

# City of Sierra Vista Water Reclamation Facilities

---

## SEAGO 208 Amendment Tribute WRF, Section 36 WRF, and Bella Vista WRFs

---

February 2009  
(October 2008) - Revised

Prepared For:



**City of Sierra Vista**  
401 Giulio Cesare Ave.  
Sierra Vista, AZ 85635

Prepared By:



**Pacific Advanced Civil Engineering, Inc.**  
426 N. 44<sup>th</sup> Street, Suite 120  
Phoenix, AZ 85008  
602-275-8066



*Exp. 12.31.09*

Contact Person:

Duong Do, PE

PACE JN 9064E

# Table of Contents

<b>Executive Summary</b> .....	<b>iii</b>
1.1 Amendment Item 1 - Expansion of the 208 Planning Area for the City of Sierra Vista .....	iii
1.2 Amendment Item 2 - The New Tribute WRF .....	iii
1.3 Amendment Item 3- The New Section 36 WRF .....	iv
1.4 Amendment Item 4- The Proposed Bella Vista WRFs.....	iv
Abbreviations.....	v
Clean Water Act Section 208 Amendment Checklist .....	vi
<b>1 20-Year Needs</b> .....	<b>1</b>
1.1 Amendment Item 1 - Expansion of the 208 Planning Area for the City of Sierra Vista .....	1
1.2 Amendment Item 2 - Construction of the New Tribute WRF .....	1
1.3 Amendment Item 3- Construction of the New Section 36 WRF .....	1
1.4 Amendment Item 4- The Proposed Bella Vista WRFs.....	2
1.5 Description of Existing Wastewater Facilities.....	2
1.6 Population, Water Supply, and Wastewater Generation Estimates .....	3
1.7 Alternatives 1 – Upgrade and Expand Existing Infrastructure.....	3
1.8 Alternative 2 - Construct New Wastewater Reclamation Facilities.....	3
1.9 Tribute WRF .....	3
1.9.1 Site Location, Property Ownership, and Service Area .....	3
1.9.2 Water Reclamation Facility Description.....	4
1.9.3 Facility Capacity .....	4
1.9.4 Site Description .....	4
1.9.5 Water Reclamation Requirements .....	5
1.9.6 Stormwater Discharges .....	5
1.9.7 Plant Overflow .....	5
1.9.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas .....	5
1.9.9 Permitting Requirements .....	5
1.9.10 Pretreatment Requirements.....	6
1.9.11 Sludge Management Requirements.....	6
1.10 Section 36 WRF.....	6
1.10.1 Site Location, Property Ownership, and Service Area .....	6
1.10.2 Water Reclamation Facility Description.....	6
1.10.3 Facility Capacity .....	7
1.10.4 Site Description .....	7
1.10.5 Water Reclamation Requirements .....	7
1.10.6 Stormwater Discharges .....	7
1.10.7 Plant Overflow.....	7
1.10.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas .....	7
1.10.9 Permitting Requirements .....	8
1.10.10 Pretreatment Requirements.....	8
1.10.11 Sludge Management Requirements .....	8
1.11 Bella Vista WRFs.....	8
1.11.1 Site Location, Property Ownership, and Service Area .....	8
1.11.2 Water Reclamation Facility Description.....	8
1.11.3 Facility Capacity .....	8
1.11.4 Site Description .....	9
1.11.5 Water Reclamation Requirements .....	9
1.11.6 Stormwater Discharges .....	9
1.11.7 Plant Overflow .....	9
1.11.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas .....	9
1.11.9 Permitting Requirements .....	9
1.11.10 Pretreatment Requirements.....	10
1.11.11 Sludge Management Requirements.....	10



## Executive Summary

The City of Sierra Vista, located in Cochise County, AZ requests to amend the Regional Water Quality Management Plan (208 Plan) in order to expand its existing 208 Planning Area to include two proposed water reclamation facilities to handle anticipated future growth and to reclaim the effluent for irrigation.

The City currently relies on groundwater for all of its potable and irrigation needs. It is projected that the City's population will increase to approximately 60,000 people by the year 2025, resulting in an increased demand for groundwater. The City plans to construct four water reclamation facilities (WRF), the Tribute WRF, the Section 36 WRF, and two Bella Vista WRFs to treat wastewater and to reclaim the high quality effluent for irrigation, thus alleviating demand on groundwater. All of the WRFs will be permanent facilities with the exception of the first Bella Vista WRF. This facility will be an interim plant until the Bell Vista Development generates sufficient flow to implement the permanent facility.

The Tribute WRF, the Section 36 WRF and the Bella Vista WRFs will produce effluent that meets Arizona Title 18 Class A+ Reclaimed Water Standards and will supply the City with a new source of irrigation water. At build-out, these facilities will provide an additional 4.7 MGD capacity. Wastewater will be diverted from the existing 4.0 MGD City of Sierra Wastewater Treatment Plant (WWTP) to the new Tribute and Section 36 WRFs to match irrigation demand with recycled water. The Section 36 WRF will have a 0.4 MGD capacity. The Tribute WRF will begin with a 0.5 MGD capacity, and will be expanded in phases as the population increases to an ultimate 2.0 MGD capacity. The first of the two Bella Vista WRFs, the Interim Bella Vista WRF, will have a 0.25 MGD capacity and will be implemented while the development is under construction. The second facility, the Bella Vista WRF will be designed for a full build capacity of 2.3 MGD and will service the completed Bella Vista development.

The Southeastern Arizona Governments Organization (SEAGO) is the designated Areawide Water Quality Management Planning Agency with the authority under Section 208(a) (2) (B) of the Clean Water Act (CWA) to prepare the 208 Plan for Cochise, Graham, Greenlee, and Santa Cruz Counties. The goal of the 208 Plan is to identify area-wide wastewater treatment needs, water quality management problems, and establish a program to alleviate them. The purpose of this application is to request an amendment to the current Section 208 Regional Water Quality Management Plan. The requested amendment includes the following:

### 1.1 Amendment Item 1 - Expansion of the 208 Planning Area for the City of Sierra Vista

The current Sierra Vista 208 Planning Area encompasses about 14,900 acres and was last updated in May of 1999 with a 208 Amendment prepared by Fluid Solutions. The 1999 amendment expanded the service area of the Sierra Vista Wastewater Treatment Plant to include a portion of the Bella Vista Ranch development, which has not been developed. This development has changed ownership and is now known as Bella Vista.

The proposed 208 Planning Area (*Exhibit 1*) will include an additional 15,100 acres of surrounding land to the north east, west, and south of the City and will expand the City's planning area to include all of the current City's zoning and annexation areas as shown in *Exhibit 2*. With the approval of this expansion, the City's 208 Planning Area will encompass a total of approximately 30,000 acres.

### 1.2 Amendment Item 2 - The New Tribute WRF

The Tribute WRF will serve the southwest portion of the City of Sierra Vista and will be located east of Avenida Del Sol and south of Snyder Blvd, as indicated on *Exhibit 3*. It will be owned and operated by the City of Sierra Vista. The WRF will have an initial capacity of 0.5 MGD with phased expansion to 2.0 MGD at full build-out. The new facility will treat wastewater to meet Arizona Title 18 Class A+ Reclaimed Water standards. Reclaimed water will be used to irrigate the Pueblo Del Sol Golf Course and public parks and rights-of-way in the future 2,000-acre Tribute Development.

According to the Tribute Water Reclamation Facility Design Concept Report (Brown and Caldwell, August 2007), the developed Pueblo Del Sol Golf Course is currently using an average annual irrigation demand of 400,137 gallons per day and the future Tribute Development will require approximately 1.6 million gallons per day of water for irrigation throughout the life of the project. With a full build-out capacity of 2.0 MGD, the Tribute WRF will be able to satisfy most of the irrigation needs for its service area with its reclaimed effluent. Excess effluent will be recharged to the underlying aquifer through recharge wells to help replenish the groundwater supply.

### **1.3 Amendment Item 3- The New Section 36 WRF**

The Section 36 WRF will serve the northwest portion of the City of Sierra Vista and will be located east of N. Coronado Drive and south of E. Tacoma Street. It will be owned and operated by the City of Sierra Vista. The WRF will have a 0.4 MGD capacity and will treat wastewater to ADEQ Title 18 Class A+ effluent standards. Reclaimed water will be used to supply irrigation demands for the Domingo Paiz Sports Complex, Bill Stone Sports Complex, and Veterans Memorial Park.

According to the Section 36 Water Reclamation Facility Design Concept Report (Brown and Caldwell, August 2007), the current irrigation demands for the sports complex and park, is a minimum monthly average of 0.04 MGD in the winter and a maximum monthly average of 0.31 MGD in the summer. Future demands will increase because the City will be adding more ball fields in the sports complex and they would like to extend irrigation to the Apache Middle School near the WRF site. With the added acreage of open space, the future irrigation demands are calculated to be at minimum 0.05 MGD in the winter and at maximum 0.44 MGD in the summer. With a full buildout capacity of 0.4 MGD, the Section WRF will be able to satisfy most of the irrigation needs for its service area with its reclaimed effluent. Excess effluent will be recharged to the underlying aquifer through recharge wells to help replenish the groundwater supply.

### **1.4 Amendment Item 4- The Proposed Bella Vista WRFs**

Two future wastewater reclamation facilities will provide wastewater service to the proposed Bella Vista Development, located in the northeast portion of the City of Sierra Vista (*see Exhibit 1*). Bella Vista Development will be in phases, where wastewater from the initial phases of the development will be treated by the Interim Bella Vista WRF. The interim facility will have a wastewater treatment capacity of 250,000 gallons per day. As the development grows, a larger 2.3 MGD Bella Vista WRF will be constructed to service the build-out of the development. The interim facility will either be decommissioned or serve as a satellite facility for the larger 2.3 MGD permanent facility. The two facilities will be constructed by the developer but will be owned and operated by the City of Sierra Vista. The effluent from the facility will meet ADEQ Title 18 Class A+ effluent standards. Reclaimed effluent will be used to supply irrigation demands within the development with excess effluent being recharge or discharge via an AZPDES permit.

This Clean Water Act 208 Amendment application provides information on the proposed 208 Planning area expansion and the construction of the Tribute WRF, the Section 36 WRF and the Bella Vista WRFs. The following sections describe how the Section 208 requirements are addressed, including treatment alternatives, permitting, treatment facility design, sludge management, construction, financing, impacts, and public participation.

## Abbreviations

ADEQ	Arizona Department of Environmental Quality
ADOC	Arizona Department of Commerce
ADWR	Arizona Department of Water Resources
APP	Aquifer Protection Permit
AZPDES	Arizona Pollutant Discharge Elimination System
City	City of Sierra Vista
CFR	Code of Federal Regulations
CWA	Clean Water Act
DU	Dwelling Units
E.D.	Equivalent Dwelling
EPA	Environmental Protection Agency
gpd	Gallons Per Day
gpcd	Gallons Per Day Per Capita
MBR	Membrane Bioreactor
MGD	Million Gallons Per Day
MMAD	Maximum Month Average Day
MSDS	Material Safety Data Sheets
O&M	Operations and maintenance
PACE	Pacific Advanced Civil Engineering, Inc.
POPTAC	Population Technical Advisory Committee
POTW	Publicly Owned Treatment Works
NTU	Nephelometric Turbidity Unit
RAS	Return Activated Sludge
RAZ	Regional Analysis Zone
SEAGO	SouthEastern Arizona Governments Organization
SPA	Special Planning Area
USF	Underground Storage Facility
UV	Ultra Violet Light
WAPA	Western Area Power Administration
WRF	Water Reclamation Facility
WWTP	Wastewater Treatment Plant

Requirement	Summary of How Requirements are Addressed		Page	Heading
<b>AUTHORITY</b>				
<p>Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-Certification shall be in the form of a legal opinion by the DMA or entity attorney. The Southeastern Arizona Governments Organization (SEAGO) is the Designated Planning Agency for the City of Sierra Vista and the City of Sierra Vista is the Designated Management Agency (DMA) for its planning and service areas. A letter of self-certification is included in this report in Appendix A.</p>				
<b>20-YEAR NEEDS</b>				
<b>Clearly describe the existing wastewater treatment (WWT) facilities:</b>				
<ul style="list-style-type: none"> <li>Describe existing WWT facilities.</li> </ul>	<p>The existing City of Sierra Vista WWTP is located east of Sierra Vista near MM325 on SR 90 (<i>Exhibit 1</i>). The facility utilizes a conventional aerated lagoon system with a design capacity of 4.0 MGD. Effluent waters from the facility discharge to a managed wetlands and flows to percolation basins for effluent disposal. The facility consists of 30 acres of recharge basins and 50 acres of constructed wetlands.</p>	2	1.5 Exhibit 1	
<ul style="list-style-type: none"> <li>Show WWT certified and service areas for private utilities and sanitary district boundaries, if appropriate.</li> </ul>	<p>There are currently no private utilities or private sanitation districts existing within the City of Sierra Vista service areas. Besides the City of Sierra Vista WWTP, the next closest existing facility is the Ft. Huachuca WWTP located northwest of the City of Sierra Vista. The Ft. Huachuca WWTP is outside the City of Sierra Vista 208 Planning Area and is not under the jurisdiction of the City.</p>	2	1.5 Exhibit 1	
<b>Clearly describe alternatives, the recommended WWT plan, and factors that affect discharge:</b>				
<ul style="list-style-type: none"> <li>Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period.</li> </ul>	<p>The population growth for the City of Sierra Vista is estimated to be approximately 60,000 by 2025, according to POPTAC 2006-2055 Arizona Department of Commerce Population Projections.</p>	3	1.6	



Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Provide wastewater flow estimates over the 20-year planning period.</li> </ul>	<p>Using a wastewater generation rate of 75 gallons per day capita (gpcd) based on the City of Sierra Vista Wastewater Management and Sewerage Master Plan (Cheyne Owen, Ltd, 1986); the wastewater flow projection for the City of Sierra Vista is approximately 4.5 MGD by 2025.</p>	3	1.6
<ul style="list-style-type: none"> <li>Illustrate the WWT planning and service areas.</li> </ul>	<p>Exhibit 1 shows the proposed 208 Planning Area and wastewater service areas for the proposed Water Reclamation Facilities.</p>		Exhibit 1
<ul style="list-style-type: none"> <li>Describe the type and capacity of the recommended WWT Plant.</li> </ul>	<p>Both the Tribute WRF and Section 36 WRF will utilize a membrane bioreactor (MBR) treatment process to produce effluent meeting ADEQ Title 18 Class A+ effluent standards. The facilities will provide biological oxidation of organics and nutrient removal through activated sludge, followed by ultrafiltration through membranes and UV disinfection. Odor and noise control and aesthetic measures will also be incorporated into the design in accordance with the Title 18 Arizona Administrative Code.</p> <p>The Tribute WRF will have a build-out treatment capacity of 2.0 MGD with a Phase I treatment capacity of 0.5 MGD. It is anticipated that there will be an additional 3 phases to bring the facility to its full capacity of 2.0 MGD.</p> <p>The Section 36 WRF will have a treatment capacity of 0.4 MGD.</p> <p>The Bella Vista WRFs will use an activated sludge process, but the specific technology has not yet been determined. The Bella Vista development will be in phases, where wastewater from the initial phases of the development will be treated by the Interim Bella Vista WRF. The interim facility will have a wastewater treatment capacity of 250,000 gallons per day. As</p>	4 6	1.9.2 1.10.2
		4	1.9.3
		6	1.10.2
		8	1.11.2

Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Identify water quality problems, consider alternative control measures, and recommend solution for implementation.</li> </ul>	<p>the development grows, a larger 2.3 MGD Bella Vista WRF will be constructed to service the build-out of the development. The interim facility will either be decommissioned or serve as a satellite facility for the larger 2.3 MGD permanent facility.</p>		Appendix D
<ul style="list-style-type: none"> <li>If private WWT utilities with certificated areas are within the proposed regional service area: define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas, when?</li> </ul>	<p>By complying with ADEQ Title 18 Class A+ effluent standards, no foreseeable water quality issues are anticipated. The effluent water will be of sufficient quality for unrestricted reuse. Appendix D contains the Tribute WRF MBR process modeling results using BioWin Dynamic Modeling Software. Modeling results clearly shows the effluent quality meeting Class A+ Reclaimed Water Standards.</p>	N/A	N/A
<ul style="list-style-type: none"> <li>Describe method of effluent disposal and reuse sites (if appropriate).</li> </ul>	<p>Effluent from the <b>Tribute</b> facility will meet ADEQ Title 18 Class A+ Reclaimed Water Quality Standards and will be disposed through irrigation of the following areas:</p> <ul style="list-style-type: none"> <li>Pueblo Del Sol Golf Course</li> <li>Tribute Development</li> </ul> <p>Effluent produced in excess of irrigation demand will be recharged to the underlying aquifer.</p> <p>Effluent from the <b>Section 36</b> facility will meet ADEQ Title 18 Class A+ Reclaimed Water Quality Standards and will be disposed through irrigation of the following areas:</p> <ul style="list-style-type: none"> <li>Domingo Paiz Sports Complex</li> <li>Bill Stone Sports Complex</li> </ul>	1	1.2



Requirement	Summary of How Requirements are Addressed	Page	Heading
	<ul style="list-style-type: none"> <li>• Veterans Memorial Park</li> </ul> <p>Effluent produced in excess of irrigation demand will be recharged to the underlying aquifer.</p> <p>Effluent from the <b>Bella Vista</b> facilities will meet ADEQ Title 18 Class A+ Reclaimed Water Quality Standards and will be disposed through irrigation of the following areas:</p> <ul style="list-style-type: none"> <li>• Bella Vista Development</li> </ul> <p>Effluent produced in excess of irrigation demand will be recharged to the underlying aquifer.</p>	2	1.4
<ul style="list-style-type: none"> <li>• Describe other wastewater treatment options that were considered.</li> </ul>	<p>The first alternative is to upgrade existing infrastructure to meet Class A+ effluent standards and expand the existing facility to meet future needs. Upgrading and expanding the plant would not only require additional treatment process equipment, but would also include reclaimed water infrastructure. The existing WWTP is located about four to six miles from the parks and golf course that require irrigation. Reclaimed water pipelines and pumping infrastructure would have to be constructed to deliver reclaimed water from the existing plant to these areas. Constructing new treatment plants near the reuse areas is a more economical solution.</p> <p>The second alternative is to construct new wastewater reclamation facilities with improved treatment processes to create a new supply of irrigation water and reduce reliance on groundwater pumping. New facilities would generate reclaimed water that meets Arizona Class A+ Reclaimed Water Standards for unrestricted reuse and recharge. Groundwater indirectly augments the flow to the San Pedro River by providing the base flow that is essential to sustaining habitat and wildlife within the San Pedro River Basin. The use of reclaimed water for irrigation will reduce</p>	3	1.7
		3	1.8

Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.</li> </ul>	<p>dependency on groundwater. New WRFs would be sited close to the areas that will be using reclaimed water for irrigation, minimizing the length of transmission pipeline required. With this alternative, some of the wastewater flow would be diverted from the existing treatment plant to the two new facilities. The existing WWTP would continue to operate at a reduced capacity.</p>	12	3.1
<ul style="list-style-type: none"> <li>Describe ownership of land proposed for plant sites and reuse areas.</li> </ul>	<p>There is no Sanitary District serving the proposed planning or service areas for the Tribute WRF, Section 36 WRF and Bella Vista WRFs, but the City of Sierra Vista is the Wastewater Service Provider.</p>	3	1.9.1
<ul style="list-style-type: none"> <li>Address time frames in the development of the treatment works.</li> </ul>	<p><b>Tribute WRF:</b> The Tribute WRF site and the Pueblo Del Sol Golf Course reuse area is owned by Castle &amp; Cooke Arizona, LLC (Developer of the future Tribute Development). Ownership of the WRF will be transferred to the City of Sierra Vista after construction.</p> <p><b>Section 36 WRF:</b> The Section 36 WRF site is located on land that is owned by the City of Sierra Vista. The following reuse areas are also owned by the City</p> <ul style="list-style-type: none"> <li>Domingo Paiz Sports Complex</li> <li>Bill Stone Sports Complex</li> <li>Veterans Memorial Park</li> </ul> <p><b>Bella Vista WRFs:</b>                      The Bella Vista WRF sites are owned by ABCDW, LLC (Developer of the future Bella Vista). Ownership of the WRF sites will be transferred to the City of Sierra Vista after construction.</p>	6	1.10.1
<ul style="list-style-type: none"> <li>Address time frames in the development of the treatment works.</li> </ul>	<p><b>Tribute WRF:</b> Design engineering of the Tribute WRF is currently being performed and expected to be completed by 1<sup>st</sup> or 2<sup>nd</sup> quarter of 2009. Construction of the facility will</p>	8	1.11.1
<ul style="list-style-type: none"> <li>Address time frames in the development of the treatment works.</li> </ul>	<p><b>Tribute WRF:</b> Design engineering of the Tribute WRF is currently being performed and expected to be completed by 1<sup>st</sup> or 2<sup>nd</sup> quarter of 2009. Construction of the facility will</p>	11	2.1.1 Appendix C

x



Requirement	Summary of How Requirements are Addressed	Page	Heading
	<p>follow completion of design and permitting. Construction will last approximately 12-14 months. A detailed projected construction schedule is included in Appendix C.</p> <p><b>Section 36 WRF:</b> Start of design is anticipated in mid-2009. The design phase is expected to take approximately 6 months with construction lasting 12-14 months after design.</p> <p><b>Bella Vista WRFs:</b> Design and construction for these facilities have not been planned yet, but the design phase is expected to take approximately 6 months with construction lasting 12-14 months after design.</p>	<p>11</p> <p>11</p>	<p>2.2.1</p> <p>2.3.1</p>
<ul style="list-style-type: none"> <li>Address financial constraints in the development of the treatment works.</li> </ul>	<p>The City of Sierra Vista will provide the financial mechanism for the development of the WRFs. No financial constraints are foreseen.</p>	<p>12</p>	<p>3.1 &amp; 3.2                      Appendix B</p>
<ul style="list-style-type: none"> <li>Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).</li> </ul>	<p>All stormwater generated within the project sites will be detained on-site following completion of construction (stormwater discharge will occur in compliance with the City's Development Codes). During construction, flows will be discharged from the site under an AZPDES temporary construction discharge permit. A Stormwater Pollution Prevention Plan (SWPPP) will be implemented to accompany the discharge permit.</p>	<p>5</p> <p>7</p> <p>9</p>	<p>1.9.6</p> <p>1.10.6</p> <p>1.11.6</p>
<ul style="list-style-type: none"> <li>Describe how open areas and recreational opportunities will result from improved water quality and how those will be used.</li> </ul>	<p>Effluent from the Tribute WRF, Section 36 WRF and Bella Vista WRFs will meet Arizona Title 18 Class A+ Reclaimed Water Standards and will be used for unrestricted irrigation of golf course, common landscape, parks and other open spaces. This will improve the community aesthetics and provide improved open space amenities. Utilization of reclaimed water for irrigation will reduce dependency on groundwater and reduce pumping for irrigation purposes. Excess effluent that is not used for irrigation will be used to</p>	<p>1</p> <p>2</p>	<p>1.2 &amp; 1.3</p> <p>1.4</p>



Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.</li> </ul>	<p>Not Applicable.</p>	N/A	N/A
<b>REGULATIONS</b>			
<ul style="list-style-type: none"> <li>Describe types of permits needed, including NPDES, APP and reuse.</li> </ul>	<p>All of the new WRFs will require an Aquifer Protection Permit (APP), and potentially ADEQ effluent reuse, ADWR Underground Storage and Recovery, AZPDES permits (dependent on future reuse and/or discharge sites).</p>	5 8 9	1.9.9 1.10.9 1.11.9
<ul style="list-style-type: none"> <li>Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.</li> </ul>	<p>If an AZPDES permit is sought for an alternative effluent discharge location, no unattainable restrictions on the permit are anticipated provided the facility is in compliance with ADEQ Title 18 Class A+ water quality standards. The expected water quality requirements are as follows:</p> <ul style="list-style-type: none"> <li>Turbidity &lt; 2 NTU (24 hour mean)</li> <li>Turbidity &lt; 5 NTU (any time)</li> <li>Fecal Coliform = none detected (4 of 7 samples)</li> <li>Fecal Coliform &lt; 23 CFU/100mL (any time)</li> <li>Total Nitrogen &lt; 10 mg/L (5 day mean)</li> </ul> <p>Sludge disposal options includes landfill disposal and/or land-applied on restricted city property, and/or composting as a process to further reduce pathogen reduction to meet EPA Class A Biosolids.</p>	5 8 9	1.9.9 1.10.9 1.11.9

Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits.</li> </ul>	<p>The City of Sierra Vista is in the process of obtaining necessary permits from ADEQ and potentially ADWR for the Tribute, Section 36 WRF, and the Bella Vista facilities. Attendance at an APP Pre-Application meeting is documented in Appendix E.</p>		Appendix E
<ul style="list-style-type: none"> <li>Describe pretreatment requirements and method of adherence to requirements (Section 208 (b)(2)(D), CWA).</li> </ul>	<p>No industrial user will be connected to the system (only residential and commercial wastewater). If industrial users are added to the service area of the facility, a pretreatment program will be developed with the industrial user being subject to pretreatment standards as regulated by the EPA and by the City of Sierra Vista Ordinance Chapter 50.</p>	5 8 9	1.9.9 1.10.9 1.11.9
<ul style="list-style-type: none"> <li>Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208(b)(2)(K) and Section 304, CWA).</li> </ul>	<p>Nutrient and metal pollutants typically bonded to sediment may be introduced by excavation during construction of the Tribute WRF, Section 36 WRF, and Bella Vista WRFs. Stormwater detention areas consisting of depressions or swales can effectively settle potential increases in suspended solids during construction.</p>	11 11 11	2.1.2 2.2.2 2.3.2
<ul style="list-style-type: none"> <li>Describe alternatives and recommendations in the disposition of sludge generated (Sections 405, CWA and 40 CFR 503).</li> </ul>	<p><b>Tribute WRF:</b> In Phase I, waste activated sludge produced from the facility will either be discharged to the existing City of Sierra Vista WWTP for further sludge processing or will be dewatered directly from the MBR basins. As the facility expands, aerobic digesters will be constructed to provide onsite sludge stabilization and dewatering. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.</p> <p><b>Section 36 WRF:</b> Waste activated sludge produced from the facility will be discharged to the existing City of Sierra Vista WWTP for further sludge processing. The bio-solids will be disposed of in accordance with the current permit for</p>	6  8	1.9.11  1.10.11

Requirement	Summary of How Requirements are Addressed	Page	Heading
	<p>the City of Sierra Vista WWTP.</p> <p><b>Bella Vista WRFs:</b> Aerobic digesters will be constructed to provide onsite sludge stabilization and dewatering. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.</p>	10	1.11.11
<ul style="list-style-type: none"> <li>Define any non-point issues related to the proposed facility and outline procedures to control them.</li> </ul>	<p>No non-point discharges are anticipated.</p>	N/A	N/A
<ul style="list-style-type: none"> <li>Describe process to handle all mining runoff, orphan sites, and underground pollutants, if applicable.</li> </ul>	<p>Not applicable.</p>	N/A	N/A
<ul style="list-style-type: none"> <li>If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.</li> </ul>	<p>Not applicable.</p>	N/A	N/A
<ul style="list-style-type: none"> <li>If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.</li> </ul>	<p>Not applicable.</p>	N/A	N/A
<b>CONSTRUCTION</b>			
<ul style="list-style-type: none"> <li>Define construction priorities and time schedules for initiation and completion.</li> </ul>	<p><b>Tribute WRF:</b> The WRF is currently under design and will be completed by 1<sup>st</sup> or 2<sup>nd</sup> of quarter 2009 with construction following design. The construction of the facility is anticipated to be 12 to 14 months. Once the facility is constructed, portions of the wastewater flow to the existing WWTP will be diverted to the Tribute WRF for treatment at the Phase I design flow rate of 0.5 MGD. As the proposed Tribute Development is constructed, the WRF will be expanded to meet the increase capacity with projected build-</p>	11	2.1.1 Appendix C

Requirement	Summary of How Requirements are Addressed	Page	Heading
	<p>out of 2.0 MGD. A detailed projected construction schedule is included in this report in Appendix C.</p> <p><b>Section 36 WRF:</b> The design phase is expected to take approximately 6 months with construction lasting 12-14 months after design. Start of design is not anticipated until mid-2009. Once the facility is constructed, portions of the wastewater flow to the existing WWTP will be diverted to the Section 36 WRF for treatment at the design flow rate of 0.4 MGD. Future expansion is not anticipated at this facility.</p> <p><b>Bella Vista WRFs:</b> Design and construction has not been planned for these facilities. However, it is anticipated that the design phase is expected to take approximately 6 months with construction lasting 12-14 months after design.</p>	11	2.2.1
<ul style="list-style-type: none"> <li>Identify agencies that will construct, operate, and maintain the facilities and otherwise carry out the plan.</li> </ul>	<p>The City of Sierra Vista will be the entity overseeing the construction, operation, and maintenance of all of the water reclamation facilities.</p> <p>The Bella Vista WRFs will be built by developer(s).</p>	11	Appendix A 2.3.1
<ul style="list-style-type: none"> <li>Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.</li> </ul>	<p>The construction of the wastewater reclamation facilities will not be a significant source of pollution. Anticipated pollution from construction activities includes fugitive dust, construction equipment exhaust emissions, and construction related solid waste. Erosion control measures during construction and grading will be implemented to prevent potential storm water runoff to water bodies. The developer and project contractor shall comply with local and county regulatory requirements and provisions of construction permits issued including dust control permits.</p>	11 11 11	2.1.2 2.2.2 2.3.2
FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT PLAN			





Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Provide financial information indicating the method and measures necessary to achieve project financing (Section 201 CWA or Section 604 may apply).</li> </ul>	<p>A memorandum from the City of Sierra Vista stating the City's financial capability to operate and maintain the WRFs along with a financial statement is provided in Appendix B.</p>		Appendix B
<b>IMPLEMENTATION</b>			
<b>Describe impacts and implementation requirements of the Plan:</b>			
<ul style="list-style-type: none"> <li>Describe impacts on existing WWTFs (e.g., Sanitary district, infrastructure/facilities, and certificated areas).</li> </ul>	<p>Both the Tribute WRF and the Section 36 WRF will be intercepting wastewater flows from the existing WWTP, thereby reducing the wastewater load of the existing plant. The Bella Vista WRFs will be treating wastewater collected from the Bella Vista development. The effluent from all proposed plants will create a new source of irrigation water and will reduce the amount of groundwater pumping for landscape irrigation.</p> <p>Besides the City of Sierra Vista WWTP, the next closest existing facility is the Ft. Huachuca WWTP located northwest of the City of Sierra Vista. The Ft. Huachuca WWTP is outside the City of Sierra Vista 208 Planning Area and is not under the jurisdiction of the City.</p>	<p>1 2</p> <p>2</p>	<p>1.2 &amp; 1.3 1.4</p> <p>1.5</p>
<ul style="list-style-type: none"> <li>Describe how and when existing package plants will be connected to a regional system.</li> </ul>	<p>Not applicable, no package plants exist in the City's service area.</p>	<p>N/A</p>	<p>N/A</p>
<ul style="list-style-type: none"> <li>Describe the impact on communities and businesses affected by the plan.</li> </ul>	<p><b>Tribute WRF:</b> The Tribute WRF will be benefiting the community by supplying the Pueblo Del Sol Golf Course and public parks and rights-of-way in the future Tribute Development with Class A+ effluent for irrigation, thus reducing groundwater pumping.</p> <p><b>Section 36:</b> The Section 36 WRF will be benefiting the community by treating wastewater and providing the City</p>	<p>1</p> <p>1</p>	<p>1.2</p> <p>1.3</p>

Requirement	Summary of How Requirements are Addressed	Page	Heading
	Complex and Veterans Memorial Park with Class A+ effluent for irrigation, thus reducing groundwater pumping.	2	1.4
<ul style="list-style-type: none"> <li>If a municipal WWT system is proposed, describe how WWT service will be provided until the municipal system is completed (i.e., will package plants and septic systems be allowed and under what circumstances; interim services).</li> </ul>	<p><b>Bella Vista WRFs:</b> The two proposed Bella Vista WRFs will provide wastewater service to the proposed Bella Vista Development</p> <p>Most of the wastewater service within the City of Sierra Vista is currently being provided by the City of Sierra Vista WWTP with the exception of a small development that is currently on septic (See Exhibit 1). Besides this existing development, the City will not allow for any new septic system use; however the existing area on septic tanks is regulated by Cochise County, not the City of Sierra Vista. All wastewater service under the jurisdiction of Sierra Vista will be provided by the existing WWTP until the new WRFs are completed.</p>	2	1.5 Exhibit 1
<b>PUBLIC PARTICIPATION</b>			
<ul style="list-style-type: none"> <li>Submit copy of mailing list used to notify the public of the public hearing on the 208 amendments. (40 CFR, Chapter 1, part 25.5)</li> </ul>	All public notifications will be satisfied through SEAGO.	13	5
<ul style="list-style-type: none"> <li>List location where documents are available for review at least 30 days before public hearing.</li> </ul>	All public notifications will be satisfied through SEAGO.	13	5
<ul style="list-style-type: none"> <li>Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing.</li> </ul>	All public notifications will be satisfied through SEAGO.	13	5



Requirement	Summary of How Requirements are Addressed	Page	Heading
<ul style="list-style-type: none"> <li>Submit affidavit of publication for official newspaper publication.</li> </ul>	All public notifications will be satisfied through SEAGO.	13	5
<ul style="list-style-type: none"> <li>Submit responsiveness summary for public hearing.</li> </ul>	All public notifications will be satisfied through SEAGO.	13	5



# 1 20-Year Needs

---

SEAGO is the designated Planning Agency with the authority under Section 208(a) (2) (B) of the CWA to prepare the Regional Water Quality Management Plan (208 Plan) for the City of Sierra Vista. The purpose of this application is to request a Clean Water Act Section 208 amendment to the current 208 Plan to facilitate the expansion of the 208 Planning Area for the City of Sierra Vista and the inclusion of the City of Sierra Vista 2.0 MGD Tribute WRF, the 0.4 MGD Section 36 WRF, the 0.25 MGD Bella Vista Interim WRF, and the 2.3 MGD Bella Vista WRF. The requested amendment includes the following:

## 1.1 Amendment Item 1 - Expansion of the 208 Planning Area for the City of Sierra Vista

The current Sierra Vista 208 Planning Area encompasses about 14,900 acres and was last updated in May of 1999 with a 208 Amendment prepared by Fluid Solutions. The 1999 amendment expanded the service area of the Sierra Vista Wastewater Treatment Plant to include a portion of the Bella Vista Ranch development, which has not been developed. This development has changed ownership and is now known as Bella Vista.

The proposed 208 Planning Area (*Exhibit 1*) will include an additional 15,100 acres of surrounding land to the north east, west, and south of the City and will expand the City's planning area to include all of the current City's zoning and annexation areas as shown in *Exhibit 2*. With the approval of this expansion, the City's 208 Planning Area will encompass a total of approximately 30,000 acres.

## 1.2 Amendment Item 2 - Construction of the New Tribute WRF

The Tribute WRF will serve the southwest portion of the City of Sierra Vista and will be located east of Avenida Del Sol and south of Snyder Blvd, as indicated on *Exhibit 3*. It will be owned and operated by the City of Sierra Vista. The WRF will have an initial capacity of 0.5 MGD with phased expansion to 2.0 MGD at full build-out. The new facility will treat wastewater to meet Arizona Title 18 Class A+ Reclaimed Water standards. Reclaimed water will be used to irrigate the Pueblo Del Sol Golf Course and public parks and rights-of-way in the future 2,000-acre Tribute Development.

According to the Tribute Water Reclamation Facility Design Concept Report (Brown and Caldwell, August 2007), the developed Pueblo Del Sol Golf Course is currently using an average annual irrigation demand of 400,137 gallons per day and the future Tribute Development will require approximately 1.6 million gallons per day of water for irrigation throughout the life of the project. With a full build-out capacity of 2.0 MGD, the Tribute WRF will be able to satisfy most of the irrigation needs for its service area with its reclaimed effluent. Excess effluent will be recharged to the underlying aquifer through recharge wells to help replenish the groundwater supply.

## 1.3 Amendment Item 3- Construction of the New Section 36 WRF

The Section 36 WRF will serve the northwest portion of the City of Sierra Vista and will be located east of N. Coronado Drive and south of E. Tacoma Street. It will be owned and operated by the City of Sierra Vista. The WRF will have a 0.4 MGD capacity and will treat wastewater to ADEQ Title 18 Class A+ effluent standards. Reclaimed water will be used to supply irrigation demands for the Domingo Paiz Sports Complex, Bill Stone Sports Complex, and Veterans Memorial Park.

According to the Section 36 Water Reclamation Facility Design Concept Report (Brown and Caldwell, August 2007), the current irrigation demands for the sports complex and park, is a minimum monthly average of 0.04 MGD in the winter and a maximum monthly average of 0.31 MGD in the summer. Future demands will increase because the City will be adding more ball fields in the sports complex and they would like to extend irrigation to the Apache Middle School near the WRF site. With the added acreage of open space, the future irrigation demands are calculated to be at minimum 0.05 MGD in the winter and at maximum 0.44 MGD in the summer. With a full buildout capacity of 0.4 MGD, the Section WRF will be able to satisfy most of the irrigation needs for its service area with its reclaimed effluent. Excess effluent

will be recharged to the underlying aquifer through recharge wells to help replenish the groundwater supply.

#### **1.4 Amendment Item 4- The Proposed Bella Vista WRFs**

Two future wastewater reclamation facilities will provide wastewater service to the proposed Bella Vista Development, located in the northeast portion of the City of Sierra Vista (*see Exhibit 1*). Bella Vista Development will be in phases, where wastewater from the initial phases of the development will be treated by the Interim Bella Vista WRF. The interim facility will have a wastewater treatment capacity of 250,000 gallons per day. As the development grows, a larger 2.3 MGD Bella Vista WRF will be constructed to service the build-out of the development. The interim facility will either be decommissioned or serve as a satellite facility for the larger 2.3 MGD permanent facility. The two facilities will be constructed by the developer but will be owned and operated by the City of Sierra Vista. The effluent from the facility will meet ADEQ Title 18 Class A+ effluent standards. Reclaimed effluent will be used to supply irrigation demands within the development with excess effluent being recharge or discharge via an AZPDES permit.

The following sub-sections describe existing wastewater facilities, considered alternatives for wastewater from future developments, the proposed wastewater collection and treatment system, and regulatory requirements for implementation.

#### **1.5 Description of Existing Wastewater Facilities**

Most of the wastewater service within the City of Sierra Vista is currently being provided by the City of Sierra Vista WWTP with the exception of a small development that is currently on septic (See Exhibit 1). Besides this existing development, the City will not allow for any new septic system use. The existing City of Sierra Vista WWTP is located east of Sierra Vista near MM325 on SR 90 (*Exhibit 1*). The facility utilizes a conventional aerated lagoon system with a design capacity of 4.0 MGD. Effluent from the facility discharges to a managed wetlands and flows to percolation basins for effluent disposal. The facility consists of 30 acres of recharge basins and 50 acres of constructed wetlands. There are currently no private utilities or private sanitation districts existing within the City of Sierra Vista service areas. However, there are some active septic tanks within the service area for the City of Sierra Vista WWTP.

Two subdivisions, Town and Country Estates and Village Meadows Estates, were constructed in the 1970's with large lots and septic tanks. These subdivisions are shown on *Exhibit 1*. Providing sewer service to these subdivisions would have required construction of approximately 3 miles of interceptor sewer. Due to costs, the interceptor was never constructed. The area south and west of these subdivisions would also have been served by the interceptor sewer (included in the area shown on *Exhibit 1*). This area remains as a Cochise County island. It was also developed with large lots on septic tanks. The construction of the interceptor sewer and associated collection systems is not likely to occur. It is assumed that the area currently being served by septic tanks will remain as-is.

