



City of Sierra Vista, Arizona

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2014

**Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2014**



**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, 2014**

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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

March 27, 2015

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, 2014.

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, 2014, 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, 2014, 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, 2013. 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-six 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

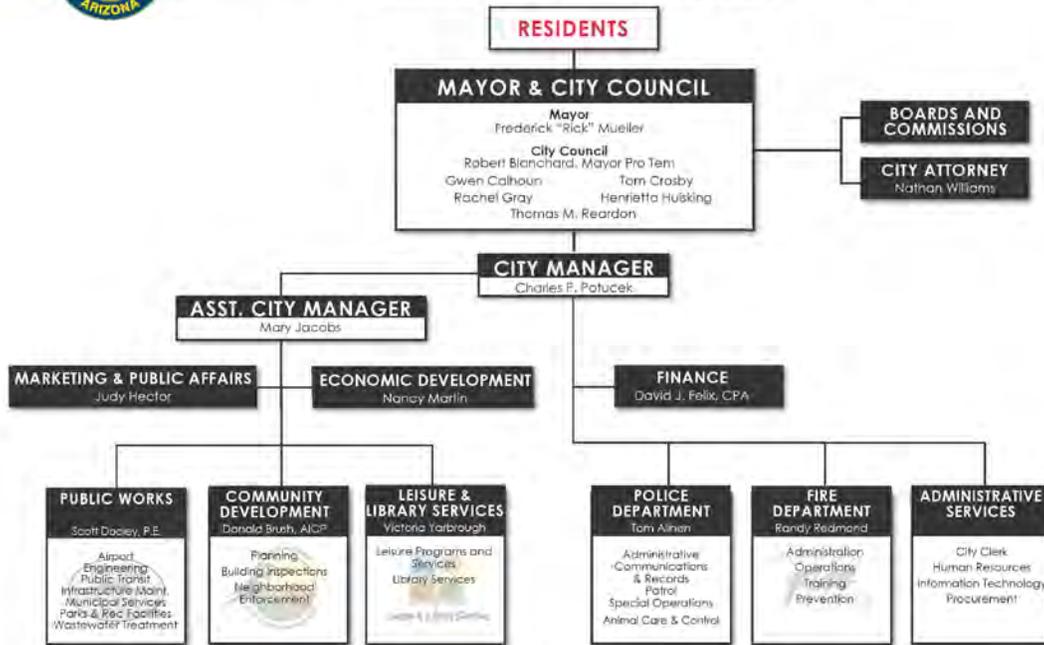
June 30, 2013

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, 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 64 through 67 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 March 27, 2015, 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.
CPAs and Business Consultants

March 27, 2015

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, 2014**

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, 2014.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2014 as follows.

- The City's total net position of governmental activities decreased \$1.37 million to \$95.6 million and business-type activities increased \$2.4 million to \$35.1 million representing 73.2 percent and 26.8 percent respectively, of the total net position of \$130.7 million.
- General revenues from governmental activities accounted for \$31.2 million in revenue, or 71.3 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12.6 million or 28.7 percent of total governmental activities revenues.
- The City had \$45.3 million in expenses related to governmental activities; of which \$12.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$31.2 million were insufficient to provide for the remaining costs of these programs. The City had \$8.3 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 \$10.8 million.
- The General Fund had \$31.5 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$30.8 million. The General Fund's fund balance increased \$0.1 million, to \$4.0 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, 2014**

in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

- **Governmental activities** – Governmental activities include most of the City's basic services, such as general government, public safety, public works, culture and recreation, and community development. Sales taxes, municipal and State 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.

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.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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, HURFI 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 \$130.7 million as of June 30, 2014, an increase of \$1.0 million from June 30, 2013.

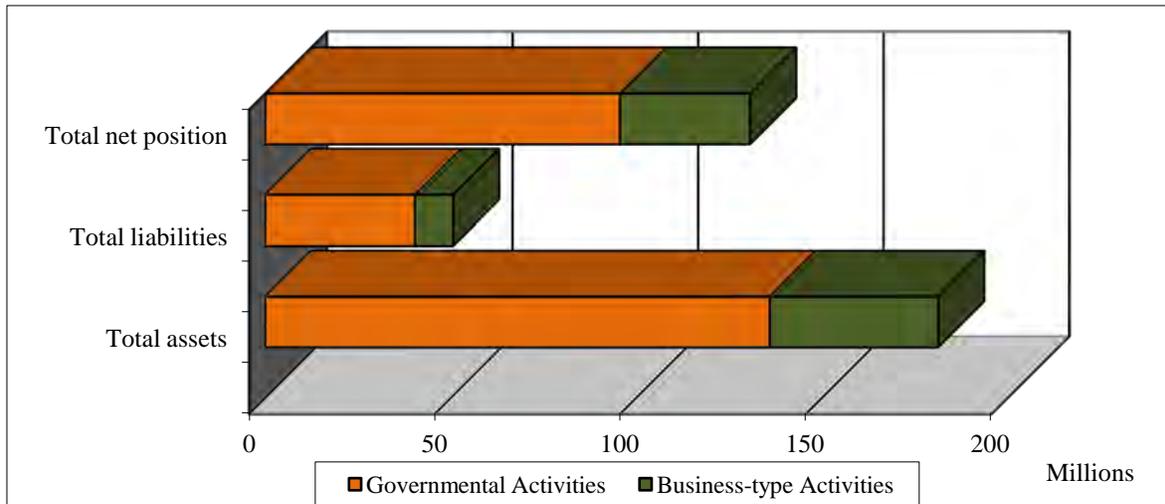
A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital 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, 2014 and 2013.

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities	2014 Total	2013 Total
Current and other assets	\$13,709,443	\$13,738,167	\$ 1,307,128	\$ 649,395	\$15,016,571	\$14,387,562
Capital assets, net	<u>122,234,242</u>	<u>123,697,462</u>	<u>44,046,340</u>	<u>42,578,715</u>	<u>166,280,582</u>	<u>166,276,177</u>
Total assets	<u>135,943,685</u>	<u>137,435,629</u>	<u>45,353,468</u>	<u>43,228,110</u>	<u>181,297,153</u>	<u>180,663,739</u>
Current liabilities	7,869,787	7,774,436	1,887,388	1,339,595	9,757,175	9,114,031
Non-current liabilities	<u>32,488,745</u>	<u>32,703,011</u>	<u>8,391,042</u>	<u>9,182,724</u>	<u>40,879,787</u>	<u>41,885,735</u>
Total liabilities	<u>40,358,532</u>	<u>40,477,447</u>	<u>10,278,430</u>	<u>10,522,319</u>	<u>50,636,962</u>	<u>50,999,766</u>
Net position						
Net investment in capital assets	99,144,355	97,557,911	35,493,373	33,088,657	134,637,728	130,646,568
Restricted	4,966,561	4,524,148	51,233		5,017,794	4,524,148
Unrestricted	<u>(8,525,763)</u>	<u>(5,123,877)</u>	<u>(469,568)</u>	<u>(382,866)</u>	<u>(8,995,331)</u>	<u>(5,506,743)</u>
Total net position	<u>\$ 95,585,153</u>	<u>\$ 96,958,182</u>	<u>\$35,075,038</u>	<u>\$32,705,791</u>	<u>\$130,660,191</u>	<u>\$129,663,973</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**



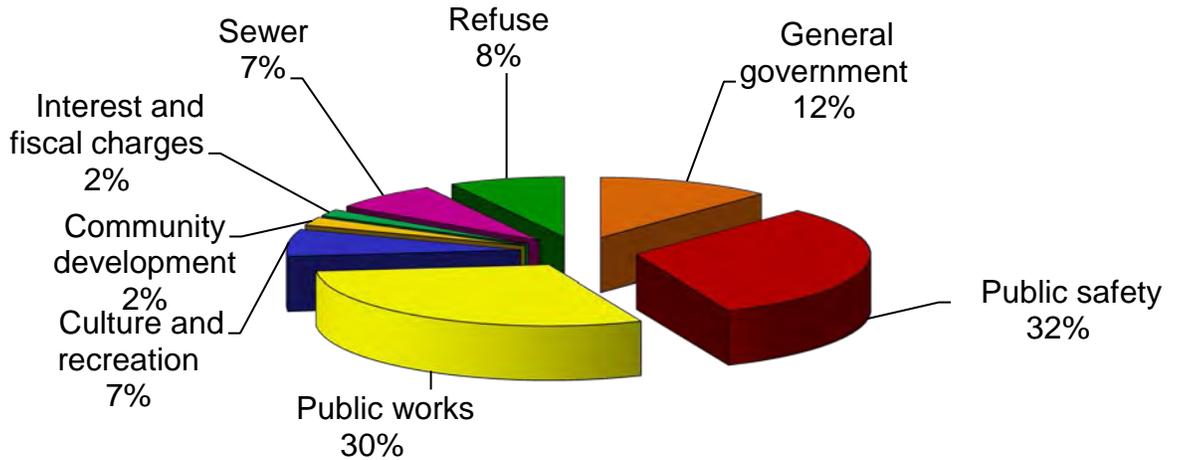
Changes in net position. The City's total revenues for the fiscal year ended June 30, 2014, were \$48.4 million. The total cost of all programs and services was \$52.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013.

	2014 Governmental <u>Activities</u>	2013 Governmental <u>Activities</u>	2014 Business-type <u>Activities</u>	2013 Business-type <u>Activities</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,482,873	\$ 7,015,337	\$ 8,722,648	\$ 8,709,229	\$ 16,205,521	\$ 15,724,566
Operating grants and contributions	1,783,822	1,282,624			1,783,822	1,282,624
Capital grants and contributions	3,303,899	1,152,159	2,060,847	48,878	5,364,746	1,201,037
General revenues:						
Property taxes	390,759	397,349			390,759	397,349
Sales taxes	16,650,008	16,192,020			16,650,008	16,192,020
State shared revenues	13,494,847	12,775,428			13,494,847	12,775,428
Other revenues	648,058	789,674			648,058	789,674
Investment income	<u>21,877</u>	<u>35,631</u>			<u>21,877</u>	<u>35,631</u>
Total revenues	<u>\$43,776,143</u>	<u>\$39,640,222</u>	<u>\$10,783,495</u>	<u>\$ 8,758,107</u>	<u>\$54,559,638</u>	<u>\$48,398,329</u>

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities	2014 Total	2013 Total
Expenses:						
General government	6,461,623	5,733,257			6,461,623	5,733,257
Public safety	16,892,244	16,679,199			16,892,244	16,679,199
Public works	15,894,553	13,971,626			15,894,553	13,971,626
Culture and recreation	3,891,908	5,451,451			3,891,908	5,451,451
Community development	1,174,014	922,944			1,174,014	922,944
Interest and fiscal charges	984,643	1,094,226			984,643	1,094,226
Sewer			3,991,879	3,995,159	3,991,879	3,995,159
Refuse			<u>4,272,556</u>	<u>4,421,364</u>	<u>4,272,556</u>	<u>4,421,364</u>
Total expenses	<u>45,298,985</u>	<u>43,852,771</u>	<u>8,264,435</u>	<u>8,416,523</u>	<u>53,563,420</u>	<u>52,269,294</u>
Increase (decrease) before transfers	<u>\$ (1,522,842)</u>	<u>\$ (4,212,549)</u>	<u>\$ 2,519,060</u>	<u>\$ 341,548</u>	<u>\$ 996,218</u>	<u>\$ (3,870,965)</u>
Transfers	<u>149,813</u>	<u>149,813</u>	<u>(149,813)</u>	<u>(149,813)</u>		
Increase (decrease) in net position	<u>\$ (1,373,029)</u>	<u>\$ (4,062,736)</u>	<u>\$ 2,369,247</u>	<u>\$ 191,771</u>	<u>\$ 996,218</u>	<u>\$ (3,870,965)</u>

EXPENSES



**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

	2014		2013	
	Total Expenses	Net (Expense)/Revenue	Total Expenses	Net (Expense)/Revenue
Governmental Activities:				
General government	\$ 6,461,623	\$ (4,883,550)	\$ 5,733,257	\$ (4,676,039)
Public safety	16,892,244	(14,237,034)	16,679,199	(14,450,310)
Public works	15,894,553	(10,335,247)	13,971,626	(10,006,145)
Culture and recreation	3,891,908	(2,553,843)	5,451,451	(4,030,736)
Community development	1,174,014	265,926	922,944	(145,195)
Interest and fiscal charges	984,643	(984,643)	1,094,226	(1,094,226)
Total expenses	<u>\$ 45,298,985</u>	<u>\$ (32,728,391)</u>	<u>\$ 43,852,771</u>	<u>\$ (34,402,651)</u>
Business-Type Activities:				
Sewer	\$ 3,991,879	2,153,467	\$ 3,995,159	\$ 83,517
Refuse	4,272,556	365,593	4,421,364	258,067
Total expenses	<u>\$ 8,264,435</u>	<u>\$2,519,060</u>	<u>\$ 8,416,523</u>	<u>\$341,584</u>

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 an increase in Capital grants and contributions the City received from 2013. The State constructed median improvements on a highway in town and donated that improvement to the City in 2014. The City also received a private donation to upgrade some of its police communications equipment.

