284</u>	<u>60,737,861</u>	<u>46,315,834</u>	<u>43,206,415</u>	<u>42,787,503</u>
(6,779,663)	(15,056,292)	(13,320,626)	(2,480,627)	152,882	(3,287,049)
(6,442,246)	(11,929,506)	(6,639,225)	(5,040,530)	(4,843,907)	(5,160,541)
6,442,246	11,721,325	6,215,007	5,190,343	4,993,720	5,310,354
22,500,000		10,117,056			
519,386	886,623	91,543		207,896	2,422,739
<u>23,019,386</u>	<u>678,442</u>	<u>9,784,381</u>	<u>149,813</u>	<u>357,709</u>	<u>2,572,552</u>
<u>\$ 16,239,723</u>	<u>\$ (14,377,850)</u>	<u>\$ (3,536,245)</u>	<u>\$ (2,330,814)</u>	<u>\$ 510,591</u>	<u>\$ (714,497)</u>
9.8%	23.8%	31.4%	11.3%	10.4%	12.6%

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

Business Category	Fiscal year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Communications & utilities	\$ 897,179	\$ 1,142,474	\$ 1,218,312	\$ 1,512,693
Transportation & warehousing	9,591	16,219	9,800	7,743
Construction	1,391,544	1,456,909	1,566,609	1,611,591
Manufacturing	152,000	326,893	363,851	373,629
Wholesale trade	341,008	334,578	267,573	363,217
Retail trade	6,694,076	7,256,956	7,840,095	9,289,617
Finance & insurance	697	10,347	9,196	8,111
Real estate, rental & leasing	73,822	309,018	768,570	1,107,951
Restaurant & bar	1,048,865	1,406,899	1,443,555	1,668,730
Accommodation	628,564	739,267	843,832	906,606
Services	451,691	333,107	339,806	363,624
Arts & entertainment	5,940	16,620	18,401	19,352
Other	245,487	123,301	44,721	131,343
Total	<u>\$11,940,464</u>	<u>\$13,472,588</u>	<u>\$14,734,321</u>	<u>\$17,364,207</u>

Source:

Arizona Department of Revenue

Notes:

On November 1, 2003, the City raised the retail sales classification tax rate from 1.55 to 1.6%, the restaurant & bar classification from 1.5% to 2.6% and implemented a 1.6% use tax.

In January 2004, the Department of Revenue split the transportation, communication and utilities category into the transportation & warehousing and communications and utilities categories. The finance, insurance and real estate classification was split into the finance & insurance and real estate, rental & leasing categories. It also created the manufacturing and arts & entertainment categories.

During fiscal year 2004, the Department of Revenue converted from classifying businesses using SIC codes to classifying them using NAICS codes.

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,513,742	\$ 1,623,435	\$ 1,574,145	\$ 1,475,399	\$ 1,596,186	\$ 1,601,169
10,113	9,927	10,311	10,416	9,194	9,566
1,616,467	1,221,945	1,229,591	1,214,444	1,028,675	986,088
347,894	415,227	296,786	253,839	275,777	232,035
338,111	165,986	118,634	148,451	142,693	116,566
9,213,760	8,908,294	8,815,201	8,797,235	8,711,519	8,915,252
12,667	12,669	7,130	5,531	8,679	9,940
1,330,341	1,431,807	1,505,237	1,425,411	1,290,723	1,209,747
1,725,078	1,709,308	1,793,820	1,868,531	1,889,937	1,742,476
1,079,462	1,335,583	1,290,820	1,381,079	1,191,335	773,819
429,935	421,492	450,928	412,968	478,406	481,911
11,565	11,322	8,191	7,238	6,845	7,822
168,292	166,014	130,118	85,984	127,350	105,629
<u>\$17,797,427</u>	<u>\$17,433,009</u>	<u>\$17,230,912</u>	<u>\$17,086,526</u>	<u>\$16,757,320</u>	<u>\$16,192,020</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>
2004	1.60%	0.50%	5.60%	7.70%
2005	1.60%	0.50%	5.60%	7.70%
2006	1.60%	0.50%	5.60%	7.70%
2007	1.75%	0.50%	5.60%	7.85%
2008	1.75%	0.50%	5.60%	7.85%
2009	1.75%	0.50%	5.60%	7.85%
2010	1.75%	0.50%	6.60%	8.85%
2011	1.75%	0.50%	6.60%	8.85%
2012	1.75%	0.50%	6.60%	8.85%
2013	1.75%	0.50%	5.60%	7.85%