Septic tanks are regulated by Cochise County, not the City of Sierra Vista. The County Health Department enforces the State of Arizona regulations regarding septic systems found in the Arizona Administrative Code. The applicable code is Chapter 18, Environmental Quality; Title 9, Department of Environmental Quality, Water Pollution Control; Article 3, Aquifer Protection Permits, General Permits. New or replacement septic fields are only allowed within the service area if they meet the requirements of Section A309,a,5 of this Administrative Code. The Cochise County Health Department is diligent in coordinating with the City Public Works Department to be sure these requirements are met before issuing construction permits for septic systems with the service area for the City of Sierra Vista WWTP.

Besides the City of Sierra Vista WWTP, the next closest existing facility is the Ft. Huachuca WWTP located northwest of the City of Sierra Vista. The Ft. Huachuca WWTP is outside the City of Sierra Vista 208 Planning Area and is not under the jurisdiction of the City.

## 1.6 Population, Water Supply, and Wastewater Generation Estimates

The population growth for the City of Sierra Vista is estimated to be approximately 60,000 by 2025, according to POPTAC 2006-2055 Arizona Department of Commerce Population Projections. Using a wastewater generation rate of 75 gallons per day capita (gpd/c) based on the City of Sierra Vista Sewer Master Plan (Chevne Owens Limited, 1984); the wastewater flow projection for the City of Sierra Vista is approximately 4.5 MGD by 2025. These calculations are shown below in *Table 1*.

**Table 1 - Sierra Vista Population and Wastewater Flow Projections**

Year	Population <sup>a</sup>	Wastewater Flow <sup>b</sup> (MGD)
2006	42,310	3.17
2010	46,771	3.50
2015	51,774	3.88
2020	56,164	4.21
2025	59,972	4.50

<sup>a</sup> Source: POPTAC 2006-2055 ADOC Population Projections)

<sup>b</sup> Source: City of Sierra Vista Wastewater Management Sewerage Master Plan (Chevne Owens Ltd., 1986)

## 1.7 Alternatives 1 – Upgrade and Expand Existing Infrastructure

The first alternative is to upgrade existing infrastructure to meet Class A+ effluent standards and expand the existing facility to meet future needs. Upgrading and expanding the plant would not only require additional treatment process equipment, but would also include reclaimed water infrastructure. The existing WWTP is located about four to six miles from the parks and golf course that require irrigation. Reclaimed water pipelines and pumping infrastructure would have to be constructed to deliver reclaimed water from the existing plant to these areas. Constructing new treatment plants near the reuse areas is a more economical solution.

## 1.8 Alternative 2 - Construct New Wastewater Reclamation Facilities

The second alternative is to construct new wastewater reclamation facilities with improved treatment processes to create a new supply of irrigation water and reduce reliance on groundwater pumping. New facilities would generate reclaimed water that meets Arizona Class A+ Reclaimed Water Standards for unrestricted reuse and recharge. Groundwater indirectly augments the flow to the San Pedro River by providing the base flow that is essential to sustaining habitat and wildlife within the San Pedro River Basin. The use of reclaimed water for irrigation will reduce dependency on groundwater. New WRFs would be sited close to the areas that will be using reclaimed water for irrigation, minimizing the length of transmission pipeline required. With this alternative, some of the wastewater flow would be diverted from the existing treatment plant to the two new facilities. The existing WWTP would continue to operate at a reduced capacity.

## 1.9 Tribute WRF

### 1.9.1 Site Location, Property Ownership, and Service Area

The proposed Tribute WRF will be located in the southeastern area of the City of Sierra Vista east of Avenida Del Sol and south of Snyder Blvd within the existing City of Sierra Vista 208 Management Area. The WRF site is currently owned by Castle & Cooke Arizona, LLC. Ownership will be transferred to the City of Sierra Vista for the purpose of maintaining and operating the facility. The Tribute WRF will service an estimated 5,400 acres of land. *Exhibit 1* illustrates the proposed location service area of the treatment facility. *Exhibit 3* presents the proposed layout of the new facility.

### 1.9.2 Water Reclamation Facility Description

The Tribute WRF will be designed and constructed in phases and will have a treatment capacity of 0.5 MGD in Phase I and expand to 2.0 MGD at build-out. It is anticipated that there will be an additional 3 phases to bring the facility to its full capacity of 2.0 MGD. The facility will utilize a Membrane Bioreactor (MBR) treatment process to produce effluent meeting ADEQ Title 18 Class A+ effluent standards. The facility will provide biological oxidation of organics and nutrient removal through activated sludge, followed by filtration through low-pressure membranes and UV disinfection. The MBR wastewater treatment is comprised of the following unit operations:

- Headworks - raw wastewater is pumped from the collection system to the plant headworks for coarse and fine screening.
- Anoxic Stage - exposes microorganisms to nitrates generated and recycled from the MBRs for nutrient removal.
- Pre-aeration Basin - air is supplied to mixed liquor from the Anoxic Basin to provide oxygen for carbonaceous BOD removal and nitrification (ammonia conversion to nitrates).
- MBR Basins - partially stabilized mixed liquor then flows by gravity into the MBR basins, which contain the low-pressure membranes. The membranes provide the critical liquid-solid separation that is traditionally performed by secondary clarifiers. The membranes provide greater than 6-log removal of bacteria and 4-log removal of viruses, so disinfection requirements should be greatly reduced from that required with conventional activated sludge technologies.
- Sludge dewatering and stabilization – In Phase I, waste activated sludge produced from the facility will either be discharged to the existing City of Sierra Vista WWTP for further sludge processing or will be dewatered directly from the MBR basins. As the facility expands, aerobic digesters will be constructed to provide onsite sludge stabilization and dewatering. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.

Appendix D contains the Tribute WRF MBR process modeling results using BioWin Dynamic Modeling Software. Modeling results clearly shows the effluent quality meeting Class A+ Reclaimed Water Standards.

Odor and noise control and aesthetic measures will also be incorporated into the design in accordance with the Title 18 Arizona Administrative Code; including meeting requirements for the 350' setback surrounding the plant (see *Exhibit 3* for setback boundary).

### 1.9.3 Facility Capacity

The facility will divert flow from the existing sewer infrastructure, therefore allowing it to have a constant flow to the treatment process with no diurnal peaking. The design treatment capacity of the Tribute WRF will be as follows:

Phase I:	0.5 MGD
Phase II:	1.0 MGD
Phase III:	1.5 MGD
Phase IV:	2.0 MGD

### 1.9.4 Site Description

The WRF site is on approximately 6 acres and is in a portion of the northwest quarter of Section 8, Latitude 31°32'20"N / 110°14'17"W of the San Pedro Watershed, Cochise County, AZ. The proposed site is undeveloped, uninhabited desert. The site generally slopes to the northeast and will be elevated above the 100-year floodplain. The Mesa Mountain Wash is located northwest of the site and runs along a northeast directional. The closest paved road to the site at this time is Avenida Del Sol, which runs north/south approximately 1/4 mile west of the proposed Tribute WRF.

### 1.9.5 Water Reclamation Requirements

The treated effluent will meet ADEQ Title 18, Chapter 11 requirements for Class A+ reclaimed water for unrestricted irrigation of reclaimed effluent, for use of groundwater recharge, and potentially for discharge through an AZPDES Permit. If an AZPDES permit is pursued for effluent discharge to surface water, the receiving water will be the Mountain Mesas Drainage Way located adjacent to the Tribute WRF on the northwest corner of the site (*See Exhibit 3 for discharge location*).

Class A+ reclaimed water must undergo treatment via the following mechanisms:

- Secondary treatment, filtration, nitrogen removal, and disinfection
- Chemical feed capabilities are mandatory to allow coagulation prior to filtration and disinfection to ensure low turbidity (see below)

Effluent water quality must conform to the following:

- Turbidity < 2 NTU (24 hour mean)
- Turbidity < 5 NTU (any time)
- Fecal Coliform = none detected (4 of 7 samples)
- Fecal Coliform < 23 CFU/100mL (any time)
- Total Nitrogen < 10 mg/L (5 day mean)

Sludge disposal options includes landfill disposal and/ or land-applied on restricted city property, and/or composting as a process to further reduce pathogens to meet EPA Class A Biosolids.

### 1.9.6 Stormwater Discharges

All stormwater generated within the project site will be detained on-site following completion of construction (stormwater discharge will occur in compliance with the City's Development Codes). During construction, flows will be discharged from the site under an AZPDES temporary construction discharge permit. A Stormwater Pollution Prevention Plan (SWPPP) will be implemented to accompany the discharge permit.

### 1.9.7 Plant Overflow

The Tribute WRF will be designed with full redundancy and safe guards to prevent any overflow of wastewater from the WRF to the surrounding areas. In addition, the facility will divert wastewater flow from the existing sewer infrastructure, and therefore can bypass the flow if necessary to prevent any unauthorized discharge.

### 1.9.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas

The public sanitary district currently serving the service area is the City of Sierra Vista. There are no private sanitary districts or utilities that exist within the proposed service area for the Tribute WRF.

### 1.9.9 Permitting Requirements

The Tribute WRF will require the following permits and clearances:

- Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality (ADEQ) for reclaimed water and sludge disposal
- ADEQ Reclaimed Water Reuse Permit for effluent reuse.

And Potentially:

- Underground Storage Facility and Recovery Permit by the Arizona Department of Water Resources (ADWR) for groundwater recharge.
- ADEQ AZPDES Permit for discharge to the Mountain Mesas Drainage Way.

### 1.9.10 Pretreatment Requirements

No industrial user will be connected to the system (only residential and commercial wastewater). If industrial users are added to the service area of the facility, a pretreatment program will be developed with the industrial user being subject to pretreatment standards as regulated by the EPA and by the City of Sierra Vista Code of Ordinances Chapter 50 (See Appendix F for City Ordinance).

### 1.9.11 Sludge Management Requirements

In Phase I, waste activated sludge produced from the facility will either be discharged to the existing City of Sierra Vista WWTP for further sludge processing or will be dewatered directly from the MBR basins. As the facility expands, aerobic digesters will be constructed to provide onsite sludge stabilization and dewatering. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.

## **1.10 Section 36 WRF**

### 1.10.1 Site Location, Property Ownership, and Service Area

The proposed Section 36 WRF will be constructed within the existing City of Sierra Vista 208 Management Area. The WRF site is on approximately 1.5 acres and is in a portion of the Northwest Quarter of Section 36, Latitude 31°33'50.50"N / 110°15'59.73"W, of the San Pedro Watershed, Cochise County, AZ. The plant will be constructed on land owned by the City of Sierra Vista. The Section 36 WRF will service an estimated 880 acres of land. *Exhibit 1* illustrates the proposed location and service area of the treatment facility.

### 1.10.2 Water Reclamation Facility Description

The Section 36 WRF will utilize a membrane bioreactor (MBR) treatment process to produce effluent meeting ADEQ Title 18 Class A+ effluent standards. The facility will provide biological oxidation of organics and nutrient removal through activated sludge, followed by ultrafiltration through membranes and UV disinfection. The MBR wastewater treatment is comprised of the following unit operations:

- Headworks - raw wastewater is pumped from the collection system to the plant headworks for coarse and fine screening.
- Anoxic Stage - exposes microorganisms to nitrates generated and recycled from the MBRs.
- Pre-aeration Basin - air is supplied to mixed liquor from the Anoxic Basin to provide oxygen for carbonaceous BOD removal and nitrification (ammonia conversion to nitrates).
- MBR Basins - partially stabilized mixed-liquor then flows by gravity into the MBR basins, which contain the low-pressure membranes. The membranes provide the critical liquid-solid separation that is traditionally performed by secondary clarifiers. The membranes provide greater than 6-log removal of bacteria and 4-log removal of viruses, so disinfection requirements should be greatly reduced from that required with conventional activated sludge technologies.
- Sludge dewatering and stabilization – waste activated sludge produced from the facility will either be discharged to the existing City of Sierra Vista WWTP for further sludge processing or will be dewatered directly from the MBR basins. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.

Odor and noise control and aesthetic measures will also be incorporated into the design in accordance with the Title 18 Arizona Administrative Code, including meeting requirements for the 350' setback surrounding the plant.

### 1.10.3 Facility Capacity

The Section 36 WRF will divert flow from the existing sewer infrastructure, therefore allowing it to have a constant flow to the treatment process with no diurnal peaking. The treatment capacity of the facility will be designed for 0.4 MGD.

### 1.10.4 Site Description

The WRF site is approximately 1.5 acres and is in a portion of the Northwest Quarter of Section 36, Latitude 31°33'50.50"N / 110°15'59.73"W, of the San Pedro Watershed, Cochise County, AZ. The proposed site is partially developed, containing an existing well and pumping station for the irrigation of ball fields north of the site. The site slopes generally to the south and will be elevated above the 100-year floodplain. An unnamed wash is located south of the site and runs along a northeast directional. The closest paved road to the site at this time is Tacoma Street, which runs east/west approximately 0.15 mile north of the proposed Section 36 WRF.

### 1.10.5 Water Reclamation Requirements

The treated effluent will meet ADEQ Title 18, Chapter 11 requirements for Class A+ reclaimed water for unrestricted irrigation of reclaimed effluent and for use of groundwater recharge. No surface discharge is anticipated for the Section 36 WRF.

Class A+ reclaimed water must undergo treatment via the following mechanisms:

- Secondary treatment, filtration, nitrogen removal, and disinfection
- Chemical feed capabilities are mandatory to allow coagulation prior to filtration and disinfection to ensure low turbidity (see below)

Effluent water quality must conform to the following:

- Turbidity < 2 NTU (24 hour mean)
- Turbidity < 5 NTU (any time)
- Fecal Coliform = none detected (4 of 7 samples)
- Fecal Coliform < 23 CFU/100mL (any time)
- Total Nitrogen < 10 mg/L (5 day mean)

Sludge disposal options includes landfill disposal and/ or land-applied on restricted city property, and/or composting as a process to further reduce pathogens to meet EPA Class A Biosolids.

### 1.10.6 Stormwater Discharges

All stormwater generated within the project site will be detained on-site following completion of construction (stormwater discharge will occur in compliance with the City's Development Codes). During construction, flows will be discharged from the site under an AZPDES temporary construction discharge permit. A Stormwater Pollution Prevention Plan (SWPPP) will be implemented to accompany the discharge permit.

### 1.10.7 Plant Overflow

The Section 36 WRF will be designed with full redundancy and safe guards to prevent any overflow of wastewater from the WRF to the surrounding areas. In addition, the facility will divert wastewater flow from the existing sewer infrastructure, and therefore can bypass the flow if necessary to prevent any unauthorized discharge.

### 1.10.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas

The public sanitary district currently serving the service area is the City of Sierra Vista. No private sanitary districts or utilities exist within the proposed service area for the Section 36 WRF.

### 1.10.9 Permitting Requirements

The Section 36 WRF will require the following permits and clearances:

- Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality (ADEQ) for reclaimed water
- ADEQ Reclaimed Wastewater Reuse Permit

And Potentially:

- Underground Storage Facility and Recovery Permit by the Arizona Department of Water Resources (ADWR) for groundwater recharge

### 1.10.10 Pretreatment Requirements

No industrial user will be connected to the system (only residential and commercial wastewater). If industrial users are added to the service area of the facility, a pretreatment program will be developed with the industrial user being subject to pretreatment standards as regulated by the EPA and by the City of Sierra Vista Code of Ordinances Chapter 50 (*Appendix F*).

### 1.10.11 Sludge Management Requirements

Waste activated sludge produced from the facility will be discharged to the existing City of Sierra Vista WWTP for further sludge processing. The bio-solids will be disposed of in accordance with the current permit for the City of Sierra Vista WWTP.

## **1.11 Bella Vista WRFs**

### 1.11.1 Site Location, Property Ownership, and Service Area

The two proposed Bella Vista WRFs will provide wastewater service to the proposed Bella Vista Development, located in the northeastern area of the City of Sierra Vista (*see Exhibit 1*). The development and WRF site is currently owned by ABCDW, LLC (previously owned by Bella Vista Ranches Limited Partnership). Ownership of the WRFs will be transferred to the City of Sierra Vista for the purpose of maintaining and operating the facilities. The WRFs will service an estimated 3,000 acres of land. *Exhibit 1* illustrates the proposed location service area of the treatment facilities.

### 1.11.2 Water Reclamation Facility Description

Both of the proposed WRFs are in the planning stages and details on the specific design parameters are not known. However, the facilities will be designed and constructed as the property develops. The first of the two WRFs to be implemented will be the Interim Bella Vista WRF and will have a treatment capacity of 250,000 gpd. The second facility, the Bella Vista WRF, will be designed to service the build-out condition of the development and will have a design treatment capacity of 2.3 MGD. The interim facility will either be decommissioned or serve as a satellite facility for the larger 2.3 MGD permanent facility. Both facilities will utilize activated sludge to provide biological oxidation of organic matter and nutrient removal. Effluent from the facility is anticipated to meet Arizona Title 18 Class A+ Reclaimed Water Standards.

Odor and noise control and aesthetic measures will also be incorporated into the design in accordance with the Title 18 Arizona Administrative Code, including meeting requirements for the 350' setback surrounding the facilities.

### 1.11.3 Facility Capacity

Wastewater generated from the Bella Vista Development will be treated at the two proposed WRFs. The design average day treatment capacities of the facilities are:

Interim Bella Vista WRF:           0.25 MGD

Bella Vista WRF: 2.3 MGD

#### 1.11.4 Site Description

The Interim Bella Vista WRF will be located within the Bella Vista Development. It is tentatively sited in the southwest quarter of Section 21, Township 21 South, Range 21 East. The Bella Vista WRF will also be located within the Bella Vista Development and is tentatively sited in the southeast quarter of Section 22, Township 21 South, Range 21 East. Both proposed sites are currently undeveloped, uninhabited desert with the topography sloping generally to the northeast.

#### 1.11.5 Water Reclamation Requirements

The treated effluent will meet ADEQ Title 18, Chapter 11 requirements for Class A+ reclaimed water for unrestricted irrigation of reclaimed effluent, for use of groundwater recharge, and potentially for discharge through an AZPDES Permit.

Class A+ reclaimed water must undergo treatment via the following mechanisms:

- Secondary treatment, filtration, nitrogen removal, and disinfection
- Chemical feed capabilities are mandatory to allow coagulation prior to filtration and disinfection to ensure low turbidity (see below)

Effluent water quality must conform to the following:

- Turbidity < 2 NTU (24 hour mean)
- Turbidity < 5 NTU (any time)
- Fecal Coliform = none detected (4 of 7 samples)
- Fecal Coliform < 23 CFU/100mL (any time)
- Total Nitrogen < 10 mg/L (5 day mean)

Sludge disposal options includes landfill disposal and/ or land-applied on restricted city property, and/or composting as a process to further reduce pathogens to meet EPA Class A Biosolids.

#### 1.11.6 Stormwater Discharges

All stormwater generated within the project site will be detained on-site following completion of construction (stormwater discharge will occur in compliance with the City's Development Codes). During construction, flows will be discharged from the site under an AZPDES temporary construction discharge permit. A Stormwater Pollution Prevention Plan (SWPPP) will be implemented to accompany the discharge permit.

#### 1.11.7 Plant Overflow

The Bella Vista WRFs will be designed with full redundancy and safe guards to prevent any overflow of wastewater from the WRFs to the surrounding areas.

#### 1.11.8 Existing Sanitary Districts, Private Utilities, and WRF Service Areas

There are no sanitary districts or utilities (private or public) that exist within the proposed service area for the proposed Bella Vista Development.

#### 1.11.9 Permitting Requirements

The Bella Vista WRFs will require the following permits and clearances:

- Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality (ADEQ) for reclaimed water and sludge disposal
- ADEQ Reclaimed Water Reuse Permit for effluent reuse.

And Potentially:

- Underground Storage Facility and Recovery Permit by the Arizona Department of Water Resources (ADWR) for groundwater recharge.
- ADEQ AZPDES Permit (clarify)

#### 1.11.10 Pretreatment Requirements

No industrial user will be connected to the system (only residential and commercial wastewater). If industrial users are added to the service area of the facility, a pretreatment program will be developed with the industrial user being subject to pretreatment standards as regulated by the EPA and by the City of Sierra Vista Code of Ordinances Chapter 50 (*Appendix F*).