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 \$5.3 million, a decrease of \$0.4 million.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$73,983, and met the City Council's goal of no reserve usage for the fiscal year.

The \$0.6 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.

Proprietary fund. Net position of the enterprise funds at the end of the year amounted to \$35.1 million. This is an increase of \$2.4 million from 2013.

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

BUDGETARY HIGHLIGHTS

The City did not amend the General Fund budget during the year. The City conducts a mid-year budget review which provides an opportunity to adjust the fiscal year budget. The fiscal year 2014 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, 2014, 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 \$9.1 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2014 and 2013.

	2014		2013	
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land	\$8,807,866	\$1,488,882	\$7,533,810	\$1,488,882
Infrastructure	141,462,547	40,155,645	137,643,898	39,963,017
Buildings and improvements	57,841,274	12,684,195	57,480,492	12,684,195
Machinery and equipment	26,470,686	6,920,211	25,121,118	6,601,163
Construction in progress	1,394,844	2,034,425	2,625,756	36,004
Accumulated depreciation	<u>(113,742,975)</u>	<u>(19,237,018)</u>	<u>(106,707,612)</u>	<u>(18,194,546)</u>
Total	<u>\$122,234,242</u>	<u>\$44,046,340</u>	<u>\$123,697,462</u>	<u>\$42,578,715</u>

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

**CITY OF SIERRA VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

Debt Administration. At year-end, the City had \$31.6 million in long-term debt outstanding with \$3.9 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, 2014 and 2013.

	2014		2013	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Revenue Bonds	\$20,805,000	\$	\$23,320,000	\$
Notes Payable	<u>2,284,887</u>	<u>8,552,967</u>	<u>2,819,551</u>	<u>9,490,058</u>
 Total	 <u>\$23,089,887</u>	 <u>\$ 8,552,967</u>	 <u>\$26,139,551</u>	 <u>\$ 9,490,058</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2014-2015 budget. The priorities set for the fiscal year 2015 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, 2014**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 10,289,246	\$ 545,352	\$ 10,834,598
Intergovernmental receivable	2,570,887		2,570,887
Accounts receivable	639,062	761,776	1,400,838
Inventory	210,248		210,248
Total current assets	13,709,443	1,307,128	15,016,571
Noncurrent assets:			
Land and improvements	8,807,866	1,488,882	10,296,748
Buildings and improvements	57,841,274	12,684,195	70,525,469
Infrastructure	141,462,547	40,155,645	181,618,192
Machinery and equipment	26,470,686	6,920,211	33,390,897
Construction in progress	1,394,844	2,034,425	3,429,269
Accumulated depreciation	(113,742,975)	(19,237,018)	(132,979,993)
Total noncurrent assets	122,234,242	44,046,340	166,280,582
Total assets	135,943,685	45,353,468	181,297,153
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,549,073	752,481	2,301,554
Compensated absences payable	1,484,887	83,428	1,568,315
Claims payable	217,951		217,951
Interest payable	442,160		442,160
Accrued salaries	1,151,458	92,904	1,244,362
Revenue bonds payable	2,600,000		2,600,000
Notes payable	348,520	958,575	1,307,095
Other liabilities	72,749		72,749
Customer deposits	2,989		2,989
Total current liabilities	7,869,787	1,887,388	9,757,175
Noncurrent liabilities:			
Net OPEB obligation	12,347,378	796,650	13,144,028
Revenue bonds payable	18,205,000		18,205,000
Notes payable	1,936,367	7,594,392	9,530,759
Total non-current liabilities	32,488,745	8,391,042	40,879,787
Total liabilities	40,358,532	10,278,430	50,636,962
<u>NET POSITION</u>			
Net invested in capital assets	99,144,355	35,493,373	134,637,728
Restricted for:			
Donations	454,856		454,856
Police Special Programs	109,842		109,842
Development Fees	1,781,284		1,781,284
Grants	10,022	51,233	61,255
Special purposes	469,607		469,607
Debt Service	1,298,484		1,298,484
Capital projects	842,466		842,466
Unrestricted	(8,525,763)	(469,568)	(8,995,331)
Total net position	\$ 95,585,153	\$ 35,075,038	\$ 130,660,191

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

**CITY OF SIERRA VISTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities:				
General government	\$ 6,461,623	\$ 1,525,767	\$ 52,306	\$
Public safety	16,892,244	1,221,295	258,195	1,175,720
Public works	15,894,553	2,560,147	902,620	2,096,539
Culture and recreation	3,891,908	1,036,840	269,585	31,640
Community development	1,174,014	1,138,824	301,116	
Interest and fiscal charges	984,643			
Total governmental activities	<u>45,298,985</u>	<u>7,482,873</u>	<u>1,783,822</u>	<u>3,303,899</u>
Business-type activities:				
Sewer	3,991,879	4,084,499		2,060,847
Refuse	4,272,556	4,638,149		
Total business-type activities	<u>8,264,435</u>	<u>8,722,648</u>		<u>2,060,847</u>
Total primary government	<u>\$ 53,563,420</u>	<u>\$ 16,205,521</u>	<u>\$ 1,783,822</u>	<u>\$ 5,364,746</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

Governmental Activities	Business-type Activities	Totals
\$ (4,883,550)	\$	\$ (4,883,550)
(14,237,034)		(14,237,034)
(10,335,247)		(10,335,247)
(2,553,843)		(2,553,843)
265,926		265,926
<u>(984,643)</u>		<u>(984,643)</u>
<u>(32,728,391)</u>		<u>(32,728,391)</u>
	2,153,467	2,153,467
	365,593	365,593
	<u>2,519,060</u>	<u>2,519,060</u>
<u>\$(32,747,072)</u>	<u>\$ 2,519,060</u>	<u>\$ (30,209,331)</u>
390,759		390,759
16,650,008		16,650,008
13,494,847		13,494,847
21,877		21,877
648,058		648,058
149,813	(149,813)	
<u>31,355,362</u>	<u>(149,813)</u>	<u>31,205,549</u>
(1,373,029)	2,369,247	996,218
<u>96,958,182</u>	<u>32,705,791</u>	<u>129,663,973</u>
<u>\$ 95,585,153</u>	<u>\$ 35,075,038</u>	<u>\$130,660,191</u>

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FUND FINANCIAL STATEMENTS

**CITY OF SIERRA VISTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	HURF	Park Development Fee
<u>ASSETS</u>			
Cash and investments	\$ 2,212,594	\$ 611,873	\$
Intergovernmental receivable	1,514,703	367,764	
Accounts receivable	322,648	84,044	
Due from other funds	1,620,083		
Inventory	72,652		
Total assets	\$ 5,742,680	\$1,063,681	\$
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 720,382	\$ 562,864	\$
Due to other funds			2,316,513
Interest payable			
Accrued salaries	1,045,568	63,772	
Other liabilities	921	41,828	
Customer deposits	2,989		
Total liabilities	1,769,860	668,464	2,316,513
Fund balances (deficits):			
Unassigned	3,972,820		(2,316,513)
Restricted		395,217	
Total fund balances	3,972,820	395,217	(2,316,513)
Total liabilities and fund balances	\$ 5,742,680	\$1,063,681	\$

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,423,198	\$ 5,247,665
688,420	2,570,887
78,279	484,971
2,618,404	4,238,487
137,596	210,248
<u>\$ 5,945,897</u>	<u>\$ 12,752,258</u>

\$ 241,478	\$ 1,524,724
1,921,974	4,238,487
442,160	442,160
42,118	1,151,458
30,000	72,749
	2,989
<u>2,677,730</u>	<u>7,432,567</u>

(1,303,177)	353,130
4,571,344	4,966,561
<u>3,268,167</u>	<u>5,319,691</u>
<u>\$ 5,945,897</u>	<u>\$ 12,752,258</u>

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Governmental Fund balances **\$5,319,691**

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	\$235,977,217	
Less accumulated depreciation	<u>(113,742,975)</u>	
		122,234,242

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

Lease revenue bonds payable	(20,805,000)	
Notes payable	(2,284,887)	
Net OPEB obligation	(12,347,378)	
Compensated absences payable	<u>(1,484,887)</u>	
		(36,922,152)

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	4,709,635	
Unemployment Insurance Fund	21,297	
Self-Insured Retention Fund	<u>222,440</u>	
		<u>4,953,372</u>

Net Position of Governmental Activities **\$95,585,153**

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, 2014**

	General	HURF
Revenues:		
Taxes	\$ 13,313,043	\$
Licenses and permits	1,855,217	
Intergovernmental	11,806,945	3,431,047
Charges for services	3,991,305	
Fines	25,066	
Investment income	20,853	996
Contributions	206	1,488,208
Other revenues	475,599	499
Total revenues	31,488,234	4,920,750
Expenditures:		
Current -		
General government	5,859,566	71,570
Public safety	14,535,538	
Public works	6,382,289	5,405,767
Culture and recreation	2,965,408	
Community development	748,109	
Capital outlay		
Debt service -		
Interest and fiscal charges	10,362	4,273
Principal	274,915	92,561
Total expenditures	30,776,187	5,574,171
Excess (deficiency) of revenues over expenditures	712,047	(653,421)
Other financing sources (uses):		
Transfers out	(1,311,685)	
Transfer in	673,621	700,000
Total other financing sources (uses)	(638,064)	700,000
Changes in fund balances	73,983	46,579
Fund balances (deficits), beginning of year	3,898,837	348,638
Fund balances (deficits), end of year	\$ 3,972,820	\$ 395,217

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

Park Development Fee	Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 3,727,724	\$ 17,040,767
		1,855,217
	1,673,868	16,911,860
52,404	1,558,881	5,602,590
		25,066
	28	21,877
	182,294	1,670,708
	171,960	648,058
<u>52,404</u>	<u>7,314,755</u>	<u>43,776,143</u>
	356	5,931,492
	562,316	15,097,854
	2,930,967	14,719,023
2,378	203,491	3,171,277
	334,423	1,082,532
	234,592	234,592
21,811	948,197	984,643
<u>104,819</u>	<u>2,577,369</u>	<u>3,049,664</u>
<u>129,008</u>	<u>7,791,711</u>	<u>44,271,077</u>
<u>(76,604)</u>	<u>(476,956)</u>	<u>(494,934)</u>
(521,119)	(3,535,822)	(5,368,626)
	4,144,818	5,518,439
<u>(521,119)</u>	<u>608,996</u>	<u>149,813</u>
<u>(597,723)</u>	<u>132,040</u>	<u>(345,121)</u>
(1,718,790)	3,136,127	5,664,812
<u><u>\$(2,316,513)</u></u>	<u><u>\$ 3,268,167</u></u>	<u><u>\$ 5,319,691</u></u>

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**CITY OF SIERRA VISTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Net Changes in Fund Balances - Total Governmental Funds **\$ (345,121)**

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	\$ 6,345,074	
Current year depreciation	<u>(7,702,482)</u>	(1,357,408)

Governmental funds report debt principal payments as expenditures whereas the Statement of Activities does not recognize principal payments as expenditures.		3,049,664
--	--	-----------

Governmental funds report sales of capital assets as revenues whereas the Statement of Activities does not recognize the sale of capital assets as income.		(90,826)
--	--	----------

Losses on sale of fixed assets are included in the Statement of Activities		(98,847)
--	--	----------

Capital assets donated to the City are included in the Statement of Activities as program revenues.		83,861
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Compensated absences expenses are included in the Statement of Activities.		(64,664)
--	--	----------

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	263,680	
Unemployment Insurance Fund	(8,552)	
Self-Insured Retention Fund	<u>(70,562)</u>	
		184,566

Changes in Net Position of Governmental Activities **\$ (1,373,029)**

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, 2014**

	Enterprise Funds	
	Sewer	Refuse
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 51,233	\$ 494,119
Accounts receivable	372,396	389,380
Due from other funds		1,777,018
Total current assets	423,629	2,660,517
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	40,935,492	3,110,848
Total noncurrent assets	40,935,492	3,110,848
Total assets	41,359,121	5,771,365
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	75,389	677,092
Compensated absences payable	30,292	53,136
Claims payable		
Due to other funds	1,777,018	
Accrued salaries	36,180	56,724
Notes payable	480,978	477,597
Total current liabilities	2,399,857	1,264,549
Noncurrent liabilities:		
Net OPEB obligation	355,304	441,346
Notes payable	6,885,960	708,432
Total non-current liabilities	7,241,264	1,149,778
Total liabilities	9,641,121	2,414,327
<u>NET POSITION</u>		
Net investment in capital assets	33,568,554	1,924,819
Restricted	51,233	
Unrestricted	(1,901,787)	1,432,219
Total net position	\$ 31,718,000	\$ 3,357,038

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

Total	Governmental Activities: Internal Service Funds
\$ 545,352	\$ 5,041,581
761,776	154,091
1,777,018	
3,084,146	5,195,672
44,046,340	
44,046,340	
47,130,486	5,195,672
752,481	24,349
83,428	
	217,951
1,777,018	
92,904	
958,575	
3,664,406	242,300
796,650	
7,594,392	
8,391,042	
12,055,448	242,300
35,493,373	
51,233	
(469,568)	4,953,372
\$ 35,075,038	\$ 4,953,372