Source: City of Sierra Vista, Arizona Department of Revenue

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

MPC Revenue Bonds

<u>Fiscal Year</u>	<u>Pledged Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2004	\$ 19,813,691	\$ 980,000	\$ 1,208,265	
2005	22,178,395	1,070,000	1,162,234	8.88
2006	24,713,649	1,180,000	1,111,174	9.68
2007	28,233,562	1,035,000	919,761	12.64
2008	29,542,082	1,085,000	872,796	14.42
2009	28,432,239	2,410,000	1,774,643	7.06
2010	27,930,976	2,065,000	1,410,089	8.18
2011	26,120,663	1,805,000	1,185,708	9.34
2012	25,688,339	2,330,000	1,107,020	7.60
2013	25,745,669	2,425,000	1,020,345	7.46
2014		2,515,000	930,220	7.47

Source: City of Sierra Vista

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Estimated Property Value	\$1,546,196,174	\$1,724,252,784	\$1,947,919,483	\$2,227,541,540
Assessed Property Value	\$ 187,168,466	\$ 207,357,918	\$ 231,595,905	\$ 262,607,669
<u>Debt Limits</u>				
Legal Debt Limit - 20% Bonds	\$ 37,433,693	\$ 41,471,584	\$ 46,319,181	\$ 52,521,534
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 20% Bonds	<u>\$ 37,433,693</u>	<u>\$ 41,471,584</u>	<u>\$ 46,319,181</u>	<u>\$ 52,521,534</u>
Legal Debt Limit - 6% Bonds	\$ 11,230,108	\$ 12,441,475	\$ 13,895,754	\$ 15,756,460
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 6% Bonds	<u>\$ 11,230,108</u>	<u>\$ 12,441,475</u>	<u>\$ 13,895,754</u>	<u>\$ 15,756,460</u>

Overlapping GO Bonded Debt

Jurisdiction:

City of Sierra Vista	None	None	None	None
Sierra Vista Public Schools	\$ 16,774,186	\$ 14,435,399	\$ 12,190,827	\$ 9,359,366
Cochise College	None	None	None	None
Cochise County	None	None	None	None
State of Arizona	None	None	None	None
Total	<u>\$ 16,774,186</u>	<u>\$ 14,435,399</u>	<u>\$ 12,190,827</u>	<u>\$ 9,359,366</u>

Overlapping Total Debt

Jurisdiction:

City of Sierra Vista	\$ 35,706,416	\$ 31,878,684	\$ 26,635,126	\$ 25,522,355
Sierra Vista Public Schools	N/A	N/A	N/A	N/A
Cochise College	N/A	N/A	N/A	N/A
Cochise County	N/A	N/A	N/A	N/A
State of Arizona	N/A	N/A	N/A	N/A
Total	<u>\$ 35,706,416</u>	<u>\$ 31,878,684</u>	<u>\$ 26,635,126</u>	<u>\$ 25,522,355</u>

Sources:

Estimated property value from Arizona Department of Revenue

Assessed Property Value from Cochise County Assessor's Office

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 2,519,369,157	\$ 2,787,869,258	\$ 2,966,659,079	\$ 3,066,313,577	\$ 3,066,313,577	\$ 3,066,313,577
\$ 296,919,953	\$ 325,972,301	\$ 345,353,458	\$ 348,625,573	\$ 354,576,088	\$ 342,392,651
\$ 59,383,991	\$ 65,194,460	\$ 69,070,692	\$ 69,725,115	\$ 70,915,218	\$ 68,478,530
-	-	-	-	-	-
<u>\$ 59,383,991</u>	<u>\$ 65,194,460</u>	<u>\$ 69,070,692</u>	<u>\$ 69,725,115</u>	<u>\$ 70,915,218</u>	<u>\$ 68,478,530</u>
\$ 17,815,197	\$ 19,558,338	\$ 20,721,207	\$ 20,917,534	\$ 21,274,565	\$ 20,543,559
-	-	-	-	-	-
<u>\$ 17,815,197</u>	<u>\$ 19,558,338</u>	<u>\$ 20,721,207</u>	<u>\$ 20,917,534</u>	<u>\$ 21,274,565</u>	<u>\$ 20,543,559</u>
None	None	None	None	None	None
\$ 6,310,000	\$ 3,250,000	None	None	None	None
None	None	None	None	None	None
None	None	None	None	None	None
None	None	None	None	None	None
<u>\$ 6,310,000</u>	<u>\$ 3,250,000</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
\$ 46,023,574	\$ 37,463,642	\$ 34,352,160	\$ 30,868,798	\$ 37,236,077	\$ 35,629,609
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 46,023,574</u>	<u>\$ 37,463,642</u>	<u>\$ 34,352,160</u>	<u>\$ 30,868,798</u>	<u>\$ 37,236,077</u>	<u>\$ 35,629,609</u>

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

Fiscal <u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	Total Primary <u>Government</u>	Per <u>Capita</u>	Percentage of Personal <u>Income</u>
	Revenue <u>Bonds</u>	Notes <u>Payable</u>	Notes <u>Payable</u>			
2003	\$ 28,984,450	\$ 7,028,669	\$3,843,039	\$ 39,856,158	N/A	N/A
2004	27,239,166	5,458,836	3,008,414	35,706,416	834	3.8%
2005	25,370,254	4,262,118	2,246,312	31,878,684	730	3.1%
2006	20,790,000	4,028,243	1,816,883	26,635,126	594	2.6%
2007	19,330,000	4,614,142	1,578,213	25,522,355	584	2.4%
2008	40,300,000	4,164,762	1,558,812	46,023,574	1,003	4.0%
2009	32,265,000	4,194,951	1,003,691	37,463,642	804	3.0%
2010	29,880,000	3,062,526	1,409,634	34,352,160	783	3.8%
2011	28,075,000	1,862,072	931,726	30,868,798	684	2.5%
2012	25,745,000	1,705,416	9,785,661	37,236,077	813	N/A
2013	23,320,000	2,819,551	9,490,058	35,629,609	N/A	N/A

Note: Details of the City's outstanding debt can be found in the notes to the financial statements
2012 per Capital Income not available
2013 population estimates and per Capita Income not available

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

<u>Fiscal Year</u>	<u>Population</u>	<u>per Capita Income</u>	<u>Total Personal Income</u>	<u>Unemployment Rate</u>		
				<u>City</u>	<u>County</u>	<u>State</u>
2004	42,805	\$ 22,105	\$ 946,204,525	3.00%	5.00%	5.00%
2005	43,690	23,278	1,017,015,820	2.80%	4.80%	4.60%
2006	44,870	22,812	1,023,574,440	2.60%	4.40%	4.10%
2007	43,690	24,440	1,067,783,600	2.40%	4.00%	3.80%
2008	45,908	25,021	1,148,664,068	3.40%	5.60%	5.90%
2009	46,597	26,388	1,229,601,636	4.70%	7.80%	9.70%
2010	43,888	20,422	896,280,736	5.10%	8.40%	9.90%
2011	45,098	27,448	1,237,849,904	8.00%	8.80%	9.50%
2012	45,794	N/A	N/A	7.60%	7.90%	8.30%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Sources:

Population estimates from Arizona Department of Economic Security

Unemployment rates and per Capital Income from Cochise College Center for Economic Research

2012 data not available

2013 per Capita Income not available

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

Employer	2012			2003	
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank
Fort Huachuca	9,369	1	49.5%	11,097	1
General Dynamics	855	2	4.5%		
Sierra Vista School District	685	3	3.6%	798	2
Sierra Vista Regional Health Center	611	4	3.2%	610	3
ManTech	560	5	3.0%	384	6
Aegis	531	6	2.8%	404	5
Northrop Grumman Corp	460	7	2.0%	257	8
City of Sierra Vista	380	8	2.4%		
Raytheon	315	9	1.7%	350	7
SAIC	300	10	1.6%		
Cochise College	241			240	9
Lawley Automotive	136			187	10
Newtec				592	4