#### 1.11.11 Sludge Management Requirements

Aerobic digesters will be constructed to provide onsite sludge stabilization and dewatering. The dewatered bio-solids will be landfilled, land-applied on restricted city property or further processed through composting to meet EPA Class A bio-solids requirements.

## 2 Construction

---

### 2.1 Tribute Water Reclamation Facility

#### 2.1.1 Construction and Operation Requirements

The WRF is currently under design and will be completed by 1<sup>st</sup> or 2<sup>nd</sup> quarter of 2009 with construction following design. The construction of the facility is anticipated to be 12 to 14 months. Once the facility is constructed, portions of the wastewater flow to the existing WWTP will be diverted to the Tribute WRF for treatment at the Phase I design flow rate of 0.5 MGD. As the proposed Tribute Development is constructed, the WRF will be expanded to meet the increase capacity with projected build-out of 2.0 MGD. A copy of the Tribute WRF design and construction schedule is attached in Appendix C.

#### 2.1.2 Sources of Pollution

The construction of the wastewater reclamation facility will not be a significant source of pollution. Anticipated pollution from construction activities includes fugitive dust, exhaust emissions from construction equipment, and construction related solid waste. Erosion control measures during construction and grading will be implemented to prevent potential storm water runoff to water bodies. The project contractor shall comply with local and county regulatory requirements and provisions of construction permits issued including dust control permits.

### 2.2 Section 36 Water Reclamation Facility

#### 2.2.1 Construction and Operation Requirements

The design phase is expected to take approximately 6 months with construction lasting 12-14 months after design. Start of design is not anticipated until mid-2009. Once the facility is constructed, portions of the wastewater flow to the existing WWTP will be diverted to the Section 36 WRF for treatment at the design flow rate of 0.4 MGD. Future expansion is not anticipated at this facility.

#### 2.2.2 Sources of Pollution

The construction of the wastewater reclamation facility will not be a significant source of pollution. Anticipated pollution from construction activities includes fugitive dust, exhaust emissions from construction equipment, and construction related solid waste. Erosion control measures during construction and grading will be implemented to prevent potential storm water runoff to water bodies. The project contractor shall comply with local and county regulatory requirements and provisions of construction permits issued including dust control permits.

### 2.3 Bella Vista WRFs

#### 2.3.1 Construction and Operation Requirements

These facilities will be constructed by the developer(s). Design and construction has not been planned for these facilities. However, it is anticipated that the design phase is expected to take approximately 6 months with construction lasting 12-14 months after design.

#### 2.3.2 Sources of Pollution

The construction of the wastewater reclamation facility will not be a significant source of pollution. Anticipated pollution from construction activities includes fugitive dust, exhaust emissions from construction equipment, and construction related solid waste. Erosion control measures during construction and grading will be implemented to prevent potential storm water runoff to water bodies. The project contractor shall comply with local and county regulatory requirements and provisions of construction permits issued including dust control permits.

## **3 Financing and Other Actions to Implement Plan**

---

### **3.1 Financing Plan for the Tribute, Section 36 Water Reclamation Facilities**

The City of Sierra Vista is a full service municipality that is the sole provider of sewer services to the community. The City is the Wastewater Service Provider for its planning and services areas. To help ensure the system has the necessary funding to meet its current and future needs, the City Council has designated the sewer operations as an enterprise activity. This requires the City to establish a separate fund for the sewer operations, and that all of the funds personnel, operating and capital outlays be covered by its user fees and charges.

The main source of revenue for the proposed treatment plants is the Sewer Fund's connection fee. City has hired a consultant to update this fee to include the proposed plants and other future capital infrastructure needs. Once the study is completed, the City will incorporate their recommendation in its rate structure.

### **3.2 Financing Capability to Construct the Tribute and Section 36 Facilities**

The City of Sierra Vista will provide the necessary funds for the design, construction, and operation of the Tribute and Section 36 WRFs. The funds will be established through different funding avenues, including but not limited to municipal capital improvement bonds, service fees, federal and state grants, and low interest loans. The City's financial report can be found in Appendix B. The Bella Vista WRFs will be constructed by the developer with ownership of the facilities to be turned over to the City of Sierra Vista after the construction phase. The City will operate the facilities using the same funding sources described above.

## 4 Impacts and Implementation Plan

---

### 4.1.1 *Implementation Plan*

Both the Tribute and Section 36 WRFs will be intercepting wastewater flows from the existing WWTP, thereby reducing the wastewater load of the existing plant. The effluent from both proposed plants will create irrigation water for their service areas and will greatly reduce the groundwater pumping that is currently being used for golf course, parks and landscape irrigation. Similarly, the Bella Vista WRFs will treat wastewater from the development and will reuse the effluent for irrigation within the development, reducing the groundwater demand.

All wastewater service will be provided by the existing Sierra Vista WWTP until the proposed Tribute and Section 36 WRFs are operating. The Interim Bella Vista WRF would need to be constructed prior to home occupancy in the Bella Vista Development.

### 4.1.2 *Impacts of the Proposed Water Reclamation Facility*

The construction and operation of the proposed WRFs are not expected to adversely impact any neighboring municipality, sanitary district, certificated area, community, or business. The WRFs will provide sewage treatment services within the City of Sierra Vista, which will encourage residential and business growth.

Potential environmental issues include odor, noise, vectors and hazardous materials. The following briefly discuss and addresses these issues.

Odors: The plant will include odor-scrubbing systems for process equipment, tankage, and sludge processing areas. All process tanks are covered to maintain negative pressure on the odor-control system. All headworks and sludge processing equipment is housed inside buildings. In addition, wastewater and sludge will be aerobically treated which reduces ammonia, sulfide, and other odor producing compounds.

Noise: All process equipment will be enclosed in insulated masonry buildings. Additionally, the aeration blowers will be provided with sound attenuation enclosures. All pumps and aerators will be submersible type and will minimize noise production.

Vectors: The treatment facilities will be properly operated and maintained to reduce vector attraction. Headworks equipment and sludge processing facilities will be covered and enclosed in building structures.

Hazardous Materials: The wastewater treatment facility will not accept any hazardous materials. Only residential domestic and commercial sewage will be accepted. An emergency plan will be developed to isolate and contain any hazardous materials discovered. The proposed treatment system does not require the use of any hazardous materials beyond the use of activated carbon contained within the odor control system, polymers for sludge dewatering and diesel fuel for the back-up power generator. A current set of Material Safety Data Sheets (MSDS) will be maintained for all chemicals, polymers, and bio-augmentation products used at the facility.

## 5 Public Participation

---

As part of the SEAGO Water Quality Management Plan Regional Continuing Planning Process, the Southeastern Arizona Governments Organization with cooperation of the City of Sierra Vista is responsible for ensuring that the following actions are implemented after submittal of the draft 208 Amendment:

- Notify all parties of a local public hearing on the plan or plan amendment with a notice at least 45 days prior to the hearing.
- Make Amendment materials available for public review at least 30 days prior to the hearing.
- Preparation and submittal of a transcript of the public hearing.
- Preparation and submittal of a responsiveness summary of the issues and comments.

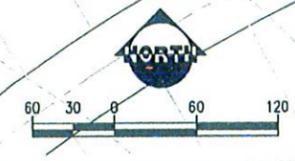
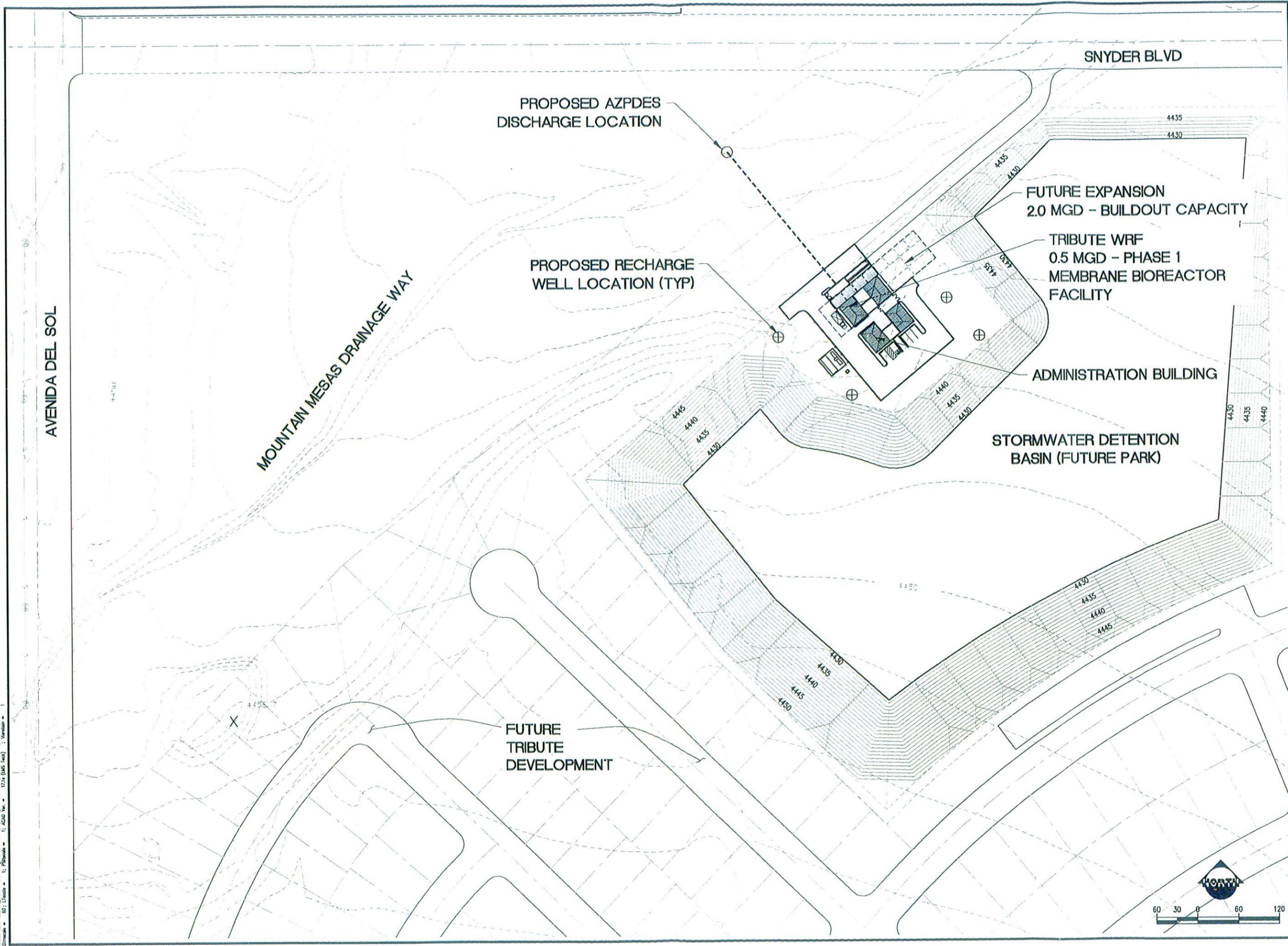


Exhibits





X:\SITE\004-SIERRA\_VISTA-36624\Map\_004-Overall\_Trimming\_004-overall.dwg 10/16/08 11:35:27 AM  
 D:\Users\j... 11/11/08 11:35:27 AM



		<b>SEAGO 208 AMENDMENT</b> SIERRA VISTA AZ		<b>TRIBUTE WRF PRELIMINARY SITE PLAN</b>		SCALE DESIGNED D.D.O DRAWN W.E.G. CHECKED D.D.G.60 DATE JULY/2008 JOB NO. 9084E	NO. BY DATE REVISIONS 1 2 3 4 5	DATE APP. 10/16/08 11/11/08
<b>PACE</b> Advanced Water Engineering 17520 Newhope Street, Suite 200   Fountain Valley, CA 92708 P: (714) 481-7300   www.pacewater.com		<b>SEAGO 208 AMENDMENT</b> SIERRA VISTA AZ		<b>TRIBUTE WRF PRELIMINARY SITE PLAN</b>		SCALE DESIGNED D.D.O DRAWN W.E.G. CHECKED D.D.G.60 DATE JULY/2008 JOB NO. 9084E	NO. BY DATE REVISIONS 1 2 3 4 5	DATE APP. 10/16/08 11/11/08
EXHIBIT SHEET 		JOB NO. 9084E		THESE DRAWINGS ARE THE PROPERTY OF P.A.C.E. AND SHALL NOT BE REPRODUCED IN ANY MANNER NOR BE USED FOR CONSTRUCTION UNLESS STAMPED "ISSUED FOR CONSTRUCTION".				



Appendix A – DMA Self-Certification Letter



# City of Sierra Vista

September 19, 2008

Charles P. Potucek  
City Manager  
City of Sierra Vista  
1011 Coronado Drive  
Sierra Vista, AZ 85635

SUBJECT: 208 Plan Amendment – Management Agency Designation

Dear Mr. Potucek:

I understand that the City of Sierra Vista is in the process of making application for "Designated Management Area" status for those portions of its sewer service area located in Cochise County. We also understand that the Arizona Department of Environmental Quality ("ADEQ") continuing Planning Process requires the City to self-certify that it has the requisite authority to implement a wastewater management plan. This letter is written in response to your request that we, the City Attorney, provide you with our opinion that the City has the requisite legal authority, as defined in the Clean Water Act, 33 U.S.C. §§ 1288(c) (2)(A) through (I) to implement a water quality management plan, and indicates our opinion that the City has the requisite legal authority.

The City of Sierra Vista is an Arizona municipal corporation created in 1957, which operates under a common council form of government. As such, it has corporate authority to act and to exercise legal authority pursuant to state laws, the City of Sierra Vista Development Code (the "Code"), and Sierra Vista, Arizona Code of Ordinances (City Ordinance), as more specifically set forth herein.

## **City Authorization Under Clean Water Act:**

33 U.S.C. § 1288(c)(2)(A) and (B): The City is authorized, pursuant to A.R.S. § 9-240(5)(a), to construct and maintain sewers and drains, and to prevent and punish for any obstruction thereof. Article 151.08 of the Code authorized the City to regulate connections to the sewer system (see, e.g., § 151.08.005E: "Design and Construction of Sewerage Facilities"; § 151.08.005C: "Ownership of Sewerage Facilities"; § 151.08.005D: "Sewer Facilities Required"); to regulate the substances, which are discharged to the treatment works (City Ordinance Chapter 50.16, "Discharge Limitations"); and to impose Sewer Service Fees (City Ordinance Chapter 50.04, "Compliance with Certain Regulations Required"). Pursuant to A.R.S. § 9-241, the City may acquire property necessary to carry out

the purposes of the City. A.R.S. §§ 12-1136 and 12-1141, et seq., authorize the acquisition by a municipality by eminent domain, of property that is necessary for the operation of a public utility.

33 U.S.C. § 1288(c)(2)(C): The City is authorized pursuant to A.R.S. § 9-240 to construct and maintain sewers and drains, and is further authorized pursuant to § 9-571 to construct, acquire or improve a wastewater treatment facility ("WWTF").

33 U.S.C. § 1288(c)(2)(D): The City is authorized pursuant to A.R.S. § 9-240(B)(2) to appropriate money and provide for the payment of its debts and expenses. Pursuant to A.R.S. § 9-522, the City may issue bonds to finance the cost of utilities.

33 U.S.C. § 1288(c)(2)(E): The City is authorized pursuant to A.R.S. § 9-463.05 to assess development fees to offset the costs to the municipality to provide necessary public services. City Ordinance Chapter 154 provides for the City to set and collect Sewer Development Service Fees. City Ordinance Chapter 154 imposes a wastewater system development fee on all new residential and non-residential development in the City.

33 U.S.C. § 1288(c)(2)(F): The City is authorized pursuant to A.R.S. § 9-522 to issue bonds for certain municipal purposes, which include construction, operation, maintenance and acquisition of a public utility. Pursuant to A.R.S. §§ 8-572, et seq., the City may construct, reconstruct or repair municipal facilities, including sewers, ditches, drains and other infrastructure necessary for sanitary and drainage purposes, and may assess property and issue bonds to pay or the costs of such construction.

33 U.S.C. § 1288(c)(2)(G): Arizona municipalities are authorized pursuant to A.R.S. § 11-951 to enter into intergovernmental agreements for joint cooperative action, including the manner of financing a joint or cooperative undertaking.

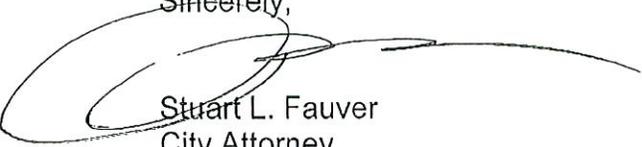
33 U.S.C. § 1288(c)(2)(H): The City is authorized by City Ordinance 50.30 of the Code to refuse to accept wastes, which do not comply with the applicable standards. Ordinance 50.16 lists prohibited substances and discharge limitations; Ordinance 50.17 imposes general industrial user requirements. Federal standards that are more stringent than those imposed by the City supercede the City's limitations (Ordinance 50.06). The Public Works Department has enforcement authority pursuant to Ordinance 50-06.

Charles P. Potucek  
September 3, 2008  
Page 3

33 U.S.C. § 1288(c)(2)(I): Pursuant to Article 15-4 of the Code, the City may accept for treatment industrial wastes that meet the requirement of the Code and applicable federal laws.

We believe that this addresses the matters required to be certified to the City pursuant to the ADEQ Continuous Planning Process. Should you have any questions in regard to the matters discussed herein, please do not hesitate to contact me.

Sincerely,



Stuart L. Fauver  
City Attorney



**Appendix B – Financial Memorandum and Statement**



# *City of Sierra Vista*

City Manager Department  
Finance Division

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

24 September 2008

To: Suzanne Drum  
Economic Planner  
SEAGO

From: David J. Felix, CPA  
Finance Manager  
City of Sierra Vista

Re: 208 Financial Statement

The City of Sierra Vista is a full service municipality that is the sole provider of sewer services to the community. To help ensure the system has the necessary funding to meet its current and future needs, the City Council has designated the sewer operations as an enterprise activity. This requires the City to establish a separate fund for the sewer operations, and that all of the funds personnel, operating and capital outlays be covered by its user fees and charges.

The main source of revenue for the proposed treatment plants is the Sewer Fund's connection fee. City has hired a consultant to update this fee to include the proposed plants and other future capital infrastructure needs. Once the study is completed, the City will incorporate their recommendation in its rate structure.

# *City of Sierra Vista* **ARIZONA**



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2007**

**Comprehensive Annual  
Financial Report  
Fiscal Year Ended June 30, 2007**



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

**City Manager Department  
Finance Division**



**CITY OF SIERRA VISTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2007**

**TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	i
GFOA Certificate of Achievement	v
Organizational Chart	vi
List of City Officials	vii
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance – Governmental Funds to the Statement of Activities	29
Statement of Net Assets – Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	34
Statement of Fiduciary Assets and Liabilities	37
Notes to Financial Statements	39

**CITY OF SIERRA VISTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDING JUNE 30, 2007**

**TABLE OF CONTENTS (cont'd)**

**BUDGETARY COMPARISON SCHEDULES**

Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Budget and Actual - General Fund 62

Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Budget and Actual - Highway User Fund 63

Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Budget and Actual - Local Transportation Assistance Fund 64

Note to Required Supplementary Information 65

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

Schedule of Revenues, Expenditures and changes in Fund Balances –  
 Budget And Actual – Capital Improvements Fund 68

Schedule of Revenues, Expenditures and changes in Fund Balances –  
 Budget And Actual – Municipal Property Corporation  
 Cosntruction Fund 69

**Non-Major Governmental Funds**

Combining Balance Sheet – All Non-Major Governmental Funds –  
 By Fund Type 70

Combining Statement of Revenues, Expenditures and Changes in  
 Fund Balances – All Non-Major Governmental Funds – By Fund Type 71

**Non-Major Special Revenue Funds**

Combining Balance Sheet 74

Combining Statement of Revenues, Expenditures and Changes in  
 Fund Balances 78

Combining Schedule of Revenues, Expenditures and Changes in  
 Fund Balances – Budget and Actual 82

**Non-Major Debt Service Funds**

Combining Balance Sheet 92

Combining Statement of Revenues, Expenditures and Changes in  
 Fund Balances 93

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual 94

**CITY OF SIERRA VISTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2007**

**TABLE OF CONTENTS (cont'd)**

Non-Major Capital Projects Fund	
Combining Balance Sheet	98
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	99
Internal Service Funds	
Combining Statement of Net Assets	102
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	103
Combining Statement of Cash Flows	104
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	106
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends	
Net Assets by Component	110
Changes in Net Assets	112
Fund Balances, Governmental Funds	114
Changes in Fund Balances, Governmental Funds	116
Revenue Capacity	
Sales Tax by Category	118
Direct and Overlapping Sales Tax Rates, Retail Category	119
Debt Capacity	
Pledged Revenue Coverage	120
Legal Debt Margin and Overlapping Debt Information	122
Ratios of Outstanding Debt by Type	124
Demographic and Economic Information	
Demographic and Economic Statistics	125
Principal Employers	126



**INTRODUCTORY SECTION**





## *City of Sierra Vista*

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

December 7, 2007

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, 2007.