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds	
	Sewer	Refuse
Operating revenues:		
Charges for services	\$ 3,600,780	\$ 4,610,705
Contributions		
Other revenues	100,103	27,444
Total operating revenues	3,700,883	4,638,149
Operating expenses:		
Salaries, wages and related expenses	1,422,587	1,713,897
Operations and maintenance	1,368,066	2,148,975
Depreciation	993,445	383,584
Benefits paid		
Premiums paid		
Total operating expenses	3,784,098	4,246,456
Operating income (loss)	(83,215)	391,693
Nonoperating revenues (expenses):		
Connection income	374,342	
Investment income		
Gain on sale of fixed assets	9,274	
Interest and fiscal charges	(207,781)	(26,100)
Total nonoperating revenues (expenses)	175,835	(26,100)
Income before capital contributions and transfers	92,620	365,593
Transfers out	(149,813)	
Intergovernmental capital contribution	1,996,931	
Developer capital contributions	63,916	
Changes in net position	2,003,654	365,593
Total net position, beginning of year	29,714,346	2,991,445
Total net position, end of year	\$31,718,000	\$ 3,357,038

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

<u>Total</u>	<u>Governmental Activities: Internal Service Funds</u>
\$ 8,211,485	\$
	3,692,228
127,547	558,605
<u>8,339,032</u>	<u>4,250,833</u>
3,136,484	
3,517,041	238,683
1,377,029	
	3,504,093
	327,389
<u>8,030,554</u>	<u>4,070,165</u>
<u>308,478</u>	<u>180,668</u>
374,342	
	3,898
9,274	
(233,881)	
<u>149,735</u>	<u>3,898</u>
<u>458,213</u>	<u>184,566</u>
(149,813)	
1,996,931	
63,916	
<u>2,369,247</u>	<u>184,566</u>
32,705,791	4,768,806
<u>\$ 35,075,038</u>	<u>\$ 4,953,372</u>

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Sewer	Refuse	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 3,483,993	\$ 4,481,820	\$ 7,965,813
Cash paid to suppliers for goods and services	(1,407,561)	(1,633,103)	(3,040,664)
Cash payments to employees for services	(1,339,522)	(1,580,137)	(2,919,659)
Other operating revenues	100,103	27,444	127,547
	837,013	1,296,024	2,133,037
Cash flows from noncapital financing activities:			
Transfers	(149,813)		(149,813)
Change in intrafund borrowing	(248,873)	248,873	
	(398,686)	248,873	(149,813)
Cash flows from capital and related financing activities:			
Interest paid on equipment contracts	(207,781)	(26,100)	(233,881)
Acquisition of capital assets	(2,082,192)	(676,046)	(2,758,238)
Intergovernmental capital contribution	1,996,931		1,996,931
Principal paid on equipment contracts	(468,394)	(468,697)	(937,091)
Capital contributed by developers	374,342		374,342
	(387,094)	(1,170,843)	(1,557,937)
Cash flows from investing activities:			
Investment income			
			
Net increase (decrease) in cash and cash equivalents	51,233	374,054	425,287
Cash and cash equivalents, July 1, 2013		120,065	120,065
Cash and cash equivalents, June 30, 2014	\$ 51,233	\$ 494,119	\$ 545,352

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

Governmental
Activities:
Internal
Service Funds

\$ 3,692,228
(4,093,401)

408,148

6,975

3,898

3,898

10,873

5,030,708

\$ 5,041,581

**CITY OF SIERRA VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(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)	\$ (83,215)	\$ 391,693	\$ 308,478
Adjustments to reconcile operating gain (loss)			
to net cash provided by (used for) operating activities:			
Depreciation	993,445	383,584	1,377,029
Increase (decrease) in uncollectible accounts	25,592	26,003	51,595
Change in assets and liabilities:			
Decrease (Increase) in gross accounts receivable	(142,379)	(154,888)	(297,267)
Increase (decrease) in operating portion of accounts payable	(39,495)	515,872	476,377
Increase (decrease) in accrued salaries	17,388	25,807	43,195
Increase (decrease) in OPEB obligations	61,820	105,073	166,893
Increase (decrease) in compensated absences	3,857	2,880	6,737
Total adjustments	920,228	904,331	1,824,559
Net cash provided by (used for) operating activities	\$ 837,013	\$ 1,296,024	\$ 2,133,037

Non-cash investing, financing and capital activities:

Developers donated \$63,916 in capital assets to the City during the fiscal year.

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

Governmental
Activities:
Internal
Service Funds

\$ 180,668

(150,457)

(23,236)

(173,693)

\$ 6,975

**CITY OF SIERRA VISTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 683,276
Accounts receivable	61
Total assets	<u><u>\$ 683,337</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 3,384
Customer deposits	679,953
Total liabilities	<u><u>\$ 683,337</u></u>

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the City implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

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

The City of Sierra Vista reports the following major funds:

Governmental Funds

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

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

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

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, 2014**

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.

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.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

G. Capital Assets

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

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

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

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

H. Long-term Obligations

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

I. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest after six months at the employee's current 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, 2014 were cash in bank and on hand and pooled investment with the State Treasurer.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

K. Interfund Services Provided and Used

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

L. Estimates

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

M. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City did not have any items that qualified for reporting in this category.

N. New Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the City's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, consist of the following.

	Cash on hand	\$ 7,650
	Cash in Bank (Checking / Repurchase)	2,245,484
	Investments with State Treasurer	7,171,820
	Investments held by trustee	1,745,644
	Cash held by trustee	19,147
	Cash held as trustee	328,129
Total	\$	<u>11,517,874</u>

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, 2014 were as follows:

	<u>Fair Value</u>
State Treasurer's Investment Pool – 15 day weighted average maturity	\$ 7,171,820
US Treasuries – Money market – less than 1 year	<u>1,745,644</u>
Total	<u>\$ 8,917,464</u>

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

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

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

3. Property Tax

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

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

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

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

4. Intergovernmental Receivables

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

	General Fund	HURF Fund	Non-Major Governmental Funds
Receivables due from:			
Federal government	\$ 2,375	\$ 94,918	\$ 687,085
State government	1,512,038	272,846	1,335
County government			
Other governments	290		
Total intergovernmental receivables	<u>\$1,514,703</u>	<u>\$367,764</u>	<u>\$688,420</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

5. Capital Assets

A summary of capital asset activity for the fiscal year ended June 30, 2014 is as follows.

Governmental activities:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Non-depreciable assets:				
Land	\$ 7,533,810	\$ 1,274,056	\$	\$ 8,807,866
Construction in progress	2,625,756	574,058	(1,804,970)	1,394,844
Depreciable assets:				
Infrastructure	137,643,898	3,818,649		141,462,547
Buildings and improvements	57,480,492	360,782		57,841,274
Machinery and Equipment	<u>25,121,118</u>	<u>2,206,360</u>	<u>(856,792)</u>	<u>26,470,686</u>
Total Capital Assets	<u>230,405,074</u>	<u>8,233,905</u>	<u>(2,661,762)</u>	<u>235,977,217</u>
Less accumulated depreciation for:				
Infrastructure	63,306,457	4,259,022		67,565,479
Buildings and improvements	23,819,490	1,972,761		25,792,251
Machinery and Equipment	<u>19,581,665</u>	<u>1,470,699</u>	<u>(667,119)</u>	<u>20,385,245</u>
Total Accumulated Depreciation	<u>106,707,612</u>	<u>7,702,482</u>	<u>(667,119)</u>	<u>113,742,975</u>
Total Capital Assets, Net	<u><u>123,697,462</u></u>	<u><u>531,423</u></u>	<u><u>(1,994,643)</u></u>	<u><u>122,234,242</u></u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 495,528
Public safety	1,425,490
Public works	5,276,950
Culture and recreation	504,514
Total Depreciation Expense	<u><u>\$ 7,702,482</u></u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Business-type activities:

	Balance			Balance
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Non-depreciable assets				
Land	\$ 1,488,882	\$	\$	\$ 1,488,882
Construction in progress	36,004	1,998,421		2,034,425
Depreciable assets				
Infrastructure	39,963,017	192,628		40,155,645
Buildings and improvements	12,684,195			12,684,195
Machinery and Equipment	<u>6,601,162</u>	<u>653,607</u>	<u>(334,558)</u>	<u>6,920,211</u>
Total Capital Assets	<u>60,773,260</u>	<u>2,844,656</u>	<u>(334,558)</u>	<u>63,283,358</u>
Less accumulated depreciation for:				
Infrastructure	5,357,828	679,218		6,037,046
Buildings and improvements	8,696,615	295,101		8,991,716
Machinery and Equipment	<u>4,140,102</u>	<u>402,710</u>	<u>(334,556)</u>	<u>4,208,256</u>
Total Accumulated Depreciation	<u>18,194,545</u>	<u>1,377,029</u>	<u>(334,556)</u>	<u>19,237,018</u>
Total Capital Assets, Net	<u><u>42,578,715</u></u>	<u><u>1,467,627</u></u>	<u><u>(2)</u></u>	<u><u>44,046,340</u></u>

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

Sewer	\$ 993,445
Refuse	<u>383,584</u>
Total Depreciation Expense	<u><u>\$ 1,377,029</u></u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

6. <u>Long-term Debt</u>	<u>Outstanding Principal at June 30, 2014</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).	191,995
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).	7,366,938
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).	502,878
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).	<div style="text-align: right;"> <u>491,156</u> 8,552,967 </div>
Less current portion	<div style="text-align: right;"> <u>(958,575)</u> </div>
Total business-type activity long-term debt	<div style="text-align: right;"> <u><u>\$ 7,594,392</u></u> </div>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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).	13,725,000
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).	7,080,000

Notes Payable

A.	Note payable in quarterly installments of \$ 18,837 including interest at 2.02% until June 2023; (paid by Airport Fund).	618,624
B.	Note payable in quarterly installments of \$ 4,910 including interest at 2.80% until June 2015; collateralized by specified vehicles (paid by General Fund).	19,312
C.	Note payable in quarterly installments of \$ 10,803 including interest at 1.48% until June 2017; collateralized by specified vehicles (paid by HURF Fund).	126,576
D.	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).	1,039,682
E.	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>480,693</u>
		\$23,089,887
	Less current portion of revenue bonds	(2,600,000)
	Less current portion of notes payable	<u>(348,520)</u>
	Total governmental activity long-term debt	<u>\$20,141,367</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Changes in Long-term Debt

Governmental Activities

	Balance at <u>June 30, 2013</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2014</u>	Current <u>Portion</u>
Revenue bonds	\$ 23,320,000	\$	\$ 2,515,000	\$ 20,805,000	\$ 2,600,000
Notes payable	2,819,551		534,664	2,284,887	348,520
Net OPEB obligation	9,613,124	3,387,864	653,610	12,347,378	
Compensated absences	1,420,223	1,210,196	1,145,532	1,484,887	1,484,887
Total	<u>\$ 37,172,898</u>	<u>\$ 4,598,060</u>	<u>\$ 4,848,806</u>	<u>\$ 36,922,152</u>	<u>\$ 4,433,407</u>

Business-type Activities

	Balance at <u>June 30, 2013</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2014</u>	Current <u>Portion</u>
Notes payable	\$ 9,490,058	\$	\$ 937,091	\$ 8,552,967	\$ 958,575
Net OPEB obligation	629,757	220,856	53,963	796,650	
Compensated absences	76,691	68,837	62,100	83,428	83,428
Total	<u>\$ 10,196,506</u>	<u>\$ 289,693</u>	<u>\$ 1,053,154</u>	<u>\$ 9,433,045</u>	<u>\$ 1,042,003</u>

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Debt Service Requirements to Maturity

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2014, is detailed below.

Year ending <u>30-Jun</u>	Business-type Activities		Governmental Activities				<u>Total</u>
	Installment Contracts		Revenue Bonds		Installment Contracts		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	8,552,967	1,400,144	20,805,000	3,720,423	2,284,887	176,050	36,939,471

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014 was \$20.8 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	27,381,922	3,445,220	7.47
2015		3,436,845	7.97
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, 2014**

7. 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, 2014, as required by statute, active ASRS members and the City were each required to contribute at the actuarially determined rate of 11.54 percent (11.3 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, 2014, 2013 and 2012 were \$1,159,434, \$1,198,594 and \$1,129,501 respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2014, active PSPRS police members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the City was required to contribute at the actuarially determined rate of 31.25 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 1.69 percent of covered payroll. Active PSPRS fire members were required by statute to contribute 10.35 percent of the members' covered payroll and the City was required to contribute 26.10 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.6 percent of covered payroll.