Source: Cochise College Center for Economic Research

Notes:

2013 Data not available

In 2004, the Department of Economic Security changed the model it uses for estimating the employment base. This change decreased the City's base by approximately 20%. Due to the magnitude of the change, no employment percentages for 2003 have been calculated.

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
City Manager	21	22	22	23	24	24	20	18	24	25
Administrative Services	27	27	28	29	30	31	38	38	32	31
Court and Legal	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	92	92	93	98	99	101	102	102	102	102
Fire	38	38	38	52	53	58	60	60	59	61
Public Works										
Public Works	45	46	44	46	48	48	48	48	62	62
Streets and Traffic	12	12	12	13	10	13	13	13	21	21
Airport	-	1	1	1	1	1	1	1	1	1
Transit	9	9	9	9	10	10	10	10	10	10
Sewer	12	12	12	12	12	12	12	12	12	12
Refuse	11	11	13	13	13	13	13	13	14	14
Culture and Recreation										
Parks and Leisure	37	38	43	44	50	51	50	50	-	-
Library	8	8	8	8	9	9	9	9	-	-
Leisure and Library	-	-	-	-	-	-	-	-	37	37
Community Development	16	16	18	18	18	18	18	18	18	18
	<u>329</u>	<u>333</u>	<u>342</u>	<u>367</u>	<u>378</u>	<u>390</u>	<u>395</u>	<u>393</u>	<u>393</u>	<u>395</u>

Notes:

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

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police				
UCR Part 1 clearance rate	38.0%	34.9%	32.4%	29.3%
UCR Part 1 recovery rate	68.0%	61.1%	68.5%	67.9%
Traffic Citations	4,731	3,849	5,281	7,419
Animals adopted	780	782	801	716
Fire				
Emergency calls for service	3,892	4,096	4,316	4,848
Non-emergency calls for service	2,499	2,627	2,734	2,850
Refuse				
Tons of refuse collected per year	20,862	21,905	23,000	23,500
Traffic				
Square yards of pavement crack sealed	663,530	275,864	250,000	400,000
Lane miles of streets swept	380	386	389	560
Parks and Leisure Services				
Number of program participants	255,300	275,005	286,940	295,548
Sewer				
Acre-feet of effluent treated per year	2,600	3,100	2,900	3,200
Transit				
Number of riders	115,920	120,000	108,184	97,044

Source: City of Sierra Vista

Statistics shown thru 2012 because some departments only compile them on a calendar year basis

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
27.9%	30.5%	33.4%	34.3%	38.1%	
59.7%	44.0%	35.2%	41.6%	28.5%	
7,179	4,893	7,803	6,435	5,201	
663	832	995	993	960	
4,892	4,429	4,139	4,425	4,614	
2,697	2,697	2,144	1,326	1,327	
24,000	25,000	23,688	23,434		
300,000	477,000	198,000	308,000	257,336	257,336
560	560	600	615	3,340	1,723
304,000	305,000	304,000	289,662	290,000	290,000
4,200	3,600	3,705	3,419	3,535	2,942
109,241	175,000	176,584	186,867		

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Refuse				
Refuse trucks	9	11	13	14
Parks and Leisure Services				
Acres of developed parkland	106	106	106	115
Number of baseball/softball diamonds	6	6	6	6
Number of multi-use sports complexes	2	2	2	2
Number of soccer fields				
Library				
Libraries	1	1	1	1
Sewer				
Plant capacity (acre feet per year)	4,500	4,500	4,500	4,500
Transit				
Buses	9	10	9	12

Source: City of Sierra Vista

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	1
2	3	3	3	3	3
14	14	14	14	16	16
115	115	119	119	119	119
5	5	5	5	5	5
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
12	12	11	11	11	11

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