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.

This report consists of three major sections: (1) the Introductory Section contains organizational information and this letter of transmittal; (2) the Financial Section provides pertinent financial statements and supplemental data of the City accompanied by the independent auditor's report; (3) the Statistical Section provides pertinent financial and economic information indicating trends for comparative fiscal periods. 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, 2007, 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 unqualified opinion that the City of Sierra Vista, Arizona's financial statements for the fiscal year ended June 30, 2007, 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 Rover 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 last census indicated the City grew at an average rate of 1.5% per year. From 2000 through 2005 the Arizona Department of Economic Security estimated that this growth rate has increased to an average rate of 3% per year. 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 as 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.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** Sierra Vista is the economic and retail hub for Cochise County. Fort Huachuca continues to be the major employer in the area. However, the tourism business is growing, with two new hotels under construction and a third one in the permitting process. Local sales tax revenues have continued to be strong during the State's economy recovery.

**Long-term financial planning.** The City continues to grow at a slower rate than the metropolitan Phoenix area. With the mid-decade census, the City revenue sharing factor decreased, thereby decreasing the percentage of state shared revenues it receives. During the Fiscal Year 2007 budget process, the City Council enacted permanent transaction privilege tax ('sales' tax) increases to help fund future needs. Most of the increase will go to fund a third fire station and hire additional police officers. With the 2005 BRAC process leaving the Fort intact, the City is now looking forward to meet the needs of our growing community.

**Cash Management.** Cash temporarily idle during the year was invested in the State Treasurer's Investment Pool and a Trust sweep account collateralized by U.S. Government securities. Statutes authorize the City to invest in bonds or other evidence of indebtedness of the U.S. Government or any of its agencies and instrumentalities, repurchase agreements, interest earning Money Accounts and Certificates of Deposits insured by the FDIC and the State Treasurer's Investment Pool.

**Risk Management.** The City maintains three limited risk management programs with the City's responsibility for payment of claims varying by program and balances are covered by stop loss policies with third party insurers. Under the Health and Accident program, the City covers claims up to \$30,000 per individual, while under the Self-Insured Retention program, the City is liable for claims up to \$10,000 per incident. The City has fully assumed the liability risk associated with the Unemployment Insurance program.

## **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, 2006. 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 nineteen 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

# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

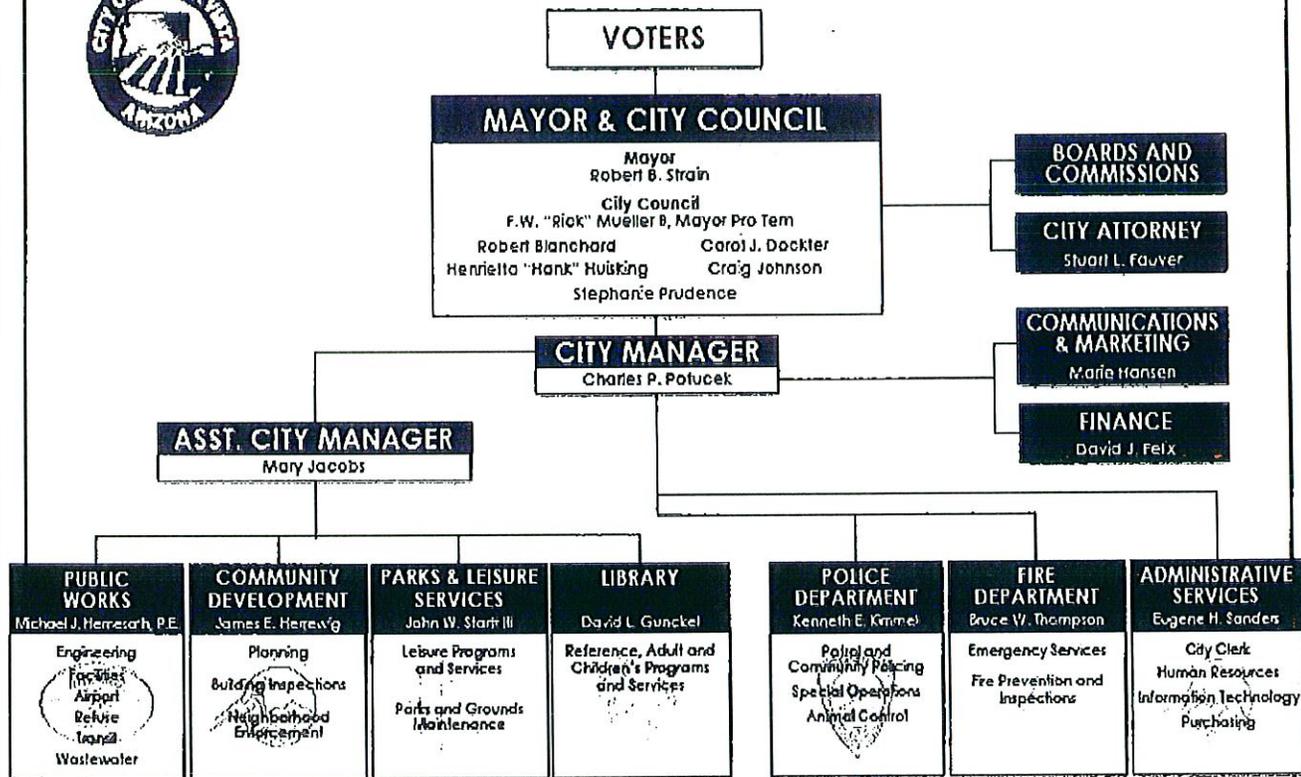


President

Executive Director

# CITY OF SIERRA VISTA

## CHART OF ORGANIZATION



01/11/07

# **City of Sierra Vista Officials**

## **Mayor**

Honorable Robert B. Strain

## **City Council**

F.W. "Rick" Mueller, Mayor Pro Tem

Robert Blanchard

Carol J. Dockter

Henrietta "Hank" Huisling

Craig Johnson

Stephanie Prudence

## **City Manager**

Charles P. Potucek

## **City Clerk**

Jill Adams

## **City Attorney**

Stuart L. Fauver



**FINANCIAL SECTION**

(This page intentionally left blank)



HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Gary Heinfeld, CPA, CGFM  
Nancy A. Meech, CPA, CGFM  
Jennifer L. Shields, CPA  
Corey Arvizu, CPA

Scott W. Kies, CPA  
Kimberly A. Robinson, CPA  
Kera Badalamenti, CPA

10120 N. Oracle Road  
Tucson, Arizona 85704  
(520) 742-2611  
Fax (520) 742-2718

[www.heinfeldmcech.com](http://www.heinfeldmcech.com)

---

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona (the "City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Vista, Arizona, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007, on our consideration of the City'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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 62 through 65 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

December 7, 2007

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



**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**

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, 2007.

**FINANCIAL HIGHLIGHTS**

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2007 as follows.

- The City's total net assets of governmental activities increased \$14.0 million to \$88.8 million and business-type activities increased \$1.0 million to \$29.0 million representing 75.4 percent and 24.6 percent respectively, of the total net assets of \$117.8 million.
- General revenues from governmental activities accounted for \$34.2 million in revenue, or 67.3 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16.6 million or 32.7 percent of total governmental activities revenues.
- The City had \$36.8 million in expenses related to governmental activities; of which \$16.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$34.2 million were adequate to provide for the remaining costs of these programs. The City had \$7.2 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and grants and contributions of \$8.2 million.
- The General Fund had \$30.1 million in revenues, which primarily consisted of taxes, intergovernmental revenues and charges for services. The total expenditures of the General Fund were \$29.5 million. The General Fund's fund balance increased from \$2.8 million to \$3.2 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 2007**

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

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

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

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

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

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

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

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

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General, Highway User Revenue and Local Transportation Assistance 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$117.9 million as of June 30, 2007, an increase of \$15.1 million from June 30, 2006.

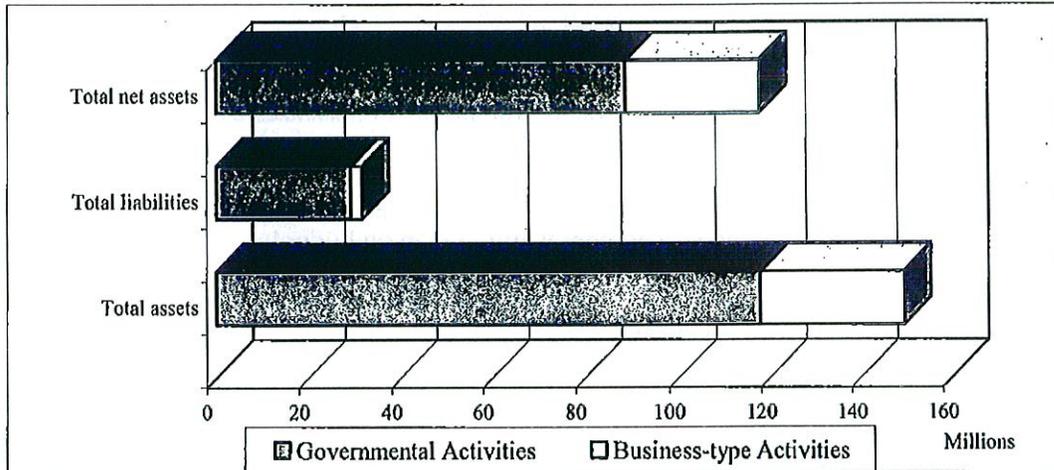
A portion of the City's net assets (92.8 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture, and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City 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 assets for the fiscal years ended June 30, 2007 and 2006.

	2007 Governmental Activities	2006 Governmental Activities	2007 Business-type Activities	2006 Business-type Activities	2007 Total	2006 Total
Current and other assets	\$14,449,813	\$12,539,192	\$74,173	\$447,278	\$14,523,986	\$12,986,470
Capital assets, net	<u>103,493,341</u>	<u>90,574,633</u>	<u>31,387,691</u>	<u>30,061,597</u>	<u>134,881,032</u>	<u>120,636,230</u>
<b>Total assets</b>	<u>117,943,154</u>	<u>103,113,825</u>	<u>31,461,864</u>	<u>30,508,875</u>	<u>149,405,018</u>	<u>133,622,700</u>
Current liabilities	7,212,955	5,323,348	1,301,695	1,126,253	8,514,650	6,449,601
Non-current liabilities	<u>21,930,034</u>	<u>22,968,383</u>	<u>1,102,096</u>	<u>1,353,988</u>	<u>23,032,130</u>	<u>24,322,371</u>
<b>Total liabilities</b>	<u>29,142,989</u>	<u>28,291,731</u>	<u>2,403,791</u>	<u>2,480,241</u>	<u>31,546,780</u>	<u>30,771,972</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	79,561,766	65,756,390	29,809,478	28,244,714	109,371,244	94,001,104
Restricted	2,067,402	1,792,318			2,067,402	1,792,318
Unrestricted	<u>7,170,997</u>	<u>7,273,386</u>	<u>(751,405)</u>	<u>(216,080)</u>	<u>6,419,592</u>	<u>7,057,306</u>
<b>Total net assets</b>	<u>\$88,800,165</u>	<u>\$74,822,094</u>	<u>\$29,058,073</u>	<u>\$28,028,634</u>	<u>\$117,858,238</u>	<u>\$102,850,728</u>

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**



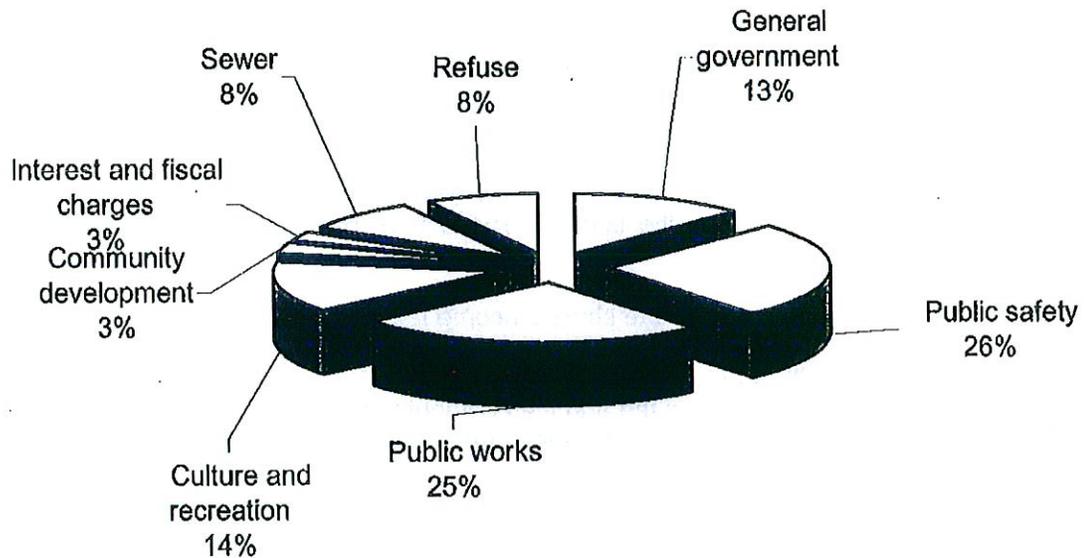
**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2007, were \$59.0 million. The total cost of all programs and services was \$44.0 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and 2006.

	2007 Governmental Activities	2006 Governmental Activities	2007 Business-type Activities	2006 Business-type Activities	2007 Total	2006 Total
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,395,946	\$ 7,001,569	\$ 7,032,102	\$ 6,994,872	\$ 13,428,048	\$ 13,996,441
Operating grants and contributions	1,148,015	901,037			1,148,015	901,037
Capital grants and contributions	9,070,377	8,918,625	1,118,437	772,290	10,188,814	9,690,915
<b>General revenues:</b>						
Property taxes	332,244	299,347			332,244	299,347
Sales taxes	17,364,207	14,734,321			17,364,207	14,734,321
Franchise taxes	312,137	293,997			312,137	293,997
State shared revenues	15,425,650	13,685,090			15,425,650	13,685,090
Other Revenues	310,861	483,349			310,861	483,349
Investment income	452,530	371,579	33,997		486,527	371,579
<b>Total revenues</b>	<b>\$50,811,967</b>	<b>\$46,688,914</b>	<b>\$8,184,536</b>	<b>\$7,767,162</b>	<b>\$58,996,503</b>	<b>\$54,456,076</b>

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**

	2007 Governmental Activities	2006 Governmental Activities	2007 Business-type Activities	2006 Business-type Activities	2007 Total	2006 Total
<b>Expenses:</b>						
General government	5,674,130	5,410,627			5,674,130	5,410,627
Public safety	11,404,231	9,642,075			11,404,231	9,642,075
Public works	11,114,468	11,494,632			11,114,468	11,494,632
Culture and recreation	6,186,719	5,651,213			6,186,719	5,651,213
Community development	1,309,034	1,565,209			1,309,034	1,565,209
Interest and fiscal charges	1,145,314	1,410,338			1,145,314	1,410,338
Sewer			3,558,063	3,272,135	3,558,063	3,272,135
Refuse			<u>3,597,034</u>	<u>3,279,250</u>	<u>3,597,034</u>	<u>3,279,250</u>
<b>Total expenses</b>	<u><b>36,833,896</b></u>	<u><b>35,174,094</b></u>	<u><b>7,155,097</b></u>	<u><b>6,551,385</b></u>	<u><b>43,988,993</b></u>	<u><b>41,725,479</b></u>
<b>Increase in net assets</b>	<u><b>\$13,978,071</b></u>	<u><b>\$11,514,820</b></u>	<u><b>\$1,029,439</b></u>	<u><b>\$1,215,777</b></u>	<u><b>\$15,007,510</b></u>	<u><b>\$12,730,597</b></u>

**EXPENSES**



**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**

	2007		2006	
	Total Expenses	Net (Expense)/Revenue	Total Expenses	Net (Expense)/Revenue
<b>Governmental Activities:</b>				
General government	\$ 5,674,130	\$ (5,359,230)	\$ 5,410,627	\$ (5,119,266)
Public safety	11,404,231	(9,719,608)	9,642,075	(6,896,819)
Public works	11,114,468	26,849	11,494,632	(1,959,729)
Culture and recreation	6,186,719	(4,202,928)	5,651,213	(3,953,580)
Community development	1,309,034	180,673	1,565,209	986,869
Interest and fiscal charges	1,415,314	(1,145,314)	1,410,338	(1,410,338)
<b>Total expenses</b>	<b>\$ 36,833,896</b>	<b>\$ (20,219,558)</b>	<b>\$ 35,174,094</b>	<b>\$ (18,352,863)</b>
<b>Business-Type Activities:</b>				
Sewer	\$ 3,558,063	\$ 629,534	\$ 3,272,135	\$ 661,210
Refuse	3,597,034	365,908	3,279,250	654,567
<b>Total expenses</b>	<b>\$ 7,155,097</b>	<b>\$ 995,442</b>	<b>\$ 6,551,385</b>	<b>\$ 1,215,777</b>

**FINANCIAL ANALYSIS**

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

The first item is the increase in the City's transaction privilege tax took effect on September 1, 2006. This increase included raising the retail sales tax rate from 1.6% to 1.75%, the real property rental tax rate from 0% to 1% and the construction contracting tax from 1.5% to 2.45%. This increase generated an estimated additional \$1.4 million of revenue.

The second item is the implementation of new development impact fees on July 1, 2006 for police, fire, infrastructure and the library. These fees generated an additional \$400,000 of revenue.

The third item is an increase in state shared income tax of \$1 million (or 25%) from FY2006.

The fourth item is a slowdown in residential construction. This slowdown affected the building permit fee, the sewer connection fee and the development fee revenues. Due to the slowdown, the City did not expend any of the new development fee revenue mentioned above.

The fifth item is the City budgeted \$400,000 to hire 12 firefighters in March for a new fire station. These firefighters were not hired and the budgeted money was not reallocated towards any other projects.

The sixth item is the City called three major financings at the end of Fiscal Year 2006. The Series 1995 MPC Bonds, Martin Luther King Jr. Parkway lease purchase and the Series 1999 MPC Private Placement bonds were either defeased or paid off as of June 30, 2006. This decreased interest expenses and expenditures by \$250,000.

Finally, the City hired five new police officers during the year and created four new corporal positions in the police department. This increased salary expenses and expenditures by over \$400,000.

**CITY OF SIERRA VISTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2007**

**Government wide statements.** In addition to the six factors listed above, the City accepted \$5 million of governmental activity infrastructure by developers. This is an increase of \$3 million from Fiscal Year 2006.

**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, unreserved 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 \$9.9 million, an increase of \$0.3 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 \$0.4 million more than budgeted.

The Capital Improvement Fund increase was primarily due to calling of the Series 1995 MPC bonds on July 1, 2006, instead of January 1, 2007 as originally planned.

The deficit in the Sierra Vista Municipal Property Corporation Fund is due to construction of a new Animal Care Facility that will be bonded for in fiscal year 2007.

The decrease in non-major special revenue funds was \$1.0 million. The Park Development Fund had a decrease of \$1.0 million that was due to the redevelopment of a regional park from previously collected development fees. The Airport fund had a decrease of \$0.7 million that was primarily due to the construction of aircraft hangars using note proceeds received in June 2006.