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Annual Pension Cost:

The City's pension cost for the two agent plans for the most recent actuarial valuations available, and related information follow:

	<u>PSPRS</u>	<u>ASRS</u>
Actuarial valuation date	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Projected Unit Credit
Actuarial assumptions:		
Investment rate of return	7.85%	8.00%
Projected salary increases	4.0% - 8.0%	4.00% - 9.00%
Inflation rate	4.0%	3.25
Cost-of-living adjustments	none	none
Amortization method	level percent-of-pay, closed	level dollar, open
Remaining amortization period	22 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
2012	\$954,172	100%	\$-0-
2013	\$1,123,039	100%	\$-0-
2014	\$1,326,746	100%	\$-0-

Contributions Required and Contributions Made (PSRS-Fire)

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$520,927	100%	\$-0-
2013	\$638,051	100%	\$-0-
2014	\$739,801	100%	\$-0-

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Funding Status:

An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2014, available follows:

PSRS-Police

Valuation Date June 30,	Actuarial 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)
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%
2014	14,303,827	33,424,475	19,120,648	42.8%	4,088,232	467.7%

PSRS-Fire

Valuation Date June 30,	Actuarial 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)
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%
2014	13,583,474	24,094,592	10,511,118	56.4%	2,643,679	397.6%

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)
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%
2014	675,223	1,049,038	373,815	64.37%	4,088,232	9.14%

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Contributions Required and Contributions Made

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$74,811	100%	\$-0-
2013	\$76,180	100%	\$-0-
2014	\$75,853	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)
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%
2014	536,399	741,808	205,409	72.31%	2,643,679	7.77%

Contributions Required and Contributions Made

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$42,646	100%	\$-0-
2013	\$47,352	100%	\$-0-
2014	\$48,314	100%	\$-0-

8. 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, 2014**

over a period not to exceed thirty years. The City's annual OPEB cost for 2014 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>10,242,881</u>
Net OPEB Obligation – End of Year	<u>\$13,144,028</u>

The plan is not accounted for as a trust fund. The City's Health and Accident Insurance fund has net position of \$4,709,635 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 2012, 2013 and 2014 are as follows:

Fiscal Year Ended June 30,	Annual OPEB cost	Employer Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation
2012	\$2,272,790	\$411,000	18.08%	\$7,341,734
2013	\$3,608,720	\$707,573	19.61%	\$10,242,881
2014	\$3,608,720	\$707,573	19.61%	\$13,144,028

The funding progress of the plan (in thousands) as of June 30, 2014 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, 2014**

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.

9. Construction Commitments

At June 30, 2014, the City had \$493,010 in unperformed construction contracts and commitments outstanding.

10. 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, 2014. 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.

Excess Expenditures Over Budget

At year end, expenditures in the Park Development Fee Fund exceeded the budget, however, this does not constitute a violation of any legal provisions.

11. Fund Balances

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

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

	Major Funds				Total Funds
	General	Park Development Fee	HURF	Non-Major Funds	
Fund Balances:					
Restricted for:					
Debt Service				1,298,484	1,298,484
Street Projects			395,217	1,781,284	2,176,501
Other Projects				1,491,576	1,491,576
Unassigned:	3,972,820	(2,316,513)		(1,303,177)	353,130
Total fund balances	\$ 3,972,820	\$ (2,316,513)	\$ 395,217	\$ 3,268,167	\$ 5,319,691

12. Contingencies

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. At June 30, 2014, it is the opinion of City management, based on the advice of the City Attorney, that there is not any pending litigation that would have a material effect on the City's financial position.

13. Risk Management

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

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

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

The Unemployment Insurance Fund is fully funded, and therefore, no contribution was made to it. The City has designated the net position in this fund of \$21,297 as future catastrophe loss reserves. The Self Insured Retention Fund received restitution payments of \$33,565 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, 2014 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 2012-2013 and 2013-2014 were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year End</u>
Health and Accident Insurance:				
2012-13	\$229,250	\$2,729,654	\$2,732,434	\$226,470
2013-14	\$226,470	\$3,391,414	\$3,399,933	\$217,951
Unemployment Insurance:				
2012-13	\$8,732	\$20,040	\$28,772	-0-
2013-14	-0-	\$8,552	\$8,552	-0-
Self-Insured Retention:				
2012-13	\$59	\$49,755	\$49,814	-0-
2013-14	-0-	\$104,127	\$104,127	-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, 2014**

14. Interfund Balances and Transfers

Individual interfund balances for due to/ from to other funds at June 30, 2014 are as follows.

<u>Governmental Funds</u>	<u>Due to other funds</u>	<u>Due from other funds</u>
General	\$	\$ 1,620,083
Infrastructure Development		1,781,284
Capital Improvements		837,120
Refuse		1,777,018
Sewer	1,777,018	
LTAf	12,322	
Grants	262,265	
Airport	363,366	
Park Development	2,316,513	
Police Development	413,265	
Fire Development	870,756	
Total	\$ <u>6,015,505</u>	\$ <u>6,015,505</u>

All of the due to other funds is for cash balancing purposes. The LTAf, Grants 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 2014 were:

<u>Fund</u>	Individual Fund Transfer	Total Fund <u>Transfer out</u>	Individual Fund Transfer	Total Fund <u>Transfer In</u>
General	\$	\$ 1,311,685	\$	\$
LTAf	360,000			
HURF	700,000			
Grants	68,537			
Police Development	30,196			
Infrastructure Development	142,066			
Fire Development	10,886			
Capital Improvements		2,965,246		
Airport	22,445			
General	579,722			
SVMPC I&R	2,363,079			
Sewer		149,813		
SVMPC I&R	149,813			
Park Development		521,119		
SVMPC I&R	521,119			
Convention and Visitors Bureau		93,899		
General	93,899			
Library Development		3,168		
Capital Improvements	3,168			
Police Development		212,043		

**CITY OF SIERRA VISTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

SVMPC I&R	212,043		
Fire Development		261,466	
SVMPC I&R	261,466		
General			673,621
Convention and Visitors Bureau		93,899	
Capital Improvements		579,722	
HURF			700,000
General		700,000	
LTAFF			360,000
General		360,000	
Grants			68,537
General		68,537	
Airport			22,445
Capital Improvements		22,445	
Capital Improvements			3,168
Library Development		3,168	
SVMPC I&R			3,507,520
Capital Improvements		2,363,079	
Sewer		149,813	
Park Development		521,119	
Police Development		212,043	
Fire Development		261,466	
Police Development			30,196
General		30,196	
Infrastructure Development			142,066
General		142,066	
Fire Development			10,886
General		10,886	
Total Transfers	\$ 5,518,439		\$ 5,518,439

Transfers to the SVMPC Interest and Redemption Fund are to cover bond principal and interest payments. The transfers to the Local Transportation Assistance, Airport, Grants and Highway User Revenue Fund are to cover grant match requirements and capital maintenance. 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 capital maintenance projects. 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, 2014**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 12,712,117	\$ 13,313,043	\$ 600,926
Licenses and permits	2,002,500	1,855,217	(147,283)
Intergovernmental	12,612,807	11,806,945	(805,862)
Charges for services	4,535,459	3,991,305	(544,154)
Fines	36,000	25,066	(10,934)
Investment income	5,000	20,853	15,853
Contributions	5,000	206	(4,794)
Other revenues	756,000	475,599	(280,401)
Total revenues	<u>32,664,883</u>	<u>31,488,234</u>	<u>(1,176,649)</u>
Expenditures:			
Current -			
General government	6,245,454	5,859,566	385,888
Public safety	15,608,358	14,535,538	1,072,820
Public works	6,978,207	6,382,289	595,918
Culture and recreation	3,312,210	2,965,408	346,802
Community development	748,581	748,109	472
Debt service -			
Interest and fiscal charges	8,649	10,362	(1,713)
Principal	199,315	274,915	(75,600)
Total expenditures	<u>33,100,774</u>	<u>30,776,187</u>	<u>2,324,587</u>
Excess (deficiency) of revenues over expenditures	<u>(435,891)</u>	<u>712,047</u>	<u>1,147,938</u>
Other financing sources (uses):			
Transfers out	(1,162,073)	(1,311,685)	(149,612)
Transfer in	881,564	673,621	(207,943)
Proceeds from installment purchase	716,400		(716,400)
Total other financing sources (uses)	<u>435,891</u>	<u>(638,064)</u>	<u>(1,073,955)</u>
Change in fund balances		<u>73,983</u>	<u>73,983</u>
Fund balances, July 1, 2013		3,898,837	3,898,837
Fund balances, June 30, 2014	<u>\$</u>	<u>\$ 3,972,820</u>	<u>\$ 3,972,820</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HURF
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental	\$ 5,358,399	\$ 3,431,047	\$ (1,927,352)
Investment income		996	996
Contributions	2,500,000	1,488,208	(1,011,792)
Other revenues	153,465	499	(152,966)
Total revenues	<u>8,011,864</u>	<u>4,920,750</u>	<u>(3,091,114)</u>
Expenditures:			
Current -			
General government		71,570	(71,570)
Public works	8,988,586	5,405,767	3,582,819
Debt service -			
Interest and fiscal charges	7,270	4,273	2,997
Principal	91,808	92,561	(753)
Total expenditures	<u>9,087,664</u>	<u>5,574,171</u>	<u>3,513,493</u>
Excess (deficiency) of revenues over expenditures	<u>(1,075,800)</u>	<u>(653,421)</u>	<u>422,379</u>
Other financing sources (uses):			
Transfer in	709,000	700,000	(9,000)
Proceeds from installment purchase	46,800		(46,800)
Total other financing sources (uses)	<u>755,800</u>	<u>700,000</u>	<u>(55,800)</u>
Change in fund balances	<u>(320,000)</u>	<u>46,579</u>	<u>366,579</u>
Fund balances, July 1, 2013	320,000	348,638	28,638
Fund balances, June 30, 2014	<u>\$</u>	<u>\$ 395,217</u>	<u>\$ 395,217</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, 2014**

	Budgeted Amounts		
	Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 236,670	\$ 52,404	\$ (184,266)
Total revenues	<u>236,670</u>	<u>52,404</u>	<u>(184,266)</u>
Expenditures:			
Current -			
Culture and recreation		2,378	(2,378)
Debt service -			
Interest and fiscal charges		21,811	(21,811)
Principal		104,819	(104,819)
Total expenditures		<u>129,008</u>	<u>(129,008)</u>
Excess (deficiency) of revenues over expenditures	<u>236,670</u>	<u>(76,604)</u>	<u>(313,274)</u>
Other financing sources (uses):			
Transfers out	(521,119)	(521,119)	
Total other financing sources (uses)	<u>(521,119)</u>	<u>(521,119)</u>	
Change in fund balances	<u>(284,449)</u>	<u>(597,723)</u>	<u>(313,274)</u>
Fund balances (deficits), July 1, 2013	284,449	(1,718,790)	(2,003,239)
Fund balances (deficits), June 30, 2014	<u>\$</u>	<u>\$(2,316,513)</u>	<u>\$(2,316,513)</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

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.

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

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2014**

	Special Revenue	Municipal Property Corporation Interest and Redemption
<u>ASSETS</u>		
Cash and investments	\$ 677,554	\$ 1,745,644
Intergovernmental receivable	688,420	
Accounts receivable	31,638	
Due from other funds	1,781,284	
Inventory	137,596	
Total assets	\$ 3,316,492	\$ 1,745,644
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 195,183	\$ 5,000
Due to other funds	1,921,974	
Interest payable		442,160
Accrued salaries	42,118	
Other liabilities	30,000	
Total liabilities	2,189,275	447,160
Fund balances:		
Unassigned:	(1,303,177)	
Restricted	2,430,394	1,298,484
Total fund balances	1,127,217	1,298,484
Total liabilities and fund balances	\$ 3,316,492	\$ 1,745,644

<u>Capital Improvements</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$ 2,423,198
	688,420
46,641	78,279
837,120	2,618,404
	137,596
<u>\$ 883,761</u>	<u>\$ 5,945,897</u>
\$ 41,295	\$ 241,478
	1,921,974
	442,160
	42,118
	30,000
<u>41,295</u>	<u>2,677,730</u>
	(1,303,177)
842,466	4,571,344
<u>842,466</u>	<u>3,268,167</u>
<u>\$ 883,761</u>	<u>\$ 5,945,897</u>

**CITY OF SIERRA VISTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES -
 ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 YEAR ENDED JUNE 30, 2014**

	Special Revenue	Municipal Property Corporation Interest and Redemption
Revenues:		
Taxes	\$	\$
Intergovernmental	1,673,868	
Charges for services	1,558,881	
Investment income		28
Contributions	182,294	
Other revenues	171,960	
Total revenues	3,587,003	28
Expenditures:		
Current -		
General government	356	
Public safety	562,316	
Public works	2,930,967	
Culture and recreation	203,491	
Community development	334,423	
Capital outlay		
Debt service -		
Interest and fiscal charges	12,977	935,220
Principal	62,369	2,515,000
Total expenditures	4,106,899	3,450,220
 Excess (deficiency) of revenues over expenditures	 (519,896)	 (3,450,192)
Other financing sources (uses):		
Transfers out	(570,576)	
Transfer in	634,130	3,507,520
Total other financing sources (uses)	63,554	3,507,520
 Change in fund balances	 (456,342)	 57,328
Fund balances, beginning of year	1,583,559	1,241,156
 Fund balances, end of year	 \$ 1,127,217	 \$ 1,298,484

<u>Capital Improvements</u>	<u>Total Non-Major Governmental Funds</u>
\$ 3,727,724	\$ 3,727,724
	1,673,868
	1,558,881
	28
	182,294
	171,960
<u>3,727,724</u>	<u>7,314,755</u>
	356
	562,316
	2,930,967
	203,491
	334,423
234,592	234,592
	948,197
	2,577,369
<u>234,592</u>	<u>7,791,711</u>
<u>3,493,132</u>	<u>(476,956)</u>
(2,965,246)	(3,535,822)
3,168	4,144,818
<u>(2,962,078)</u>	<u>608,996</u>
<u>531,054</u>	<u>132,040</u>
311,412	3,136,127
<u>\$ 842,466</u>	<u>\$ 3,268,167</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.

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.

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

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

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

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

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

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

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, 2014**

	<u>LTAf</u>	<u>Police Special Programs</u>	<u>Grants</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 214,914	\$
Intergovernmental receivable	133,963		353,539
Accounts receivable	55	1,242	
Due from other funds			
Inventory			
Total assets	<u>\$ 134,018</u>	<u>\$ 216,156</u>	<u>\$ 353,539</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,469	\$ 106,314	\$ 51,252
Due to other funds	12,322		262,265
Accrued salaries	34,994		
Other liabilities			30,000
Total liabilities	<u>59,785</u>	<u>106,314</u>	<u>343,517</u>
Fund balances (deficits):			
Unassigned			
Restricted	<u>74,233</u>	<u>109,842</u>	<u>10,022</u>
Total fund balances	<u>74,233</u>	<u>109,842</u>	<u>10,022</u>
Total liabilities and fund balances	<u>\$ 134,018</u>	<u>\$ 216,156</u>	<u>\$ 353,539</u>

Judicial Collection Enhancement	Airport	Miscellaneous Donations	Police Development Fee	Infrastructure Development Fee
\$ 157	\$ 200,918 30,241	\$ 462,483 100	\$	\$
	137,596			1,781,284
<u>\$ 157</u>	<u>\$ 368,755</u>	<u>\$ 462,583</u>	<u>\$</u>	<u>\$ 1,781,284</u>
\$	\$ 17,421 363,366 7,124	\$ 7,727	\$ 413,265	\$
	387,911	7,727	413,265	
	(19,156)		(413,265)	
157		454,856		1,781,284
157	(19,156)	454,856	(413,265)	1,781,284
<u>\$ 157</u>	<u>\$ 368,755</u>	<u>\$ 462,583</u>	<u>\$</u>	<u>\$ 1,781,284</u>

(Continued)

**CITY OF SIERRA VISTA
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014
 (Concluded)**

	Fire Development Fee	Totals
<u>ASSETS</u>		
Cash and investments	\$	\$ 677,554
Intergovernmental receivable		688,420
Accounts receivable		31,638
Due from other funds		1,781,284
Inventory		137,596
Total assets	\$	\$ 3,316,492
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$	\$ 195,183
Due to other funds	870,756	1,921,974
Accrued salaries		42,118
Other liabilities		30,000
Total liabilities	870,756	2,189,275
Fund balances (deficits):		
Unassigned	(870,756)	(1,303,177)
Restricted		2,430,394
Total fund balances	(870,756)	1,127,217
Total liabilities and fund balances	\$	\$ 3,316,492

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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, 2014**

	<u>LTAf</u>	<u>Police Special Programs</u>	<u>Grants</u>
Revenues:			
Intergovernmental	\$ 720,192	\$ 27,024	\$ 698,029
Charges for services	115,651	15,457	
Contributions		2,997	33,090
Other revenues	14,342	135,850	
Total revenues	<u>850,185</u>	<u>181,328</u>	<u>731,119</u>
Expenditures:			
Current -			
General government			
Public safety		166,481	372,163
Public works	1,183,436		
Culture and recreation			142,552
Community development			333,604
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>1,183,436</u>	<u>166,481</u>	<u>848,319</u>
Excess (deficiency) of revenues over expenditures	<u>(333,251)</u>	<u>14,847</u>	<u>(117,200)</u>
Other financing sources (uses):			
Transfers out			
Transfer in	360,000		68,537
Total other financing sources (uses)	<u>360,000</u>		<u>68,537</u>
Change in fund balances	<u>26,749</u>	<u>14,847</u>	<u>(48,663)</u>
Fund balances (deficits), beginning of year	47,484	94,995	58,685
Fund balances (deficits), end of year	<u>\$ 74,233</u>	<u>\$ 109,842</u>	<u>\$ 10,022</u>

Convention and Visitors Bureau	Judicial Collection Enhancement	Airport	Miscellaneous Donations	Library Development Fee	Police Development Fee
\$	\$	\$ 228,623	\$	\$	\$
		875,162		3,168	90,587
		10,362	146,207		
		<u>1,114,147</u>	<u>146,207</u>	<u>3,168</u>	<u>90,587</u>
			356		
			23,672		
		1,015,858	720		
			60,939		
			819		
		12,977			
		<u>62,369</u>			
		<u>1,091,204</u>	<u>86,506</u>		
		<u>22,943</u>	<u>59,701</u>	<u>3,168</u>	<u>90,587</u>
(93,899)				(3,168)	(212,043)
		<u>22,445</u>			<u>30,196</u>
<u>(93,899)</u>		<u>22,445</u>		<u>(3,168)</u>	<u>(181,847)</u>
(93,899)		<u>45,388</u>	<u>59,701</u>		<u>(91,260)</u>
93,899	157	(64,544)	395,155		(322,005)
<u>\$</u>	<u>\$ 157</u>	<u>\$ (19,156)</u>	<u>\$ 454,856</u>	<u>\$</u>	<u>\$ (413,265)</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, 2014
(Concluded)**

	Infrastructure Development Fee	Fire Development Fee
	<u> </u>	<u> </u>
Revenues:		
Intergovernmental	\$	\$
Charges for services	426,198	32,658
Contributions		
Other revenues	11,406	
Total revenues	<u>437,604</u>	<u>32,658</u>
 Expenditures:		
Current -		
General government		
Public safety		
Public works	730,953	
Culture and recreation		
Community development		
Debt service -		
Interest and fiscal charges		
Principal		
Total expenditures	<u>730,953</u>	<u> </u>
 Excess (deficiency) of revenues over expenditures	<u>(293,349)</u>	<u>32,658</u>
 Other financing sources (uses):		
Transfers out		(261,466)
Transfer in	142,066	10,886
Total other financing sources (uses)	<u>142,066</u>	<u>(250,580)</u>
 Change in fund balances	<u>(151,283)</u>	<u>(217,922)</u>
 Fund balances (deficits), beginning of year	1,932,567	(652,834)
 Fund balances (deficits), end of year	<u>\$ 1,781,284</u>	<u>\$ (870,756)</u>

<u>Totals</u>	
\$	1,673,868
	1,558,881
	182,294
	171,960
	<u>3,587,003</u>

	356
	562,316
	2,930,967
	203,491
	334,423
	12,977
	62,369
	<u>4,106,899</u>

(519,896)

	(570,576)
	634,130
	<u>63,554</u>

(456,342)

1,583,559

\$ 1,127,217

**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, 2014**

	LTAF		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 915,303	\$ 720,192	\$(195,111)
Charges for services	115,000	115,651	651
Fines			
Contributions			
Other revenues	34,114	14,342	(19,772)
Total revenues	<u>1,064,417</u>	<u>850,185</u>	<u>(214,232)</u>
Expenditures:			
Current -			
General government			
Public safety			
Public works	1,453,992	1,183,436	270,556
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	<u>1,453,992</u>	<u>1,183,436</u>	<u>270,556</u>
Excess (deficiency) of revenues over expenditures	<u>(389,575)</u>	<u>(333,251)</u>	<u>56,324</u>
Other financing sources (uses):			
Transfers out			
Transfer in	389,575	360,000	(29,575)
Total other financing sources (uses)	<u>389,575</u>	<u>360,000</u>	<u>(29,575)</u>
Change in fund balances		<u>26,749</u>	<u>26,749</u>
Fund balances (deficits), July 1, 2013		47,484	47,484
Fund balances (deficits), June 30, 2014	<u>\$</u>	<u>\$ 74,233</u>	<u>\$ 74,233</u>

Police Special Programs			Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 468,000	\$ 27,024 15,457	\$(440,976) 15,457	\$2,754,064	\$ 698,029	\$(2,056,035)
	2,997	2,997	140,000	33,090	(106,910)
	135,850	135,850	172,131		(172,131)
<u>468,000</u>	<u>181,328</u>	<u>(286,672)</u>	<u>3,066,195</u>	<u>731,119</u>	<u>(2,335,076)</u>
468,000	166,481	301,519	155,000 1,445,873	372,163	155,000 1,073,710
			1,488,653	142,552 333,604	(142,552) 1,155,049
<u>468,000</u>	<u>166,481</u>	<u>301,519</u>	<u>3,089,526</u>	<u>848,319</u>	<u>2,241,207</u>
	14,847	14,847	(23,331)	(117,200)	(93,869)
			5,000	68,537	63,537
			5,000	68,537	63,537
	14,847	14,847	(18,331)	(48,663)	(30,332)
	94,995	94,995	18,331	58,685	40,354
<u>\$</u>	<u>\$ 109,842</u>	<u>\$ 109,842</u>	<u>\$</u>	<u>\$ 10,022</u>	<u>\$ 10,022</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, 2014
 (Continued)**

	Convention and Visitors Bureau		
	Budget*	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Fines			
Contributions			
Other revenues			
Total revenues			
Expenditures:			
Current -			
General government			
Public safety			
Public works			
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers out		(93,899)	(93,899)
Transfer in			
Total other financing sources (uses)		(93,899)	(93,899)
Change in fund balances		(93,899)	(93,899)
Fund balances (deficits), July 1, 2013		93,899	93,899
Fund balances (deficits), June 30, 2014	\$	\$	\$

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

Judicial Collection Enhancement			Airport		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$2,162,835	\$ 228,623	\$(1,934,212)
100		(100)	930,491	875,162	(55,329)
			5,000	10,362	5,362
100		(100)	3,098,326	1,114,147	(1,984,179)
4,500		4,500	3,073,120	1,015,858	2,057,262
			44,071	12,977	31,094
			68,300	62,369	5,931
4,500		4,500	3,185,491	1,091,204	2,094,287
(4,400)		4,400	(87,165)	22,943	110,108
			87,165	22,445	(64,720)
			87,165	22,445	(64,720)
(4,400)		4,400		45,388	45,388
4,400	157	(4,243)		(64,544)	(64,544)
\$	\$ 157	\$ 157	\$	\$ (19,156)	\$ (19,156)

(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, 2014
(Continued)

	Miscellaneous Donations		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Fines			
Contributions	697,470	146,207	(551,263)
Other revenues			
Total revenues	697,470	146,207	(551,263)
Expenditures:			
Current -			
General government	17,685	356	17,329
Public safety	423,820	23,672	400,148
Public works	25,815	720	25,095
Culture and recreation	230,050	60,939	169,111
Community development	100	819	(719)
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	697,470	86,506	610,964
Excess (deficiency) of revenues over expenditures		59,701	59,701
Other financing sources (uses):			
Transfers out			
Transfer in			
Total other financing sources (uses)			
Change in fund balances		59,701	59,701
Fund balances (deficits), July 1, 2013		395,155	395,155
Fund balances (deficits), June 30, 2014	\$	\$ 454,856	\$ 454,856

Library Development Fee			Police Development Fee		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 9,947	\$ 3,168	\$ (6,779)	\$ 41,943	\$ 90,587	\$ 48,644
<u>9,947</u>	<u>3,168</u>	<u>(6,779)</u>	<u>41,943</u>	<u>90,587</u>	<u>48,644</u>
<u>9,947</u>	<u>3,168</u>	<u>(6,779)</u>	<u>41,943</u>	<u>90,587</u>	<u>48,644</u>
(59,947)	(3,168)	56,779	(212,043)	(212,043)	
<u>(59,947)</u>	<u>(3,168)</u>	<u>56,779</u>	<u>14,000</u>	<u>30,196</u>	<u>16,196</u>
<u>(59,947)</u>	<u>(3,168)</u>	<u>56,779</u>	<u>(198,043)</u>	<u>(181,847)</u>	<u>16,196</u>
<u>(50,000)</u>		<u>50,000</u>	<u>(156,100)</u>	<u>(91,260)</u>	<u>64,840</u>
50,000		(50,000)	156,100	(322,005)	(478,105)
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$(413,265)</u>	<u>\$(413,265)</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, 2014
(Concluded)