**Proprietary fund.** Net assets of the enterprise fund at the end of the year amounted to \$29.0 million. The increase of \$1.0 million in the enterprise fund from fiscal year 2006 was due to capital contributions by developers.

#### **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 2007 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 variance in general fund revenues is due to better than expected state shared Vehicle License tax and sales tax revenues. The major budget variance in general fund expenditures is due to salary savings. The funds were not reallocated to any other purpose.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2007, the City had a net investment of \$134.9 million in capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$6.8 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2007 and 2006.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

(This page intentionally left blank)

**CITY OF SIERRA VISTA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 9,437,624	\$ 540,164	\$ 9,977,788
Intergovernmental receivable	3,448,889		3,448,889
Accounts receivable	460,361	441,902	902,263
Interest receivable	45,626		45,626
Internal balances	907,893	(907,893)	
Inventory	149,420		149,420
<b>Total current assets</b>	<b>14,449,813</b>	<b>74,173</b>	<b>14,523,986</b>
<b>Noncurrent assets:</b>			
Land	7,426,724	1,356,720	8,783,444
Buildings and improvements	35,916,046	12,586,201	48,502,247
Infrastructure	100,091,881	25,294,268	125,386,149
Machinery and equipment	19,307,981	4,488,745	23,796,726
Construction in progress	5,726,640	415,592	6,142,232
Accumulated depreciation	(64,975,931)	(12,757,835)	(77,733,766)
<b>Total noncurrent assets</b>	<b>103,493,341</b>	<b>31,387,691</b>	<b>134,881,032</b>
<b>Total assets</b>	<b>117,943,154</b>	<b>31,461,864</b>	<b>149,405,018</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	2,465,938	746,555	3,212,493
Compensated absences payable	1,029,725	60,134	1,089,859
Claims payable	158,797		158,797
Interest payable	448,443		448,443
Accrued salaries	580,131	18,889	599,020
Revenue bonds payable	1,530,000		1,530,000
Notes payable	968,767	476,117	1,444,884
Other liabilities	28,888		28,888
Customer deposits	2,266		2,266
<b>Total current liabilities</b>	<b>7,212,955</b>	<b>1,301,695</b>	<b>8,514,650</b>
<b>Noncurrent liabilities:</b>			
Compensated absences payable	484,659		484,659
Revenue bonds payable	17,800,000		17,800,000
Notes payable	3,645,375	1,102,096	4,747,471
<b>Total non-current liabilities</b>	<b>21,930,034</b>	<b>1,102,096</b>	<b>23,032,130</b>
<b>Total liabilities</b>	<b>29,142,989</b>	<b>2,403,791</b>	<b>31,546,780</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	79,561,766	29,809,478	109,371,244
<b>Restricted for:</b>			
Donations	1,514,114		1,514,114
Debt service	553,288		553,288
Unrestricted	7,170,997	(751,405)	6,419,592
<b>Total net assets</b>	<b>\$ 88,800,165</b>	<b>\$ 29,058,073</b>	<b>\$ 117,858,238</b>

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

**CITY OF SIERRA VISTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

<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>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 5,674,130	\$ 261,907	\$ 52,993	\$
Public safety	11,404,231	1,191,123	283,810	209,690
Public works	11,114,468	2,129,322	460,831	8,551,164
Culture and recreation	6,186,719	1,658,455	300,120	25,216
Community development	1,309,034	1,155,139	50,261	284,307
Interest and fiscal charges	1,145,314			
Total governmental activities	36,833,896	6,395,946	1,148,015	9,070,377
Business-type activities:				
Sewer	3,558,063	3,069,160		1,118,437
Refuse	3,597,034	3,962,942		
Total business-type activities	7,155,097	7,032,102		1,118,437
<b>Total primary government</b>	<b>\$43,988,993</b>	<b>\$ 13,428,048</b>	<b>\$ 1,148,015</b>	<b>\$10,188,814</b>
<b>General revenues:</b>				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Unrestricted state shared revenues				
Investment income				
Other revenues				
<b>Total general revenues</b>				
<b>Changes in net assets</b>				
<b>Net assets, beginning of year</b>				
<b>Net assets, end of year</b>				

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ (5,359,230)	\$	\$ (5,359,230)
(9,719,608)		(9,719,608)
26,849		26,849
(4,202,928)		(4,202,928)
180,673		180,673
<u>(1,145,314)</u>		<u>(1,145,314)</u>
<u>(20,219,558)</u>		<u>(20,219,558)</u>
	629,534	629,534
	<u>365,908</u>	<u>365,908</u>
	<u>995,442</u>	<u>995,442</u>
<u>(20,219,558)</u>	<u>995,442</u>	<u>(19,224,116)</u>
332,244		332,244
17,364,207		17,364,207
312,137		312,137
15,425,650		15,425,650
452,530	33,997	486,527
<u>310,861</u>		<u>310,861</u>
<u>34,197,629</u>	<u>33,997</u>	<u>34,231,626</u>
13,978,071	1,029,439	15,007,510
<u>74,822,094</u>	<u>28,028,634</u>	<u>102,850,728</u>
<u>\$ 88,800,165</u>	<u>\$29,058,073</u>	<u>\$117,858,238</u>



**FUND FINANCIAL STATEMENTS**

**CITY OF SIERRA VISTA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<u>General</u>	<u>HURF</u>	<u>LTAIF</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 553,711	\$ 1,700,301	\$
Intergovernmental receivable	1,954,416	373,109	873,333
Accounts receivable	226,277	4,194	4,288
Interest receivable	41,100		
Due from other funds	1,626,104		
Inventory	31,377		
<b>Total assets</b>	<b><u>\$ 4,432,985</u></b>	<b><u>\$ 2,077,604</u></b>	<b><u>\$ 877,621</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 681,839	\$ 951,422	\$ 150,340
Due to other funds			438,909
Interest payable			
Accrued salaries	551,648	8,120	8,146
Other liabilities	18,510	10,378	
Customer deposits	2,266		
<b>Total liabilities</b>	<b><u>1,254,263</u></b>	<b><u>969,920</u></b>	<b><u>597,395</u></b>
Fund balances (deficits):			
Unreserved:			
Undesignated	3,178,722	1,107,684	280,226
Unreserved reported in:			
Special revenue funds			
Capital projects funds			
Debt service funds			
<b>Total fund balances</b>	<b><u>3,178,722</u></b>	<b><u>1,107,684</u></b>	<b><u>280,226</u></b>
 <b>Total liabilities and fund balances</b>	 <b><u>\$ 4,432,985</u></b>	 <b><u>\$ 2,077,604</u></b>	 <b><u>\$ 877,621</u></b>

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

Capital Improvements	Municipal Property Corporation Construction	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,861,050	\$	\$ 4,397,925	\$ 8,512,987
		248,031	3,448,889
46,641		37,544	318,944
		3,203	44,303
1,343,527			2,969,631
		118,043	149,420
<u>\$ 3,251,218</u>	<u>\$</u>	<u>\$ 4,804,746</u>	<u>\$15,444,174</u>
\$ 53,189	\$ 54,748	\$ 557,267	\$ 2,448,805
	1,343,527	279,302	2,061,738
		448,443	448,443
		12,217	580,131
			28,888
			2,266
<u>53,189</u>	<u>1,398,275</u>	<u>1,297,229</u>	<u>5,570,271</u>
3,198,029	(1,398,275)		6,366,386
		2,944,490	2,944,490
		9,739	9,739
		553,288	553,288
<u>3,198,029</u>	<u>(1,398,275)</u>	<u>3,507,517</u>	<u>9,873,903</u>
<u>\$ 3,251,218</u>	<u>\$</u>	<u>\$ 4,804,746</u>	<u>\$15,444,174</u>



**CITY OF SIERRA VISTA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**Total Governmental Fund balances** **\$ 9,873,903**

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

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

Governmental capital assets	\$168,469,272	
Less accumulated depreciation	<u>(64,975,931)</u>	
		103,493,341

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

Lease revenue bonds payable	(19,330,000)	
Notes Payable	(4,614,142)	
Compensated absences payable	<u>(1,514,384)</u>	
		(25,458,526)

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 Assets.

Health and Accident Fund	475,256	
Unemployment Insurance Fund	113,618	
Self-Insured Retention Fund	<u>302,573</u>	
		<u>891,447</u>

**Net Assets of Governmental Activities** **\$ 88,800,165**

**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, 2007**

	<u>General</u>	<u>HURF</u>	<u>LTAF</u>
<b>Revenues:</b>			
Taxes	\$13,379,571	\$	\$
Licenses and permits	1,222,792		
Intergovernmental	11,460,879	3,947,635	2,142,969
Charges for services	3,630,593		90,621
Fines			
Investment income	74,951	29,620	
Contributions	29,938		
Other revenues	278,968	16,564	3,700
<b>Total revenues</b>	<u>30,077,692</u>	<u>3,993,819</u>	<u>2,237,290</u>
<b>Expenditures:</b>			
Current -			
General government	5,889,098	34,288	
Public safety	11,031,854		
Public works	6,096,752	3,425,048	2,341,321
Culture and recreation	4,545,546	50,579	
Community development	1,256,756		
Capital outlay			
Debt service -			
Interest and fiscal charges	59,238	10,496	
Principal	601,965	62,613	
<b>Total expenditures</b>	<u>29,481,209</u>	<u>3,583,024</u>	<u>2,341,321</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>596,483</u>	<u>410,795</u>	<u>(104,031)</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,380,802)	(485,677)	
Transfer in			49,595
Proceeds from installment purchase	1,154,441	208,833	
<b>Total other financing sources (uses)</b>	<u>(226,361)</u>	<u>(276,844)</u>	<u>49,595</u>
<b>Changes in fund balances</b>	<u>370,122</u>	<u>133,951</u>	<u>(54,436)</u>
<b>Fund balances, beginning of year</b>	2,808,600	973,733	334,662
<b>Fund balances (deficits), end of year</b>	<u>\$ 3,178,722</u>	<u>\$ 1,107,684</u>	<u>\$ 280,226</u>

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

<u>Capital Improvements</u>	<u>Municipal Property Corporation Construction</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,629,017	\$	\$	\$18,008,588
			1,222,792
		2,273,353	19,824,836
		1,426,118	5,147,332
		25,822	25,822
157,466		190,493	452,530
		206,571	236,509
		11,629	310,861
<u>4,786,483</u>		<u>4,133,986</u>	<u>45,229,270</u>
		99,198	6,022,584
		260,833	11,292,687
		3,263,134	15,126,255
		2,187,367	6,783,492
		353,440	1,610,196
717,625	1,398,275		2,115,900
		1,075,580	1,145,314
		1,572,797	2,237,375
<u>717,625</u>	<u>1,398,275</u>	<u>8,812,349</u>	<u>46,333,803</u>
<u>4,068,858</u>	<u>(1,398,275)</u>	<u>(4,678,363)</u>	<u>(1,104,533)</u>
(1,785,296)		(175,454)	(3,827,229)
		3,777,634	3,827,229
			1,363,274
<u>(1,785,296)</u>		<u>3,602,180</u>	<u>1,363,274</u>
<u>2,283,562</u>	<u>(1,398,275)</u>	<u>(1,076,183)</u>	<u>258,741</u>
914,467		4,583,700	9,615,162
<u>\$ 3,198,029</u>	<u>\$(1,398,275)</u>	<u>\$ 3,507,517</u>	<u>\$ 9,873,903</u>



**CITY OF SIERRA VISTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2007**

**Net Changes in Fund Balances - Total Governmental Funds** **\$ 258,741**

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	\$13,190,864	
Current year depreciation	<u>(5,854,853)</u>	
		7,336,011

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

Debt principal payments	\$ 2,237,375	
Note proceeds	<u>(1,363,274)</u>	
		874,101

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

5,582,697

Compensated absences expenses are included in the Statement of Activities.

(212,129)

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

Health and Accident Fund	119,505	
Unemployment Insurance Fund	(7,783)	
Self-Insured Retention Fund	<u>26,928</u>	
		<u>138,650</u>

**Changes in Net Assets of Governmental Activities** **\$13,978,071**

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

**CITY OF SIERRA VISTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007**

	Enterprise Funds		
	Sewer	Refuse	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$	\$ 540,164	\$ 540,164
Accounts receivable	199,040	242,862	441,902
Interest receivable			
Total current assets	199,040	783,026	982,066
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	30,297,456	1,090,235	31,387,691
Total noncurrent assets	30,297,456	1,090,235	31,387,691
<b>Total assets</b>	<b>30,496,496</b>	<b>1,873,261</b>	<b>32,369,757</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	346,271	400,284	746,555
Compensated absences payable	40,207	19,927	60,134
Claims payable			
Due to other funds	907,893		907,893
Accrued salaries	8,924	9,965	18,889
Notes payable	339,525	136,592	476,117
Total current liabilities	1,642,820	566,768	2,209,588
Noncurrent liabilities:			
Notes payable	717,450	384,646	1,102,096
Total non-current liabilities	717,450	384,646	1,102,096
<b>Total liabilities</b>	<b>2,360,270</b>	<b>951,414</b>	<b>3,311,684</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	29,240,480	568,997	29,809,477
Unrestricted	(1,104,254)	352,850	(751,404)
<b>Total net assets</b>	<b>\$28,136,226</b>	<b>\$ 921,847</b>	<b>\$29,058,073</b>

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

Governmental  
Activities:  
Internal  
Service  
Funds

---

\$ 924,637  
141,417  
1,323  
1,067,377

---

---

1,067,377

17,133

158,797

---

175,930

---

---

175,930

891,447

\$ 891,447

**CITY OF SIERRA VISTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Enterprise Funds</u>		
	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 2,641,449	\$ 3,862,967	\$ 6,504,416
Contributions			
Other revenues	95,469	99,975	195,444
<b>Total operating revenues</b>	<u>2,736,918</u>	<u>3,962,942</u>	<u>6,699,860</u>
<b>Operating expenses:</b>			
Salaries, wages and related expenses	1,312,450	1,306,307	2,618,757
Operations and maintenance	1,438,019	2,048,440	3,486,459
Depreciation	773,431	219,435	992,866
Benefits paid			
Premiums paid			
<b>Total operating expenses</b>	<u>3,523,900</u>	<u>3,574,182</u>	<u>7,098,082</u>
<b>Operating income (loss)</b>	<u>(786,982)</u>	<u>388,760</u>	<u>(398,222)</u>
<b>Nonoperating revenues (expenses):</b>			
Connection income	332,242		332,242
Investment income	73	33,924	33,997
Interest and fiscal charges	(34,163)	(22,852)	(57,015)
<b>Total nonoperating revenues (expenses)</b>	<u>298,152</u>	<u>11,072</u>	<u>309,224</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(488,830)</u>	<u>399,832</u>	<u>(88,998)</u>
<b>Capital contributions</b>	<u>1,118,437</u>		<u>1,118,437</u>
<b>Changes in net assets</b>	<u>629,607</u>	<u>399,832</u>	<u>1,029,439</u>
<b>Total net assets, beginning of year</b>	27,506,619	522,015	28,028,634
<b>Total net assets, end of year</b>	<u>\$28,136,226</u>	<u>\$ 921,847</u>	<u>\$29,058,073</u>

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

Governmental  
Activities:  
Internal  
Service  
Funds

---

\$

2,988,644

776,212

3,764,856

166,355

2,923,354

554,015

3,643,724

121,132

17,518

17,518

138,650

138,650

752,797

\$ 891,447

**CITY OF SIERRA VISTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Sewer	Refuse	Total	
<b><u>Increase (Decrease) In Cash and Cash Equivalents</u></b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 2,626,140	\$ 3,883,552	\$ 6,509,692	\$ 2,988,644
Cash paid to suppliers for goods and services	(1,280,360)	(1,743,543)	(3,023,903)	(3,900,091)
Cash payments to employees for services	(1,294,681)	(1,301,755)	(2,596,436)	
Other operating receipts	95,469	99,975	195,444	905,763
<b>Net cash provided by (used for) operating activities</b>	<b>146,568</b>	<b>938,229</b>	<b>1,084,797</b>	<b>(5,684)</b>
<b>Cash flows from noncapital financing activities:</b>				
Change in intrafund borrowing	807,441	(222,205)	585,236	-
<b>Net cash used for financing activities</b>	<b>807,441</b>	<b>(222,205)</b>	<b>585,236</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>				
Interest paid on equipment contracts	(34,163)	(22,852)	(57,015)	
Acquisition of capital assets	(1,187,940)	(12,583)	(1,200,523)	
Principal paid on equipment contracts	(288,445)	(174,449)	(462,894)	
Note Proceeds	224,224		224,224	
Capital contributed by customers	332,242		332,242	
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(954,082)</b>	<b>(209,884)</b>	<b>(1,163,966)</b>	
<b>Cash flows from investing activities:</b>				
Interest income	73	33,924	33,997	17,134
<b>Net cash provided by investing activities</b>	<b>73</b>	<b>33,924</b>	<b>33,997</b>	<b>17,134</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>		<b>540,064</b>	<b>540,064</b>	<b>11,450</b>
<b>Cash and cash equivalents, July 1, 2006</b>		<b>100</b>	<b>100</b>	<b>913,187</b>
<b>Cash and cash equivalents, June 30, 2007</b>	<b>\$</b>	<b>\$ 540,164</b>	<b>\$ 540,164</b>	<b>\$ 924,637</b>

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

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Sewer	Refuse	Total	
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>				
Operating income (loss)	\$ (786,982)	\$ 388,760	\$ (398,222)	\$ 121,132
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	773,431	219,435	992,866	
Increase (decrease) in uncollectible accounts	(46,961)	(50,153)	(97,114)	
Change in assets and liabilities:				
Decrease (Increase) in gross accounts receivable	31,652	70,738	102,390	129,551
Increase (decrease) in operating portion of accounts payable/claims payable	157,659	304,897	462,556	(256,367)
Increase (decrease) in accrued salaries	2,750	2,787	5,537	
Increase (decrease) in compensated absences	15,019	1,765	16,784	
<b>Total adjustments</b>	<b>933,550</b>	<b>549,469</b>	<b>1,483,019</b>	<b>(126,816)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 146,568</b>	<b>\$ 938,229</b>	<b>\$ 1,084,797</b>	<b>\$ (5,684)</b>

**Non-cash investing, financing and capital activities:**

Developers donated \$1,118,437 in capital assets to the City during the fiscal year.



**CITY OF SIERRA VISTA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2007**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,442,072
Accounts receivable	<u>470,178</u>
<b>Total assets</b>	<b><u>\$ 1,912,250</u></b>
<b><u>LIABILITIES</u></b>	
Accounts payable	70,691
Customer deposits	<u>1,841,559</u>
<b>Total liabilities</b>	<b><u>\$ 1,912,250</u></b>

**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, 2007**

**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.

**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 and is reported as a major governmental fund. 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 Assets and the Statement of Activities. The reported information includes all of the nonfiduciary activities of the City and its component units. Most of the internal activity has been removed from these statements to avoid duplicating information with some exceptions, such as proprietary fund to governmental fund activity. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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 (HURF) – This fund is used to account for the state-shared Highway User Revenue Taxes, which must be used for roadway construction and maintenance.

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

Capital Improvements Fund – To account for local transaction privilege taxes designated for capital improvements.

Sierra Vista Municipal Property Corporation Construction Fund – This fund accounts for the construction of municipal facilities by the Corporation.

**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 Bid-Plan Deposits Fund, Customer Deposits Fund and the Upper San Pedro Partnership Fund.

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**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 as an during the fiscal year. Encumbrances of the current year budget are reappropriated in the succeeding year.

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**F. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose.

**G. 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

**H. 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

**I. 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 assets.

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**J. 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.

**K. 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, 2007 were cash in bank and on hand and pooled investment with the State Treasurer.

**L. 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.

**M. Estimates**

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**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 State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer.

The captions and carrying amounts of cash and investments at June 30, 2007, consist of the following.

Cash on hand	\$	7,275
Cash in Bank (Checking / Repurchase)		1,277,338
Investments with State Treasurer		7,975,809
Investments held by trustee		998,528
Cash held by trustee		81,926
Cash held as trustee		<u>1,078,984</u>
Total	\$	<u><u>11,419,860</u></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, 2007 were as follows:

		<u>Fair Value</u>
State Treasurer's Investment Pool – 84 day weighted average maturity	\$	7,975,809
US Treasuries – Money market – less than 1 year		<u>998,528</u>
Total	\$	<u><u>8,974,337</u></u>

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

*Credit Risk.* The City has no investment policy that would further limit its investment choices. As of June 30, 2007, the District's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**3. Property Tax**

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

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

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

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

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**4. Capital Assets**

A summary of capital asset activity for the fiscal year ended June 30, 2007 is as follows.