	Infrastructure Development Fee		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	189,220	426,198	236,978
Fines			
Contributions			
Other revenues		11,406	11,406
Total revenues	189,220	437,604	248,384
Expenditures:			
Current -			
General government			
Public safety			
Public works	2,050,000	730,953	1,319,047
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
Total expenditures	2,050,000	730,953	1,319,047
Excess (deficiency) of revenues over expenditures	(1,860,780)	(293,349)	1,567,431
Other financing sources (uses):			
Transfers out			
Transfer in	63,073	142,066	78,993
Total other financing sources (uses)	63,073	142,066	78,993
Change in fund balances	(1,797,707)	(151,283)	1,646,424
Fund balances (deficits), July 1, 2013	1,797,707	1,932,567	134,860
Fund balances (deficits), June 30, 2014	\$	\$1,781,284	\$1,781,284

Fire Development Fee			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 49,392	\$ 32,658	\$ (16,734)	\$6,300,202	\$1,673,868	\$(4,626,334)
			1,335,993	1,558,881	222,888
			100		(100)
			837,470	182,294	(655,176)
			211,245	171,960	(39,285)
<u>49,392</u>	<u>32,658</u>	<u>(16,734)</u>	<u>8,685,010</u>	<u>3,587,003</u>	<u>(5,098,007)</u>
			177,185	356	176,829
			2,337,693	562,316	1,775,377
			6,602,927	2,930,967	3,671,960
			230,050	203,491	26,559
			1,488,753	334,423	1,154,330
			44,071	12,977	31,094
			68,300	62,369	5,931
			<u>10,948,979</u>	<u>4,106,899</u>	<u>6,842,080</u>
<u>49,392</u>	<u>32,658</u>	<u>(16,734)</u>	<u>(2,263,969)</u>	<u>(519,896)</u>	<u>1,744,073</u>
(261,466)	(261,466)		(533,456)	(570,576)	(37,120)
20,000	10,886	(9,114)	578,813	634,130	55,317
<u>(241,466)</u>	<u>(250,580)</u>	<u>(9,114)</u>	<u>45,357</u>	<u>63,554</u>	<u>18,197</u>
<u>(192,074)</u>	<u>(217,922)</u>	<u>(25,848)</u>	<u>(2,218,612)</u>	<u>(456,342)</u>	<u>1,762,270</u>
192,074	(652,834)	(844,908)	2,218,612	1,583,559	(635,053)
<u>\$</u>	<u>\$(870,756)</u>	<u>\$(870,756)</u>	<u>\$</u>	<u>\$1,127,217</u>	<u>\$ 1,127,217</u>

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NON-MAJOR DEBT SERVICE FUND

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

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

**CITY OF SIERRA VISTA
BALANCE SHEET - NON-MAJOR DEBT SERVICE FUND
JUNE 30, 2014**

	Municipal Property Corporation Interest and Redemption
<u>ASSETS</u>	
Cash and investments	\$ 1,745,644
Total assets	\$ 1,745,644
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 5,000
Interest payable	442,160
Total liabilities	447,160
Fund balances:	
Unassigned	
Restricted	1,298,484
Total fund balances	1,298,484
Total liabilities and fund balances	\$ 1,745,644

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2014**

	Municipal Property Corporation Interest and Redemption
Revenues:	
Investment income	\$ 28
Total revenues	28
Expenditures:	
Debt service -	
Interest and fiscal charges	935,220
Principal	2,515,000
Total expenditures	3,450,220
Excess (deficiency) of revenues over expenditures	(3,450,192)
Other financing sources (uses):	
Transfer in	3,507,520
Total other financing sources (uses)	3,507,520
Change in fund balances	57,328
Fund balances, beginning of year	1,241,156
Fund balances, end of year	\$ 1,298,484

**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, 2014**

	Municipal Property Corporation Interest and Redemption		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment income	\$	\$ 28	\$ 28
Total revenues		28	28
Expenditures:			
Debt service -			
Interest and fiscal charges	930,220	935,220	(5,000)
Principal	2,515,000	2,515,000	
Total expenditures	3,445,220	3,450,220	(5,000)
Excess (deficiency) of revenues over expenditures	(3,445,220)	(3,450,192)	(4,972)
Other financing sources (uses):			
Transfer in	3,445,220	3,507,520	62,300
Total other financing sources (uses)	3,445,220	3,507,520	62,300
Change in fund balances		57,328	57,328
Fund balances, July 1, 2013		1,241,156	1,241,156
Fund balances, June 30, 2014	\$	\$1,298,484	\$1,298,484

NON-MAJOR CAPITAL PROJECT FUND

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

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

**CITY OF SIERRA VISTA
BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUND
JUNE 30, 2014**

	Capital Improvements
<u>ASSETS</u>	
Accounts receivable	\$ 46,641
Due from other funds	837,120
Total assets	\$ 883,761
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 41,295
Total liabilities	41,295
Fund balances:	
Unassigned	
Restricted	842,466
Total fund balances	842,466
 Total liabilities and fund balances	 \$ 883,761

**CITY OF SIERRA VISTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2014**

	<u>Capital Improvements</u>
Revenues:	
Taxes	\$ 3,727,724
Total revenues	<u>3,727,724</u>
 Expenditures:	
Capital outlay	<u>234,592</u>
Total expenditures	<u>234,592</u>
 Excess (deficiency) of revenues over expenditures	 <u>3,493,132</u>
 Other financing sources (uses):	
Transfers out	(2,965,246)
Transfer in	<u>3,168</u>
Total other financing sources (uses)	<u>(2,962,078)</u>
 Change in fund balances	 <u>531,054</u>
 Fund balances, beginning of year	 311,412
 Fund balances, end of year	 <u><u>\$ 842,466</u></u>

**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, 2014**

	Capital Improvements		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 3,442,136	\$ 3,727,724	\$ 285,588
Other revenues	250,000		(250,000)
Total revenues	<u>3,692,136</u>	<u>3,727,724</u>	<u>35,588</u>
Expenditures:			
Capital outlay	200,000	234,592	(34,592)
Total expenditures	<u>200,000</u>	<u>234,592</u>	<u>(34,592)</u>
Excess (deficiency) of revenues over expenditures	<u>3,492,136</u>	<u>3,493,132</u>	<u>996</u>
Other financing sources (uses):			
Transfers out	(3,299,083)	(2,965,246)	333,837
Transfer in	59,947	3,168	(56,779)
Total other financing sources (uses)	<u>(3,239,136)</u>	<u>(2,962,078)</u>	<u>277,058</u>
Change in fund balances	<u>253,000</u>	<u>531,054</u>	<u>278,054</u>
Fund balances (deficits), July 1, 2013	(253,000)	311,412	564,412
Fund balances, June 30, 2014	<u><u>\$</u></u>	<u><u>\$ 842,466</u></u>	<u><u>\$ 842,466</u></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, 2014**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 4,791,587	\$ 25,129	\$ 224,865	\$ 5,041,581
Accounts receivable	154,091			154,091
Total assets	<u>4,945,678</u>	<u>25,129</u>	<u>224,865</u>	<u>5,195,672</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 18,092	\$ 3,832	\$ 2,425	\$ 24,349
Claims payable	217,951			217,951
Total liabilities	<u>236,043</u>	<u>3,832</u>	<u>2,425</u>	<u>242,300</u>
<u>NET POSITION</u>				
Unrestricted	<u>4,709,635</u>	<u>21,297</u>	<u>222,440</u>	<u>4,953,372</u>
Total net position	<u>\$ 4,709,635</u>	<u>\$ 21,297</u>	<u>\$ 222,440</u>	<u>\$ 4,953,372</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, 2014**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
Operating revenues:				
Contributions	\$ 3,692,228	\$	\$	\$ 3,692,228
Other revenues	525,040		33,565	558,605
Total operating revenues	<u>4,217,268</u>		<u>33,565</u>	<u>4,250,833</u>
Operating expenses:				
Operations and maintenance	238,683			238,683
Benefits paid	3,391,414	8,552	104,127	3,504,093
Premiums paid	327,389			327,389
Total operating expenses	<u>3,957,486</u>	<u>8,552</u>	<u>104,127</u>	<u>4,070,165</u>
Operating income (loss)	<u>259,782</u>	<u>(8,552)</u>	<u>(70,562)</u>	<u>180,668</u>
Nonoperating revenues (expenses):				
Investment income	3,898			3,898
Total nonoperating revenues (expenses)	<u>3,898</u>			<u>3,898</u>
Change in net position	<u>263,680</u>	<u>(8,552)</u>	<u>(70,562)</u>	<u>184,566</u>
Total net position, beginning of year	4,445,955	29,849	293,002	4,768,806
Total net position, end of year	<u>\$ 4,709,635</u>	<u>\$ 21,297</u>	<u>\$ 222,440</u>	<u>\$ 4,953,372</u>

**CITY OF SIERRA VISTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	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	\$ 3,692,228	\$	\$	\$ 3,692,228
Cash paid to suppliers for goods and services	(3,986,791)	(4,908)	(101,702)	(4,093,401)
Other operating revenues	374,482		33,666	408,148
Net cash provided by (used for) operating activities	79,919	(4,908)	(68,036)	6,975
Cash flows from investing activities:				
Investment income	3,898			3,898
Net cash provided by investing activities	3,898			3,898
Net increase (decrease) in cash and cash equivalents	83,817	(4,908)	(68,036)	10,873
Cash and cash equivalents, July 1, 2013	4,707,770	30,037	292,901	5,030,708
Cash and cash equivalents, June 30, 2014	\$ 4,791,587	\$ 25,129	\$ 224,865	\$ 5,041,581
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided BY (Used for) Operating Activities</u>				
Operating income (loss)	\$ 259,782	\$ (8,552)	\$ (70,562)	\$ 180,668
Adjustments to reconcile operating income (loss)				
to net cash used for operating activities:				
Change in assets and liabilities:				
Decrease (increase) in gross accounts receivable	(150,558)		101	(150,457)
Increase (decrease) in operating portion of accounts payable	(29,305)	3,644	2,425	(23,236)
Total adjustments	(179,863)	3,644	2,526	(173,693)
Net cash provided by (used for) operating activities	\$ 79,919	\$ (4,908)	\$ (68,036)	6,975

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, 2014**

	Customer Deposits	Partnership Deposits	Totals
<u>ASSETS</u>			
Cash and investments	\$ 355,147	\$ 328,129	\$ 683,276
Accounts receivable	61		61
Total assets	\$ 355,208	\$ 328,129	\$ 683,337
 <u>LIABILITIES</u>			
Accounts payable	3,384		3,384
Customer deposits	351,824	328,129	679,953
Total liabilities	\$ 355,208	\$ 328,129	\$ 683,337

CITY OF SIERRA VISTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Customer Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 356,726	\$ 673,910	\$ 675,489	\$ 355,147
Accounts receivable	156	9,244	9,339	61
Total assets	<u>\$ 356,882</u>	<u>\$ 683,154</u>	<u>\$ 684,828</u>	<u>\$ 355,208</u>
<u>Liabilities</u>				
Accounts payable		31,664	28,280	3,384
Customer deposits	356,882	778,642	783,700	351,824
Total liabilities	<u>\$ 356,882</u>	<u>\$ 810,306</u>	<u>\$ 811,980</u>	<u>\$ 355,208</u>
<u>Partnership Deposits</u>				
<u>Assets</u>				
Cash and investments	\$ 491,152	\$10,449,482	\$10,612,505	\$ 328,129
Accounts receivable	50,000	701,821	751,821	
Total assets	<u>\$ 541,152</u>	<u>\$11,151,303</u>	<u>\$11,364,326</u>	<u>\$ 328,129</u>
<u>Liabilities</u>				
Accounts payable	48,536	3,561,951	3,610,487	
Customer deposits	492,616	4,563,906	4,728,393	328,129
Total liabilities	<u>\$ 541,152</u>	<u>\$ 8,125,857</u>	<u>\$ 8,338,880</u>	<u>\$ 328,129</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 847,878	\$11,123,392	\$11,287,994	\$ 683,276
Accounts receivable	50,156	711,065	761,160	61
Total assets	<u>\$ 898,034</u>	<u>\$11,834,457</u>	<u>\$12,049,154</u>	<u>\$ 683,337</u>
<u>Liabilities</u>				
Accounts payable	48,536	3,593,615	3,638,767	3,384
Customer deposits	849,498	5,342,548	5,512,093	679,953
Total liabilities	<u>\$ 898,034</u>	<u>\$ 8,936,163</u>	<u>\$ 9,150,860</u>	<u>\$ 683,337</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 19,982,512	\$ 65,756,390	\$ 79,561,766	\$ 71,669,712
Restricted	914,956	1,792,318	2,067,402	892,345
Unrestricted	7,093,591	7,273,386	7,170,997	25,539,943
Total governmental activities net position	<u>\$ 27,991,059</u>	<u>\$ 74,822,094</u>	<u>\$ 88,800,165</u>	<u>\$ 98,102,000</u>
Business-type activities				
Net investment in capital assets	26,767,719	28,244,714	29,809,478	30,854,970
Restricted				
Unrestricted	45,138	(216,080)	(751,405)	(1,335,420)
Total business-type activities net position	<u>\$ 26,812,857</u>	<u>\$ 28,028,634</u>	<u>\$ 29,058,073</u>	<u>\$ 29,519,550</u>
Primary government				
Net investment in capital assets	\$ 46,750,231	\$ 94,001,104	\$ 109,371,244	\$ 102,524,682
Restricted	914,956	1,792,318	2,067,402	892,345
Unrestricted	7,138,729	7,057,306	6,419,592	24,204,523
Total primary government net position	<u>\$ 54,803,916</u>	<u>\$ 102,850,728</u>	<u>\$ 117,858,238</u>	<u>\$ 127,621,550</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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 93,879,321	\$ 97,100,275	\$ 98,629,178	\$ 98,771,323	\$ 97,557,911	\$ 99,144,355
1,388,809	1,214,338	1,582,118	2,500,401	4,524,148	4,966,561
2,958,036	3,600,823	857,128	(250,806)	(5,123,877)	(8,525,763)
<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>	<u>\$ 95,585,153</u>
33,105,955	33,790,428	34,181,472	34,333,688	33,088,657	35,493,373
(2,981,587)	(3,011,800)	(2,975,726)	(1,819,668)	(382,866)	51,233
<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>	<u>\$ 35,075,038</u>
\$ 126,985,276	\$ 130,890,703	\$ 132,810,650	\$ 133,105,011	\$ 130,646,568	\$ 134,637,728
1,388,809	1,214,338	1,582,118	2,500,401	4,524,148	5,017,794
(23,551)	589,023	(2,118,598)	(2,070,474)	(5,506,743)	(8,995,331)
<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>	<u>\$ 130,660,191</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
General government	\$ 3,641,890	\$ 5,410,627	\$ 5,674,130	\$ 5,400,652
Public safety	9,139,901	9,642,075	11,404,231	12,982,854
Public works	7,826,133	11,494,632	11,114,468	13,397,910
Culture and recreation	5,042,422	5,651,213	6,186,719	6,730,299
Community development	1,430,891	1,565,209	1,309,034	1,354,739
Interest and fiscal charges	1,543,319	1,410,338	1,145,314	1,168,106
Total governmental activities expenses	<u>28,624,556</u>	<u>35,174,094</u>	<u>36,833,896</u>	<u>41,034,560</u>
Business-type activities:				
Sewer	3,177,892	3,272,135	3,558,063	4,138,394
Refuse	3,014,916	3,279,250	3,597,034	3,737,762
Leisure				
Total business-type activities expenses	<u>6,192,808</u>	<u>6,551,385</u>	<u>7,155,097</u>	<u>7,876,156</u>
Total primary government expenses	<u>\$ 34,817,364</u>	<u>\$ 41,725,479</u>	<u>\$ 43,988,993</u>	<u>\$ 48,910,716</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 229,576	\$ 248,797	\$ 261,907	\$ 262,840
Public safety	1,018,432	1,110,743	1,191,123	1,388,991
Public works	1,611,282	2,212,506	2,129,322	2,968,974
Culture and recreation	1,139,119	1,301,172	1,658,455	1,703,407
Community development	2,252,846	2,128,351	1,155,139	1,012,268
Operating grants and contributions	924,929	901,037	1,148,015	1,350,710
Capital grants and contributions	6,794,810	8,918,625	9,070,377	6,077,483
Total governmental activities program revenues	<u>13,970,994</u>	<u>16,821,231</u>	<u>16,614,338</u>	<u>14,764,673</u>
Business-type activities:				
Charges for services:				
Sewer	3,307,419	3,161,055	3,069,160	3,101,539
Refuse	3,627,891	3,833,817	3,962,942	4,054,365
Leisure				
Capital grants and contributions	<u>1,096,013</u>	<u>772,290</u>	<u>1,118,437</u>	<u>1,165,433</u>
Total business-type activities program revenues	<u>8,031,323</u>	<u>7,767,162</u>	<u>8,150,539</u>	<u>8,321,337</u>
Total primary government program revenues	<u>\$ 22,002,317</u>	<u>\$ 24,588,393</u>	<u>\$ 24,764,877</u>	<u>\$ 23,086,010</u>
Net (Expense)/Revenue				
Governmental activities	\$ (14,653,562)	\$ (18,352,863)	\$ (20,219,558)	\$ (26,269,887)
Business-type activities	1,838,515	1,215,777	995,442	445,181
Total primary government net expense	<u>\$ (12,815,047)</u>	<u>\$ (17,137,086)</u>	<u>\$ (19,224,116)</u>	<u>\$ (25,824,706)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 281,765	\$ 299,347	\$ 332,244	\$ 347,249
Sales taxes	13,472,588	14,734,321	17,364,207	17,797,427
Franchise taxes	404,240	293,997	312,137	273,177
State shared revenues	12,268,381	13,685,090	15,425,650	16,185,925
Investment income	95,580	371,579	452,530	329,808
Other revenues	351,291	483,349	310,861	638,136
Transfers	169,374			
Total governmental activities	<u>27,043,219</u>	<u>29,867,683</u>	<u>34,197,629</u>	<u>35,571,722</u>
Business-type activities:				
Investment income	7,082		33,997	16,296
Transfers	<u>(169,374)</u>			
Total business-type activities	<u>(162,292)</u>		<u>33,997</u>	<u>16,296</u>
Total primary government	<u>\$ 26,880,927</u>	<u>\$ 29,867,683</u>	<u>\$ 34,231,626</u>	<u>\$ 35,588,018</u>
Change in Net Position				
Governmental activities	\$ 12,389,657	\$ 11,514,820	\$ 13,978,071	\$ 9,301,835
Business-type activities	1,676,223	1,215,777	1,029,439	461,477
Total primary government	<u>\$ 14,065,880</u>	<u>\$ 12,730,597</u>	<u>\$ 15,007,510</u>	<u>\$ 9,763,312</u>

Source: City of Sierra Vista

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

	2009	2010	2011	2012	2013	2014
\$	6,295,912	\$ 6,373,071	\$ 6,105,723	\$ 5,416,997	\$ 5,733,325	\$ 6,461,623
	15,383,618	15,936,516	15,361,959	15,741,058	16,679,199	16,892,244
	14,704,763	13,493,614	14,466,185	15,684,106	13,971,626	15,894,553
	5,669,339	5,413,023	6,612,745	4,682,921	5,451,451	3,891,908
	1,460,767	1,314,933	1,284,149	1,256,425	922,944	1,174,014
	2,052,274	1,597,221	1,322,280	1,193,187	1,094,226	984,643
	<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>	<u>45,298,985</u>
	4,195,950	3,800,591	3,828,618	3,695,564	3,995,159	3,991,879
	4,432,709	4,054,523	4,058,302	4,244,047	4,421,364	4,272,556
	1,382,032	1,261,163				
	<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>8,264,435</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>	<u>53,563,420</u>
\$	271,822	\$ 259,992	\$ 263,643	\$ 267,922	\$ 1,048,052	\$ 1,525,767
	1,346,379	1,562,677	1,759,035	1,721,067	1,691,539	1,221,295
	2,380,250	2,039,748	3,411,247	2,522,046	2,384,010	2,560,147
	351,461	489,592	1,478,401	1,079,641	1,124,673	1,036,840
	1,728,017	2,470,275	541,794	1,627,780	767,063	1,138,824
	1,163,531	1,418,887	1,498,867	1,522,872	1,282,624	1,783,822
	4,178,833	6,773,655	3,464,727	4,376,706	1,152,159	3,303,899
	<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>	<u>12,570,594</u>
	3,394,053	3,842,782	3,916,860	4,274,980	4,029,798	4,084,499
	4,497,864	4,412,952	4,535,961	4,720,748	4,679,431	4,638,149
	980,472	730,698				
	1,534,673	359,605	10,890	401,970	48,878	2,060,847
	<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>10,783,495</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>	<u>23,354,089</u>
\$	(34,146,380)	\$ (29,113,552)	\$ (32,735,327)	\$ (30,856,660)	\$ (34,402,651)	\$ (32,728,391)
	396,371	229,760	576,791	1,458,087	341,584	2,519,060
\$	<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>	<u>(30,209,331)</u>
\$	368,755	\$ 373,046	\$ 378,251	\$ 400,517	\$ 397,349	\$ 390,759
	17,433,009	17,230,912	17,086,526	16,757,320	16,192,020	16,650,008
	413,668	646,654	620,704	620,157	-	-
	15,557,391	14,087,082	12,692,598	11,712,579	12,775,428	13,494,847
	62,461	8,073	6,722	14,763	35,631	21,877
	643,443	881,273	953,701	1,154,004	789,674	648,058
	(208,181)	(424,218)	149,813	149,813	149,813	149,813
	<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>	<u>31,355,362</u>
	208,181	282	140			
	<u>208,181</u>	<u>424,218</u>	<u>(149,813)</u>	<u>(149,813)</u>	<u>(149,813)</u>	<u>(149,813)</u>
	<u>208,181</u>	<u>424,500</u>	<u>(149,673)</u>	<u>(149,813)</u>	<u>(149,813)</u>	<u>(149,813)</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>	<u>31,205,549</u>
\$	124,166	\$ 3,689,270	\$ (847,012)	\$ (47,507)	\$ (4,062,736)	\$ (1,373,029)
	604,552	654,260	427,118	1,308,274	191,771	2,369,247
\$	<u>728,718</u>	<u>4,343,530</u>	<u>(419,894)</u>	<u>1,260,767</u>	<u>(3,870,965)</u>	<u>996,218</u>

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

	Fiscal year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Unreserved	\$2,717,700	\$2,808,600	\$3,178,722	\$ 3,493,303
Unassigned				
Total General Fund balance	<u>\$2,717,700</u>	<u>\$2,808,600</u>	<u>\$3,178,722</u>	<u>\$ 3,493,303</u>
All Other Governmental Funds				
Restricted				
Unassigned				
Unreserved, reported in:				
Special revenue funds	3,326,689	5,363,088	4,332,400	3,090,300
Capital projects funds	1,948,249	924,206	1,809,493	18,955,800
Debt service funds	596,085	519,268	553,288	574,223
Total all other governmental funds	<u>5,871,023</u>	<u>6,806,562</u>	<u>6,695,181</u>	<u>22,620,323</u>
Total all governmental funds	<u>\$8,588,723</u>	<u>\$9,615,162</u>	<u>\$9,873,903</u>	<u>\$26,113,626</u>

Source: City of Sierra Vista

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,776,988	\$ 3,851,411				
		\$ 3,863,565	\$ 3,878,908	\$ 3,898,837	\$ 3,972,820
<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>	<u>\$ 3,972,820</u>
		3,697,571	4,437,036	4,524,148	4,966,561
		(1,692,419)	(1,936,635)	(2,758,173)	(3,619,690)
2,038,723	1,601,406				
4,885,226	2,002,537				
1,034,839	744,177				
<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>1,346,871</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>	<u>\$ 5,319,691</u>

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

	Fiscal year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 14,158,593	\$ 15,327,665	\$ 18,008,588	\$ 18,417,853
Licenses and permits	1,298,084	1,409,809	1,222,792	1,201,168
Intergovernmental	15,517,628	19,965,160	19,824,836	18,524,043
Charges for services	4,925,281	5,564,586	5,147,332	6,105,738
Fines	27,890	27,174	25,822	29,574
Investment income	95,580	371,579	452,530	329,808
Contributions	689,860	990,829	236,509	405,175
Other revenues	351,291	483,349	310,861	638,136
Total revenues	<u>37,064,207</u>	<u>44,140,151</u>	<u>45,229,270</u>	<u>45,651,495</u>
Expenditures:				
General government	4,200,959	5,576,091	6,022,584	6,306,083
Public safety	9,093,290	9,998,321	11,292,687	12,183,789
Public works	7,804,388	14,220,495	15,126,255	13,143,762
Culture and recreation	5,035,337	5,349,117	6,783,492	6,570,074
Community development	1,412,152	1,564,828	1,610,196	1,430,534
Capital outlay	1,290,560	180,393	2,115,900	9,130,044
Debt service -				
Interest and fiscal charges	1,543,319	1,410,338	1,145,314	1,168,106
Principal	3,655,247	6,976,529	2,237,375	2,498,766
Total expenditures	<u>34,035,252</u>	<u>45,276,112</u>	<u>46,333,803</u>	<u>52,431,158</u>
Excess (deficiency) of revenues over expenditures	3,028,955	(1,135,961)	(1,104,533)	(6,779,663)
Other financing sources (uses):				
Transfers out	(5,804,889)	(8,742,545)	(3,827,229)	(6,442,246)
Transfer in	5,974,263	8,742,545	3,827,229	6,442,246
Net Proceeds from sale of bonds				22,500,000
Proceeds from installment purchase	589,617	2,162,400	1,363,274	519,386
Total other financing sources (uses)	<u>758,991</u>	<u>2,162,400</u>	<u>1,363,274</u>	<u>23,019,386</u>
Net Change in fund balances	<u>\$ 3,787,946</u>	<u>\$ 1,026,439</u>	<u>\$ 258,741</u>	<u>\$ 16,239,723</u>
Debt service as a percentage of noncapital expenditures	17.5%	22.3%	10.2%	9.8%