**Governmental activities:**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Non-depreciable assets:				
Land	\$ 7,376,574	\$ 50,150	\$	\$ 7,426,724
Construction in progress	5,843,903	7,809,071	(7,926,334)	5,726,640
Depreciable assets:				
Infrastructure	86,126,391	13,965,490		100,091,881
Buildings and improvements	35,261,779	654,267		35,916,046
Machinery and Equipment	15,587,744	4,233,484	(513,247)	19,307,981
Total Capital Assets	<u>150,196,391</u>	<u>26,712,462</u>	<u>(8,439,581)</u>	<u>168,469,272</u>
Less accumulated depreciation for:				
Infrastructure	36,654,773	3,007,946		39,662,719
Buildings and improvements	12,164,263	1,321,541		13,485,804
Machinery and Equipment	10,802,722	1,525,366	(500,680)	11,827,408
Total Accumulated Depreciation	<u>59,621,758</u>	<u>5,854,853</u>	<u>(500,680)</u>	<u>64,975,931</u>
Total Capital Assets, Net	<u>90,574,633</u>	<u>20,857,609</u>	<u>(7,938,901)</u>	<u>103,493,341</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 248,806
Public safety	1,097,574
Public works	3,682,426
Culture and recreation	809,753
Community development	16,294
Total Depreciation Expense	<u>\$ 5,854,853</u>

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Business-type activities:**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Non-depreciable assets				
Land	\$ 1,358,720			\$ 1,358,720
Construction in progress	219,165	407,644	(211,217)	415,592
Depreciable assets				
Infrastructure	23,447,245	1,847,023		25,294,268
Buildings and improvements	12,588,201			12,588,201
Machinery and Equipment	<u>4,213,235</u>	<u>275,510</u>		<u>4,488,745</u>
Total Capital Assets	<u>41,826,566</u>	<u>2,530,177</u>	<u>(211,217)</u>	<u>44,145,526</u>
Less accumulated depreciation for:				
Infrastructure	3,229,152	245,072		3,474,224
Buildings and improvements	5,762,419	464,789		6,227,208
Machinery and Equipment	<u>2,773,398</u>	<u>283,005</u>		<u>3,056,403</u>
Total Accumulated Depreciation	<u>11,764,969</u>	<u>992,866</u>	<u>-</u>	<u>12,757,835</u>
Total Capital Assets, Net	<u>30,061,597</u>	<u>1,537,310</u>	<u>(211,217)</u>	<u>31,387,691</u>

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

Sewer	\$ 773,431
Refuse	<u>219,435</u>
Total Depreciation Expense	<u>\$ 992,866</u>

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**5. Long-term Debt**

<b>Business-type activities:</b>	<b><u>Outstanding Principal at June 30, 2007</u></b>
A. Note payable in quarterly installments of \$ 71,220 including interest at 3.38% until June 2010; collateralized by specified vehicles (paid by Sewer Fund).	745,110
B. Note payable in quarterly installments of \$ 1,376 including interest at 2.57% until June 2008; collateralized by specified vehicles (paid by Refuse Fund).	5,419
C. Note payable in quarterly installments of \$ 4,015 including interest at 2.57% until June 2008; collateralized by specified vehicles (paid by Sewer Fund).	15,809
D. Note payable in quarterly installments of \$ 2,446 including interest at 3.02% until June 2010; collateralized by specified vehicles (paid by Sewer Fund).	27,964
E. Note payable in quarterly installments of \$ 9,509 including interest at 3.02% until June 2010; collateralized by specified vehicles (paid by Refuse Fund).	108,697
F. Note payable in quarterly installments of \$ 2,966 including interest at 3.84% until June 2011 collateralized by specified vehicles (paid by Sewer Fund).	43,868
G. Note payable in quarterly installments of \$ 27,568 including interest at 3.84% until June 2011; collateralized by specified vehicles (paid by Refuse Fund).	407,122
H. Note payable in quarterly installments of \$ 12,435 including interest at 4.03% until June 2012; collateralized by specified vehicles (paid by Sewer Fund).	<u>224,224</u> 1,578,213
Less current portion	<u>(476,117)</u>
Total business-type activity long-term debt	<u>\$1,102,096</u>

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Governmental activities:**

**Revenue Bonds**

A. 1998 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to construct a library and a street, remodel the old library and make various parking and landscaping improvements to the city complex; due in varying annual installments through 2018 with interest ranging from 3.75% to 5.00% (paid by MPC I & R Fund).	6,060,000
B. 1998 Highway User Bonds issued for the purpose of Refunding the Series 1991 Highway User Bonds; due in varying annual installments through 2009 with interest ranging from 3.90% to 4.60% (paid by Street Improvement Interest and Redemption Fund).	905,000
C. 2000 Sierra Vista Municipal Property Corporation Lease Revenue Bonds issued to construct an aquatics facility and a governmental maintenance center; due in varying annual installments through 2021 with interest ranging from 4.25% to 5.125% (paid by MPC I & R Fund).	12,365,000

**Notes Payable**

A. Note payable in quarterly installments of \$22,416 including interest at 5.747% until June 2012; (paid by Airport Fund).	\$387,259
B. Note payable in quarterly installments of \$10,141 including interest at 5.26% until June 2019; (paid by Airport Fund).	359,256
C. Note payable in quarterly installments of \$17,952 including interest at 5.06% until June 2026; (paid by Airport Fund).	873,230
D. Note payable in quarterly installments of \$60,430 including interest at 2.57% until June 2008; collateralized by specified property (paid by 78% General Fund, 22% HURF Fund).	237,924
E. Note payable in quarterly installments of \$31,877 including interest at 3.02% until June 2010; collateralized by specified property (paid by General Fund).	364,370
F. Note payable in quarterly installments of \$69,667 including interest at 3.84% until June 2011; collateralized by specified property (paid by 78% General Fund, 22% HURF Fund).	1,028,829

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

H. Note payable in quarterly installments of \$75,603 including interest at 4.03% until June 2012; collateralized by specified property (paid by 85% General Fund, 15% HURF Fund).	<u>1,363,274</u>
	\$23,944,142
Less current portion of revenue bonds	(1,530,000)
Less current portion of notes payable	<u>(968,767)</u>
 Total governmental activity long-term debt	 <u>\$21,445,375</u>

**Changes in Long-term Debt**

**Governmental Activities**

	Balance at <u>July 1, 2006</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2007</u>	Current <u>Portion</u>
Revenue bonds	\$ 20,790,000	\$	\$ 1,460,000	\$ 19,330,000	\$ 1,530,000
Notes payable	4,028,243	1,363,274	777,375	4,614,142	968,767
Compensated absences	1,302,255	1,241,854	1,029,725	1,514,384	1,029,725
Total	<u>\$ 26,120,498</u>	<u>\$ 2,605,128</u>	<u>\$ 3,267,100</u>	<u>\$ 25,458,526</u>	<u>\$ 3,528,492</u>

**Business-type Activities**

	Balance at <u>July 1, 2006</u>	<u>Additions</u>	Repayments/ <u>Retirements</u>	Balance at <u>June 30, 2007</u>	Current <u>Portion</u>
Notes payable	\$ 1,816,883	\$ 223,223	\$ 461,893	\$ 1,578,213	\$ 476,117
Compensated absences	43,350	66,965	50,181	60,134	60,134
Total	<u>\$ 1,860,233</u>	<u>\$ 290,188</u>	<u>\$ 512,074</u>	<u>\$ 1,638,347</u>	<u>\$ 495,108</u>

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Debt Service Requirements to Maturity**

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2007, is detailed below.

Year ending	Business-type Activities		Governmental Activities				Total
	Installment Contracts		Revenue Bonds		Installment Contracts		
<u>30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	476,117	50,053	1,530,000	913,981	968,767	183,592	4,122,510
2009	471,074	33,528	1,590,000	844,214	760,854	149,785	3,849,455
2010	416,621	16,762	1,190,000	770,141	792,139	118,499	3,304,162
2011	165,891	6,010	1,230,000	714,004	695,796	87,335	2,899,036
2012	48,510	1,229	1,290,000	654,841	443,138	61,311	2,499,029
2013			1,350,000	592,083	64,894	47,477	2,054,454
2014			1,420,000	525,169	68,300	44,071	2,057,540
2015			1,490,000	453,475	71,885	40,486	2,055,846
2016			1,540,000	377,725	75,658	36,713	2,030,096
2017			1,620,000	298,725	79,630	32,742	2,031,097
2018			1,700,000	215,725	83,810	28,562	2,028,097
2019			1,070,000	145,806	88,210	24,162	1,328,178
2020			1,125,000	89,559	51,468	20,339	1,286,366
2021			1,185,000	30,366	54,123	17,685	1,287,174
2022					56,914	14,894	71,808
2023					59,848	11,959	71,807
2024					62,935	8,873	71,808
2025					66,180	5,628	71,808
2026					69,593	2,215	71,808
Total	1,578,213	107,582	19,330,000	6,625,814	4,614,142	936,328	33,192,079

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Continuing Disclosure Requirements**

Year ending	Pledged		
<u>30-Jun</u>	<u>Excise Taxes</u>	<u>MFRB's</u>	<u>Coverage</u>
2001	\$ 17,607,119	\$ 948,050	
2002	17,156,499	2,121,194	8.30
2003	18,272,100	2,180,756	7.87
2004	19,813,691	2,188,265	8.35
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		1,957,796	14.42
2009		1,953,054	
2010		1,960,141	
2011		1,944,004	
2012		1,944,841	
2013		1,942,084	
2014		1,945,169	
2015		1,943,475	
2016		1,917,725	
2017		1,918,725	
2018		1,915,725	
2019		1,215,806	
2020		1,214,559	
2021		1,215,366	

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**6. Pension Plan**

**Plan Descriptions:**

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

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers 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 that covers 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 five-member board, known as The Fund Manager, and 162 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) 621-3778

PSPRS

1020 E. Missouri Ave.  
Phoenix, AZ 85014

(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, 2007, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2007, 2006 and 2005 were \$1,152,538, \$780,329 and \$545,964 respectively, which were equal to the required contributions for the year.

**Agent plans** - For the year ended June 30, 2007, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 17.47 percent for police and 9.78 percent for fire.

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Annual Pension Cost:**

The City's pension cost for the two agent plans for the year ended June 30, 2006, the date of the most recent actuarial valuation available, and related information follow:

	<u>PSPRS</u>
Contribution rates:	
City - Police	13.47%
City - Fire	2.00%
Plan members	7.65%
Annual pension cost contributions made:	
Police -	\$471,723
Fire -	\$161,183
Actuarial valuation date	June 30, 2006
Actuarial cost method	entry age
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50% - 8.50%
Cost-of-living adjustments	none
Amortization method	level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 years for unfunded accrued actuarial accrued liability, 20 years for excess
Asset valuation method	smoothed market value

**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
2005	\$279,213	100%	\$-0-
2006	\$400,800	100%	\$-0-
2007	\$471,723	100%	\$-0-

**Contributions Required and Contributions Made (PSRS-FIRE)**

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$78,822	100%	\$-0-
2006	\$0	100%	\$-0-
2007	\$161,183	100%	\$-0-

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Funding Progress:**

An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2007, available follows:

**PSRS-Police**

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((b-a)/c)
2005	\$12,657,569	\$16,025,832	\$3,368,263	79.0%	\$2,802,761	120.2
2006	\$12,912,647	\$17,234,941	\$4,322,294	74.9%	\$3,114,025	138.8
2007	\$12,188,674	\$19,452,834	\$7,264,160	62.7%	\$3,547,360	204.8

**PSRS-FIRE**

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded (Excess Funding) as Percentage of Covered Payroll ((b-a)/c)
2005	\$10,116,822	\$9,959,386	\$(157,436)	101.6%	\$1,730,432	-9.1
2006	\$10,467,266	\$10,958,330	\$491,064	95.5%	\$1,924,174	25.5
2007	\$10,569,629	\$12,742,381	\$2,172,752	82.9%	\$2,086,474	104.1

**Post Employment Benefits Other Than Pension Benefits**

In fiscal year ending June 30, 2007, the City provided post employment medical insurance to 66 eligible retirees. Part of the cost of this benefit is funded by the State depending on the years of services and State funding available. This post employment benefit is not actuarially funded, therefore the expenditures are recorded on a pay-as-you-go basis with the monies provided from the City's General Fund. The City's contribution for Fiscal Year ended June 30, 2007 was \$419,182. In Fiscal Year 2007, the City is planning on hiring an actuarial to determine the post-retirement benefit liability as required by GASB Statement No. 45.

**Termination Benefits**

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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**7. Construction Commitments**

At June 30, 2007, the City had unperformed construction contracts and commitments outstanding of \$1,938,970.

**8. Stewardship, Compliance and Accountability**

**Negative Fund Balances**

The Airport and Sierra Vista Municipal Property Corporation Construction Funds had negative fund balances on June 30, 2007. The negative balance in the Airport Fund is due to required preliminary expenditures on two Federal Aviation Grants the City is applying for and three construction projects the City will finance with the Arizona Department of Transportation in FY07. The negative balance in the SVMPC Construction fund is due to the timing of the related Municipal Facilities Revenue Bond issue. This issue will occur in FY07.

**9. Contingencies**

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. At June 30, 2007, 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.

**10. Risk Management**

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

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

The City established the Health and Accident Insurance Fund, an Internal Service Fund, to account for and finance its uninsured risks of loss related to employee health and accidents. Under this program, the Health and Accident Insurance Fund provides coverage for up to a maximum of \$30,000 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

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

The Unemployment Insurance Fund is fully funded, and therefore, no contribution was made to it. The City has designated the net assets in this fund of \$113,618 as future catastrophe loss reserves. The Self Insured Retention Fund received insurance and workman's compensation refunds of \$97,207 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, 2007 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 2005-2006 and 2006-2007 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:				
2005-06	\$345,345	\$2,002,224	\$1,942,640	\$404,929
2006-07	\$404,929	\$2,845,292	\$3,103,822	\$146,399
Unemployment Insurance:				
2005-06	-0-	\$10,624	\$10,624	-0-
2006-07	-0-	\$7,783	\$7,783	-0-
Self-Insured Retention:				
2005-06	\$13,868	\$37,909	\$37,909	\$13,868
2006-07	\$13,868	\$70,279	\$71,749	\$12,398

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, 2007**

**11. Interfund Balances and Transfers**

Individual interfund balances for due to/ from to other funds at June 30, 2007 are as follows.

<u>Governmental Funds</u>	<u>Due to other funds</u>	<u>Due from other funds</u>
General Fund	\$	\$ 1,626,104
Capital Improvements		1,343,527
LTAIF	438,909	
Grants	61,760	
Airport	217,542	
SVMPC Construction	1,343,527	
<u>Enterprise Funds:</u>		
Sewer	907,893	
Total	\$ <u>2,969,631</u>	\$ <u>2,969,631</u>

All of the due to other funds is for cash balancing purposes. These will be repaid during the following fiscal year from cash inflows into the funds.

Individual interfund transfers for Fiscal Year 2007 were:

<u>Fund</u>	<u>To other funds</u>	<u>From other funds</u>
General		
Local Transportation Assistance	\$ 49,595	\$
Library	925,789	
Grants	91,048	
Airport	196,846	
Police Development Fee	19,343	
Infrastructure Development Fee	81,305	
Fire Development Fee	16,876	
Highway User Revenue		
Street Improvement I&R	485,677	
Capital Improvements		
Municipal Property Corporation I&R	1,785,296	
Park Development Fee		
Municipal Property Corporation I&R	175,454	
Local Transportation Assistance		
General Fund		49,595
Library		
General Fund		925,789
Grants		
General Fund		91,048
Airport		
General Fund		196,846
Street Improvement I&R		
Highway User Revenue		485,677

**CITY OF SIERRA VISTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

Municipal Property Corporation I&R		
Capital Improvements		1,785,296
Park Development Fee		175,454
Police Development Fee		
General Fund		19,343
Infrastructure Development Fee		
General Fund		81,305
Fire Development Fee		
General Fund		16,876
	<u>\$ 3,827,229</u>	<u>\$ 3,827,229</u>

Transfers to the interest and redemption funds are to cover bond principal and interest payments. The General Fund transfer to the Local Transportation Assistance Fund and Grants Fund were to cover grant match requirements. The General Fund transfers to the development fee funds were required by the City's new development fee code. The transfer to the Airport was to cover grant matches and operating deficits. The transfer to the Library Fund was to balance the fund.



**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, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Taxes	\$14,687,967	\$13,379,571	\$(1,308,396)
Licenses and permits	1,382,450	1,222,792	(159,658)
Intergovernmental	11,113,370	11,460,879	347,509
Charges for services	3,602,700	3,630,593	27,893
Investment income	150,000	74,951	(75,049)
Contributions	3,000	29,938	26,938
Other revenues	516,325	278,968	(237,357)
<b>Total revenues</b>	<u>31,455,812</u>	<u>30,077,692</u>	<u>(1,378,120)</u>
<b>Expenditures:</b>			
Current -			
General government	6,144,399	5,889,098	255,301
Public safety	11,296,681	11,031,854	264,827
Public works	6,316,391	6,096,752	219,639
Culture and recreation	4,590,250	4,545,546	44,704
Community development	1,461,303	1,256,756	204,547
Debt service -			
Interest and fiscal charges	107,389	59,238	48,151
Principal	682,990	601,965	81,025
<b>Total expenditures</b>	<u>30,599,403</u>	<u>29,481,209</u>	<u>1,118,194</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>856,409</u>	<u>596,483</u>	<u>(259,926)</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,956,209)	(1,380,802)	575,407
Proceeds from installment purchase	1,099,800	1,154,441	54,641
<b>Total other financing sources (uses)</b>	<u>(856,409)</u>	<u>(226,361)</u>	<u>630,048</u>
<b>Change in fund balances</b>		<u>370,122</u>	<u>370,122</u>
<b>Fund balances, July 1, 2006</b>		2,808,600	2,808,600
<b>Fund balances, June 30, 2007</b>	<u>\$</u>	<u>\$ 3,178,722</u>	<u>\$ 3,178,722</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, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental	\$ 5,573,975	\$ 3,947,635	\$(1,626,340)
Investment income		29,620	29,620
Other revenues		16,564	16,564
<b>Total revenues</b>	<u>5,573,975</u>	<u>3,993,819</u>	<u>(1,580,156)</u>
<b>Expenditures:</b>			
Current -			
General government	294,831	34,288	260,543
Public works	5,315,462	3,425,048	1,890,414
Culture and recreation	558,326	50,579	507,747
Community development	35,424		35,424
Debt service -			
Interest and fiscal charges	46,621	10,496	36,125
Principal	788,589	62,613	725,976
<b>Total expenditures</b>	<u>7,039,253</u>	<u>3,583,024</u>	<u>3,456,229</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,465,278)</u>	<u>410,795</u>	<u>1,876,073</u>
<b>Other financing sources (uses):</b>			
Transfers out	(486,310)	(485,677)	633
Transfer in	741,533		(741,533)
Proceeds from installment purchase		208,833	208,833
<b>Total other financing sources (uses)</b>	<u>255,223</u>	<u>(276,844)</u>	<u>(532,067)</u>
<b>Change in fund balances</b>	<u>(1,210,055)</u>	<u>133,951</u>	<u>1,344,006</u>
<b>Fund balances, July 1, 2006</b>	1,210,055	973,733	(236,322)
<b>Fund balances, June 30, 2007</b>	<u>\$</u>	<u>\$ 1,107,684</u>	<u>\$ 1,107,684</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LTAF  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental	\$ 2,109,587	\$ 2,142,969	\$ 33,382
Charges for services	85,000	90,621	5,621
Other revenues		3,700	3,700
<b>Total revenues</b>	<u>2,194,587</u>	<u>2,237,290</u>	<u>42,703</u>
<b>Expenditures:</b>			
Current -			
Public works	2,646,557	2,341,321	305,236
<b>Total expenditures</b>	<u>2,646,557</u>	<u>2,341,321</u>	<u>305,236</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(451,970)</u>	<u>(104,031)</u>	<u>347,939</u>
<b>Other financing sources (uses):</b>			
Transfer in	219,224	49,595	(169,629)
<b>Total other financing sources (uses)</b>	<u>219,224</u>	<u>49,595</u>	<u>(169,629)</u>
<b>Change in fund balances</b>	<u>(232,746)</u>	<u>(54,436)</u>	<u>178,310</u>
<b>Fund balances, July 1, 2006</b>	232,746	334,662	101,916
<b>Fund balances, June 30, 2007</b>	<u>\$</u>	<u>\$ 280,226</u>	<u>\$ 280,226</u>

See accompanying notes to this schedule.