Source: City of Sierra Vista

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 18,215,432	\$ 18,250,612	\$ 18,085,481	\$ 17,777,994	\$ 16,589,369	\$ 17,040,767
974,873	1,207,778	815,087	1,093,475	1,444,445	1,855,217
18,328,714	20,719,892	17,231,563	14,233,771	14,916,649	16,911,860
5,071,891	5,581,742	6,607,534	6,095,979	5,545,131	5,602,590
31,165	32,764	31,499	29,002	25,761	25,066
62,461	8,073	6,722	14,763	35,631	21,877
412,013	735,101	103,620	2,960,309	153,794	1,670,708
643,443	881,273	953,701	1,154,004	789,674	648,058
<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>	<u>43,776,143</u>
6,193,351	6,432,811	5,940,858	5,095,292	5,962,304	5,931,492
13,732,763	13,269,989	13,183,030	13,580,188	13,831,076	15,097,854
12,478,750	15,865,085	13,280,984	15,444,339	12,325,352	14,719,023
5,025,905	4,648,446	5,263,125	3,743,441	4,639,890	3,171,277
1,411,283	1,291,078	1,222,838	1,186,790	836,423	1,082,532
9,010,524	3,907,207	3,097,265	268,626	364,628	234,592
2,052,274	1,694,277	1,322,280	1,193,187	1,094,226	984,643
8,891,434	13,628,968	3,005,454	2,694,552	3,733,604	3,049,664
<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>	<u>44,271,077</u>
(15,056,292)	(13,320,626)	(2,480,627)	152,882	(3,287,049)	(494,934)
(11,929,506)	(6,639,225)	(5,040,530)	(4,843,907)	(5,160,541)	(5,368,626)
11,721,325	6,215,007	5,190,343	4,993,720	5,310,354	5,518,439
886,623	10,117,056				
	91,543		207,896	2,422,739	
<u>678,442</u>	<u>9,784,381</u>	<u>149,813</u>	<u>357,709</u>	<u>2,572,552</u>	<u>149,813</u>
<u>\$ (14,377,850)</u>	<u>\$ (3,536,245)</u>	<u>\$ (2,330,814)</u>	<u>\$ 510,591</u>	<u>\$ (714,497)</u>	<u>\$ (345,121)</u>
23.8%	31.4%	11.3%	10.4%	12.6%	10.4%

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

Business Category	Fiscal year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Communications & utilities	\$ 1,142,474	\$ 1,218,312	\$ 1,512,693	\$ 1,513,742
Transportation & warehousing	16,219	9,800	7,743	10,113
Construction	1,456,909	1,566,609	1,611,591	1,616,467
Manufacturing	326,893	363,851	373,629	347,894
Wholesale trade	334,578	267,573	363,217	338,111
Retail trade	7,256,956	7,840,095	9,289,617	9,213,760
Finance & insurance	10,347	9,196	8,111	12,667
Real estate, rental & leasing	309,018	768,570	1,107,951	1,330,341
Restaurant & bar	1,406,899	1,443,555	1,668,730	1,725,078
Accommodation	739,267	843,832	906,606	1,079,462
Services	333,107	339,806	363,624	429,935
Arts & entertainment	16,620	18,401	19,352	11,565
Other	123,301	44,721	131,343	168,292
Total	<u>\$13,472,588</u>	<u>\$14,734,321</u>	<u>\$17,364,207</u>	<u>\$17,797,427</u>

Source:

Arizona Department of Revenue

Notes:

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,623,435	\$ 1,574,145	\$ 1,475,399	\$ 1,596,186	\$ 1,601,169	\$ 1,495,522
9,927	10,311	10,416	9,194	9,566	6,850
1,221,945	1,229,591	1,214,444	1,028,675	986,088	1,116,402
415,227	296,786	253,839	275,777	232,035	228,141
165,986	118,634	148,451	142,693	116,566	247,272
8,908,294	8,815,201	8,797,235	8,711,519	8,915,252	9,183,309
12,669	7,130	5,531	8,679	9,940	13,650
1,431,807	1,505,237	1,425,411	1,290,723	1,209,747	1,172,494
1,709,308	1,793,820	1,868,531	1,889,937	1,742,476	1,768,624
1,335,583	1,290,820	1,381,079	1,191,335	773,819	770,012
421,492	450,928	412,968	478,406	481,911	544,579
11,322	8,191	7,238	6,845	7,822	7,788
166,014	130,118	85,984	127,350	105,629	95,365
<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>	<u>\$16,650,008</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>
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%
2014	1.75%	0.50%	5.60%	7.85%

Source: City of Sierra Vista, Arizona Department of Revenue

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

MPC Revenue Bonds				
Fiscal Year	Pledged Revenues	Principal	Interest	Coverage
2005	\$ 22,178,395	\$ 1,070,000	\$ 1,162,234	
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	27,381,922	2,515,000	930,220	7.47
2015		2,600,000	836,845	7.97

Source: City of Sierra Vista

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Estimated Property Value	\$ 1,724,252,784	\$ 1,947,919,483	\$ 2,227,541,540	\$ 2,519,369,157
Assessed Property Value	\$ 207,357,918	\$ 231,595,905	\$ 262,607,669	\$ 296,919,953
<u>Debt Limits</u>				
Legal Debt Limit - 20% Bonds	\$ 41,471,584	\$ 46,319,181	\$ 52,521,534	\$ 59,383,991
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 20% Bonds	<u>\$ 41,471,584</u>	<u>\$ 46,319,181</u>	<u>\$ 52,521,534</u>	<u>\$ 59,383,991</u>
Legal Debt Limit - 6% Bonds	\$ 12,441,475	\$ 13,895,754	\$ 15,756,460	\$ 17,815,197
Amount of Debt applicable to debt limit	-	-	-	-
Legal Debt Margin - 6% Bonds	<u>\$ 12,441,475</u>	<u>\$ 13,895,754</u>	<u>\$ 15,756,460</u>	<u>\$ 17,815,197</u>

Overlapping GO Bonded Debt

Jurisdiction:

City of Sierra Vista	None	None	None	None
Sierra Vista Public Schools	\$ 14,435,399	\$ 12,190,827	\$ 9,359,366	\$ 6,310,000
Cochise College	None	None	None	None
Cochise County	None	None	None	None
State of Arizona	None	None	None	None
Total	<u>\$ 14,435,399</u>	<u>\$ 12,190,827</u>	<u>\$ 9,359,366</u>	<u>\$ 6,310,000</u>

Overlapping Total Debt

Jurisdiction:

City of Sierra Vista	\$ 31,878,684	\$ 26,635,126	\$ 25,522,355	\$ 46,023,574
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>\$ 31,878,684</u>	<u>\$ 26,635,126</u>	<u>\$ 25,522,355</u>	<u>\$ 46,023,574</u>

Sources:

Estimated property value from Arizona Department of Revenue

Assessed Property Value from Cochise County Assessor's Office

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$2,787,869,258	\$2,966,659,079	\$3,066,313,577	\$3,145,518,326	\$3,082,322,495	\$2,926,589,424
\$ 325,972,301	\$ 345,353,458	\$ 348,625,573	\$ 354,576,088	\$ 342,392,651	\$ 325,296,345
\$ 65,194,460	\$ 69,070,692	\$ 69,725,115	\$ 70,915,218	\$ 68,478,530	\$ 65,059,269
-	-	-	-	-	-
<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>	<u>\$ 65,059,269</u>
\$ 19,558,338	\$ 20,721,207	\$ 20,917,534	\$ 21,274,565	\$ 20,543,559	\$ 19,517,781
-	-	-	-	-	-
<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>	<u>\$ 19,517,781</u>
None	None	None	None	None	None
\$ 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	None
<u>\$ 3,250,000</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
\$ 37,463,642	\$ 34,352,160	\$ 30,868,798	\$ 37,236,077	\$ 35,629,609	\$ 31,642,854
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>\$ 37,463,642</u>	<u>\$ 34,352,160</u>	<u>\$ 30,868,798</u>	<u>\$ 37,236,077</u>	<u>\$ 35,629,609</u>	<u>\$ 31,642,854</u>

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

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

Note: Details of the City's outstanding debt can be found in the notes to the financial statements
2013 per Capital Income not available
2014 population estimates and per Capita Income not available

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

<u>Fiscal Year</u>	<u>Population</u>	<u>per Capita Income</u>	<u>Total Personal Income</u>	<u>Unemployment Rate</u>		
				<u>City</u>	<u>County</u>	<u>State</u>
2005	43,690	\$ 23,278	\$ 1,017,015,820	2.80%	4.80%	4.60%
2006	44,870	22,812	1,023,574,440	2.60%	4.40%	4.10%
2007	43,690	24,440	1,067,783,600	2.40%	4.00%	3.80%
2008	45,908	25,021	1,148,664,068	3.40%	5.60%	5.90%
2009	46,597	26,388	1,229,601,636	4.70%	7.80%	9.70%
2010	43,888	20,422	896,280,736	5.10%	8.40%	9.90%
2011	45,098	27,448	1,237,849,904	8.00%	8.80%	9.50%
2012	45,794	26,602	1,218,211,988	7.70%	8.20%	8.30%
2013	45,303	N/A	N/A	7.80%	8.50%	8.00%
2014	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

2013 per Capita Income not available

2014 data not available

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

Employer	2013			2004	
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank
Fort Huachuca	8,296	1	N/A	11,097	1
Sierra Vista School District	700	2	N/A	798	2
General Dynamics	698	3	N/A		
Sierra Vista Regional Health Center	522	4	N/A	610	3
Northrop Grumman Corp	450	5	N/A	257	8
ManTech	422	6	N/A	384	6
City of Sierra Vista	384	7	N/A		
SAIC	295	8	N/A		
Aegis	294	9	N/A	404	5
Raytheon	287	10	N/A	350	7
Cochise College	258			240	9
Lawley Automotive	175			187	10
Newtec				592	4

Source: Cochise College Center for Economic Research

Notes:

DES no longer gives an estimate of total city employment so a percentage cannot be calculated

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

<u>Function/Program</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>	<u>2014</u>
General Government										
City Manager	22	22	23	24	24	20	18	24	25	25
Administrative Services	27	28	29	30	31	38	38	32	31	31
Court and Legal	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	92	93	98	99	101	102	102	102	102	102
Fire	38	38	52	53	58	60	60	59	61	61
Public Works										
Public Works	46	44	46	48	48	48	48	62	62	62
Streets and Traffic	12	12	13	10	13	13	13	21	21	21
Airport	1	1	1	1	1	1	1	1	1	1
Transit	9	9	9	10	10	10	10	10	10	10
Sewer	12	12	12	12	12	12	12	12	12	12
Refuse	11	13	13	13	13	13	13	14	14	14
Culture and Recreation										
Parks and Leisure	38	43	44	50	51	50	50	-	-	-
Library	8	8	8	9	9	9	9	-	-	-
Leisure and Library	-	-	-	-	-	-	-	37	37	37
Community Development	16	18	18	18	18	18	18	18	18	18
	<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>	<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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police				
UCR Part 1 clearance rate	34.9%	32.4%	29.3%	27.9%
UCR Part 1 recovery rate	61.1%	68.5%	67.9%	59.7%
Traffic Citations	3,849	5,281	7,419	7,179
Animals adopted	782	801	716	663
Fire				
Emergency calls for service	4,096	4,316	4,848	4,892
Non-emergency calls for service	2,627	2,734	2,850	2,697
Refuse				
Tons of refuse collected per year	21,905	23,000	23,500	24,000
Traffic				
Square yards of pavement crack sealed	275,864	250,000	400,000	300,000
Lane miles of streets swept	386	389	560	560
Parks and Leisure Services				
Number of program participants	275,005	286,940	295,548	304,000
Sewer				
Acre-feet of effluent treated per year	3,100	2,900	3,200	4,200
Transit				
Number of riders	120,000	108,184	97,044	109,241

Source: City of Sierra Vista

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
30.5%	33.4%	34.3%	38.1%	37.4%	34.9%
44.0%	35.2%	41.6%	28.5%	35.1%	30.3%
4,893	7,803	6,435	5,201	4,956	4,918
832	995	993	960	843	728
4,429	4,139	4,425	4,614	4,686	6,015
2,697	2,144	1,326	1,327	1,157	1,160
25,000	23,688	23,434	24,906	23,935	23,917
477,000	198,000	308,000	257,336	257,336	183,824
560	600	615	3,340	1,723	1,800
305,000	304,000	289,662	290,000	290,000	290,000
3,600	3,705	3,419	3,535	2,942	2,544
175,000	176,584	186,867	163,005	158,711	158,598

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Refuse				
Refuse trucks	11	13	14	14
Parks and Leisure Services				
Acres of developed parkland	106	106	115	115
Number of baseball/softball diamonds	6	6	6	5
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	10	9	12	12

Source: City of Sierra Vista

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	1	1	1	1	1
3	3	3	3	3	3
14	14	14	16	16	15
115	119	119	119	119	119
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
4,500	4,500	4,500	4,500	4,500	4,500
12	11	13	13	13	13

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