**CITY OF SIERRA VISTA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2007**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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



**COMBINING INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF SIERRA VISTA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Taxes	\$ 4,245,403	\$ 4,629,017	\$ 383,614
Investment income		157,466	157,466
<b>Total revenues</b>	<u>4,245,403</u>	<u>4,786,483</u>	<u>541,080</u>
<b>Expenditures:</b>			
Capital outlay	1,241,937	717,625	524,312
<b>Total expenditures</b>	<u>1,241,937</u>	<u>717,625</u>	<u>524,312</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,003,466</u>	<u>4,068,858</u>	<u>1,065,392</u>
<b>Other financing sources (uses):</b>			
Transfers out	(5,112,338)	(1,785,296)	3,327,042
Transfer in	122,000		(122,000)
<b>Total other financing sources (uses)</b>	<u>(4,990,338)</u>	<u>(1,785,296)</u>	<u>3,205,042</u>
<b>Change in fund balances</b>	<u>(1,986,872)</u>	<u>2,283,562</u>	<u>4,270,434</u>
<b>Fund balances, July 1, 2006</b>	1,986,872	914,467	(1,072,405)
<b>Fund balances, June 30, 2007</b>	<u>\$</u>	<u>\$ 3,198,029</u>	<u>\$ 3,198,029</u>

**CITY OF SIERRA VISTA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MUNICIPAL PROPERTY  
CORPORATION CONSTRUCTION  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Expenditures:</b>			
Capital outlay	\$ 9,500,000	\$ 1,398,275	\$ 8,101,725
Debt service -			
Interest and fiscal charges	100,000		100,000
<b>Total expenditures</b>	<u>9,600,000</u>	<u>1,398,275</u>	<u>8,201,725</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,600,000)</u>	<u>(1,398,275)</u>	<u>8,201,725</u>
<b>Other financing sources (uses):</b>			
Net proceeds from sale of bonds	9,600,000		(9,600,000)
<b>Total other financing sources (uses)</b>	<u>9,600,000</u>		<u>(9,600,000)</u>
<b>Change in fund balances</b>		<u>(1,398,275)</u>	<u>(1,398,275)</u>
<b>Fund balances, July 1, 2006</b>			
<b>Fund balances (deficits), June 30, 2007</b>		<u><u>\$ (1,398,275)</u></u>	<u><u>\$(1,398,275)</u></u>

**CITY OF SIERRA VISTA  
 COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
 JUNE 30, 2007**

	Special Revenue	Municipal Property Corporation Interest and Redemption	Environmental Protection Agency Grant	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$3,389,658	\$ 998,528	\$ 9,739	\$ 4,397,925
Intergovernmental receivable	248,031			248,031
Accounts receivable	37,544			37,544
Interest receivable		3,203		3,203
Inventory	118,043			118,043
<b>Total assets</b>	<b><u>\$3,793,276</u></b>	<b><u>\$ 1,001,731</u></b>	<b><u>\$ 9,739</u></b>	<b><u>\$ 4,804,746</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 557,267	\$	\$	\$ 557,267
Due to other funds	279,302			279,302
Interest payable		448,443		448,443
Accrued salaries	12,217			12,217
<b>Total liabilities</b>	<b><u>848,786</u></b>	<b><u>448,443</u></b>		<b><u>1,297,229</u></b>
Fund balances:				
Unreserved:				
Undesignated	2,944,490	553,288	9,739	3,507,517
<b>Total fund balances</b>	<b><u>2,944,490</u></b>	<b><u>553,288</u></b>	<b><u>9,739</u></b>	<b><u>3,507,517</u></b>
 <b>Total liabilities and fund balances</b>	 <b><u>\$3,793,276</u></b>	 <b><u>\$ 1,001,731</u></b>	 <b><u>\$ 9,739</u></b>	 <b><u>\$ 4,804,746</u></b>

**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, 2007**

	Special Revenue	Debt Service	Environmental Protection Agency Grant	Total Non-Major Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$2,273,353	\$	\$	\$ 2,273,353
Charges for services	1,426,118			1,426,118
Fines	25,822			25,822
Investment income	156,559	33,934		190,493
Contributions	206,571			206,571
Other revenues	11,629			11,629
<b>Total revenues</b>	<u>4,100,052</u>	<u>33,934</u>		<u>4,133,986</u>
<b>Expenditures:</b>				
Current -				
General government	99,198			99,198
Public safety	260,833			260,833
Public works	3,263,134			3,263,134
Culture and recreation	2,187,367			2,187,367
Community development	353,440			353,440
Debt service -				
Interest and fiscal charges	89,239	986,341		1,075,580
Principal	112,797	1,460,000		1,572,797
<b>Total expenditures</b>	<u>6,366,008</u>	<u>2,446,341</u>		<u>8,812,349</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,265,956)</u>	<u>(2,412,407)</u>		<u>(4,678,363)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(175,454)			(175,454)
Transfer in	1,331,207	2,446,427		3,777,634
<b>Total other financing sources (uses)</b>	<u>1,155,753</u>	<u>2,446,427</u>		<u>3,602,180</u>
<b>Change in fund balances</b>	<u>(1,110,203)</u>	<u>34,020</u>		<u>(1,076,183)</u>
<b>Fund balances, beginning of year</b>	4,054,693	519,268	9,739	4,583,700
<b>Fund balances, end of year</b>	<u>\$2,944,490</u>	<u>\$ 553,288</u>	<u>\$ 9,739</u>	<u>\$ 3,507,517</u>



## 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.

**Library Fund** - To account for all library activities.

**Asset Seizure and Restitution Fund** - To account for criminal investigation activities that result in the seizure of assets.

**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.

**Arts and Humanities Fund** - To account for funds appropriated for Art in Public Places.

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

**Airport Fund** - This fund is used to account for the operation of the City's airport.

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

**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.

**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.

**Environmental Defense Fund** - To account for contributions from private sources restricted to use for environmental defense.

**CITY OF SIERRA VISTA  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007**

	<u>Library</u>	<u>Asset Seizure</u>	<u>Grants</u>	<u>Convention and Visitors Bureau</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 54,823	\$ 23,470	\$	\$ 93,899
Intergovernmental receivable			248,031	
Accounts receivable				
Inventory				
<b>Total assets</b>	<u>\$ 54,823</u>	<u>\$ 23,470</u>	<u>\$ 248,031</u>	<u>\$ 93,899</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 11,500	\$ 23,018	\$ 168,363	\$
Due to other funds			61,760	
Accrued salaries	9,111			
<b>Total liabilities</b>	<u>20,611</u>	<u>23,018</u>	<u>230,123</u>	
Fund balances (deficits):				
Unreserved:				
Undesignated	34,212	452	17,908	93,899
<b>Total fund balances</b>	<u>34,212</u>	<u>452</u>	<u>17,908</u>	<u>93,899</u>
<b>Total liabilities and fund balances</b>	<u>\$ 54,823</u>	<u>\$ 23,470</u>	<u>\$ 248,031</u>	<u>\$ 93,899</u>

<u>Arts and Humanities</u>	<u>Judicial Collection Enhancement</u>	<u>Airport</u>	<u>Miscellaneous Donations</u>	<u>Park Development Fee</u>	<u>Library Development Fee</u>
\$ 15,575	\$ 3,482	\$	\$ 1,514,229	\$ 1,122,531	\$ 66,167
		37,544			
		118,043			
<u>\$ 15,575</u>	<u>\$ 3,482</u>	<u>\$ 155,587</u>	<u>\$ 1,514,229</u>	<u>\$ 1,122,531</u>	<u>\$ 66,167</u>
\$	\$	\$ 149,796	\$ 115	\$ 204,475	\$
		217,542			
		3,106			
		<u>370,444</u>	<u>115</u>	<u>204,475</u>	
<u>15,575</u>	<u>3,482</u>	<u>(214,857)</u>	<u>1,514,114</u>	<u>918,056</u>	<u>66,167</u>
<u>15,575</u>	<u>3,482</u>	<u>(214,857)</u>	<u>1,514,114</u>	<u>918,056</u>	<u>66,167</u>
<u>\$ 15,575</u>	<u>\$ 3,482</u>	<u>\$ 155,587</u>	<u>\$ 1,514,229</u>	<u>\$ 1,122,531</u>	<u>\$ 66,167</u>

(Continued)

**CITY OF SIERRA VISTA  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007  
 (Concluded)**

	Police Development Fee	Infrastructure Development Fee	Fire Development Fee	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 81,602	\$ 342,143	\$ 71,737	\$ 3,389,658
Intergovernmental receivable				248,031
Accounts receivable				37,544
Inventory				118,043
<b>Total assets</b>	<b>\$ 81,602</b>	<b>\$ 342,143</b>	<b>\$ 71,737</b>	<b>\$ 3,793,276</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 557,267
Due to other funds				279,302
Accrued salaries				12,217
<b>Total liabilities</b>				<b>848,786</b>
Fund balances (deficits):				
Unreserved:				
Undesignated	81,602	342,143	71,737	2,944,490
<b>Total fund balances</b>	<b>81,602</b>	<b>342,143</b>	<b>71,737</b>	<b>2,944,490</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,602</b>	<b>\$ 342,143</b>	<b>\$ 71,737</b>	<b>\$ 3,793,276</b>

(This page intentionally left blank)

**CITY OF SIERRA VISTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2007**

	Library	Asset Seizure	Grants
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$ 657,860
Charges for services			
Fines	25,387		
Investment income			
Contributions			
Other revenues			
<b>Total revenues</b>	25,387		657,860
<b>Expenditures:</b>			
Current -			
General government			90,208
Public safety			254,505
Public works			35,062
Culture and recreation	916,964		23,409
Community development			353,440
Debt service -			
Interest and fiscal charges			
Principal			
<b>Total expenditures</b>	916,964		756,624
<b>Excess (deficiency) of revenues over expenditures</b>	(891,577)		(98,764)
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in	925,789		91,048
<b>Total other financing sources (uses)</b>	925,789		91,048
<b>Change in fund balances</b>	34,212		(7,716)
<b>Fund balances, beginning of year</b>		452	25,624
<b>Fund balances (deficits), end of year</b>	\$ 34,212	\$ 452	\$ 17,908

<u>Convention and Visitors Bureau</u>	<u>Arts and Humanities</u>	<u>Judicial Collection Enhancement</u>	<u>Airport</u>	<u>Miscellaneous Donations</u>	<u>Park Development Fee</u>
\$	\$	\$	\$	\$	\$
	1,170	6	1,615,487		334,048
		435	676,393		
				67,702	59,239
				206,571	
			11,629		
	<u>1,170</u>	<u>441</u>	<u>2,303,509</u>	<u>274,273</u>	<u>393,287</u>
				8,990	
				6,328	
			3,226,892	1,180	
	6,629			16,711	1,223,654
			89,239		
			112,797		
	<u>6,629</u>		<u>3,428,928</u>	<u>33,209</u>	<u>1,223,654</u>
	(5,459)	441	(1,125,419)	241,064	(830,367)
					(175,454)
			196,846		
			196,846		(175,454)
	(5,459)	441	(928,573)	241,064	(1,005,821)
93,899	21,034	3,041	713,716	1,273,050	1,923,877
<u>\$ 93,899</u>	<u>\$ 15,575</u>	<u>\$ 3,482</u>	<u>\$ (214,857)</u>	<u>\$ 1,514,114</u>	<u>\$ 918,056</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, 2007**  
**(Concluded)**

	Library Development Fee	Police Development Fee	Infrastructure Development Fee
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Charges for services	61,936	58,028	243,913
Fines			
Investment income	4,231	4,231	16,925
Contributions			
Other revenues			
<b>Total revenues</b>	<u>66,167</u>	<u>62,259</u>	<u>260,838</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Public works			
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>	<u>66,167</u>	<u>62,259</u>	<u>260,838</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in		19,343	81,305
<b>Total other financing sources (uses)</b>		<u>19,343</u>	<u>81,305</u>
<b>Change in fund balances</b>	<u>66,167</u>	<u>81,602</u>	<u>342,143</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ 66,167</u>	<u>\$ 81,602</u>	<u>\$ 342,143</u>

Fire Development Fee	Totals
\$	\$ 2,273,353
50,630	1,426,118
	25,822
4,231	156,559
	206,571
	<u>11,629</u>
<u>54,861</u>	<u>4,100,052</u>

	99,198
	260,833
	3,263,134
	2,187,367
	353,440
	89,239
	<u>112,797</u>
	<u>6,366,008</u>

<u>54,861</u>	<u>(2,265,956)</u>
---------------	--------------------

	(175,454)
<u>16,876</u>	<u>1,331,207</u>
<u>16,876</u>	<u>1,155,753</u>

<u>71,737</u>	<u>(1,110,203)</u>
---------------	--------------------

	4,054,693
--	-----------

<u>\$ 71,737</u>	<u>\$ 2,944,490</u>
------------------	---------------------

**CITY OF SIERRA VISTA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007**

	Library		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Charges for services			
Fines	25,000	25,387	387
Investment income			
Contributions			
Other revenues			
<b>Total revenues</b>	25,000	25,387	387
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Public works			
Culture and recreation	950,789	916,964	33,825
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
<b>Total expenditures</b>	950,789	916,964	33,825
<b>Excess (deficiency) of revenues over expenditures</b>	(925,789)	(891,577)	34,212
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in	925,789	925,789	
Proceeds from installment purchase			
<b>Total other financing sources (uses)</b>	925,789	925,789	
<b>Change in fund balances</b>		34,212	34,212
<b>Fund balances, July 1, 2006</b>			
<b>Fund balances (deficits), June 30, 2007</b>	\$	\$ 34,212	\$ 34,212

Asset Seizure			Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 50,000	\$	\$ (50,000)	\$ 2,176,138	\$ 657,860	\$(1,518,278)
<u>50,000</u>		<u>(50,000)</u>	<u>2,176,138</u>	<u>657,860</u>	<u>(1,518,278)</u>
50,000		50,000	100,000	90,208	9,792
			1,703,524	254,505	1,449,019
			60,000	35,062	24,938
			13,500	23,409	(9,909)
			448,380	353,440	94,940
<u>50,000</u>		<u>50,000</u>	<u>2,325,404</u>	<u>756,624</u>	<u>1,568,780</u>
			<u>(149,266)</u>	<u>(98,764)</u>	<u>50,502</u>
			134,075	91,048	(43,027)
			<u>134,075</u>	<u>91,048</u>	<u>(43,027)</u>
			<u>(15,191)</u>	<u>(7,716)</u>	<u>7,475</u>
	452	452	15,191	25,624	10,433
<u>\$</u>	<u>\$ 452</u>	<u>\$ 452</u>	<u>\$</u>	<u>\$ 17,908</u>	<u>\$ 17,908</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, 2007**  
**(Continued)**

	Airport		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 3,356,332	\$ 1,615,487	\$(1,740,845)
Charges for services	993,002	676,393	(316,609)
Fines			
Investment income			
Contributions			
Other revenues		11,629	11,629
<b>Total revenues</b>	<b>4,349,334</b>	<b>2,303,509</b>	<b>(2,045,825)</b>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Public works	5,427,623	3,226,892	2,200,731
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges	89,239	89,239	
Principal	112,797	112,797	
<b>Total expenditures</b>	<b>5,629,659</b>	<b>3,428,928</b>	<b>2,200,731</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,280,325)</b>	<b>(1,125,419)</b>	<b>154,906</b>
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in	177,668	196,846	19,178
Proceeds from installment purchase	190,000		(190,000)
<b>Total other financing sources (uses)</b>	<b>367,668</b>	<b>196,846</b>	<b>(170,822)</b>
<b>Change in fund balances</b>	<b>(912,657)</b>	<b>(928,573)</b>	<b>(15,916)</b>
<b>Fund balances, July 1, 2006</b>	<b>912,657</b>	<b>713,716</b>	<b>(198,941)</b>
<b>Fund balances (deficits), June 30, 2007</b>	<b>\$</b>	<b>\$ (214,857)</b>	<b>\$ (214,857)</b>

Miscellaneous Donations		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	67,702	67,702
37,960	206,571	168,611
<u>37,960</u>	<u>274,273</u>	<u>236,313</u>
11,495	8,990	2,505
55,104	6,328	48,776
4,138	1,180	2,958
321,741	16,711	305,030
90		90
<u>392,568</u>	<u>33,209</u>	<u>359,359</u>
<u>(354,608)</u>	<u>241,064</u>	<u>595,672</u>
<u>(870,000)</u>		<u>870,000</u>
<u>(870,000)</u>		<u>870,000</u>
<u>(1,224,608)</u>	<u>241,064</u>	<u>1,465,672</u>
1,224,608	1,273,050	48,442
<u>\$</u>	<u>\$ 1,514,114</u>	<u>\$ 1,514,114</u>

Park Development Fee		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
1,306,000	334,048	(971,952)
	59,239	59,239
<u>1,306,000</u>	<u>393,287</u>	<u>(912,713)</u>
3,008,546	1,223,654	1,784,892
<u>3,008,546</u>	<u>1,223,654</u>	<u>1,784,892</u>
<u>(1,702,546)</u>	<u>(830,367)</u>	<u>872,179</u>
<u>(297,454)</u>	<u>(175,454)</u>	<u>122,000</u>
<u>(297,454)</u>	<u>(175,454)</u>	<u>122,000</u>
<u>(2,000,000)</u>	<u>(1,005,821)</u>	<u>994,179</u>
2,000,000	1,923,877	(76,123)
<u>\$</u>	<u>\$ 918,056</u>	<u>\$ 918,056</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, 2007  
 (Continued)**

	<u>Library Development Fee</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Charges for services	400,000	61,936	(338,064)
Fines			
Investment income		4,231	4,231
Contributions			
Other revenues			
<b>Total revenues</b>	<u>400,000</u>	<u>66,167</u>	<u>(333,833)</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Public works			
Culture and recreation	400,000		400,000
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
<b>Total expenditures</b>	<u>400,000</u>		<u>400,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>66,167</u>	<u>66,167</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in			
Proceeds from installment purchase			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>		<u>66,167</u>	<u>66,167</u>
<b>Fund balances, July 1, 2006</b>			
<b>Fund balances (deficits), June 30, 2007</b>	<u>\$</u>	<u>\$ 66,167</u>	<u>\$ 66,167</u>

Police Development Fee		
Budget	Actual	Variance - Positive (Negative)
\$ 378,750	\$ 58,028	\$ (320,722)
	4,231	4,231
<u>378,750</u>	<u>62,259</u>	<u>(316,491)</u>

Infrastructure Development Fee		
Budget	Actual	Variance - Positive (Negative)
\$ 1,531,500	\$ 243,913	\$ (1,287,587)
	16,925	16,925
<u>1,531,500</u>	<u>260,838</u>	<u>(1,270,662)</u>

505,000		505,000
<u>505,000</u>		<u>505,000</u>
<u>(126,250)</u>	<u>62,259</u>	<u>188,509</u>

2,042,000		2,042,000
<u>2,042,000</u>		<u>2,042,000</u>
<u>(510,500)</u>	<u>260,838</u>	<u>771,338</u>

126,250	19,343	(106,907)
<u>126,250</u>	<u>19,343</u>	<u>(106,907)</u>

510,500	81,305	(429,195)
<u>510,500</u>	<u>81,305</u>	<u>(429,195)</u>

	81,602	81,602
--	--------	--------

	342,143	342,143
--	---------	---------

<u>\$</u>	<u>\$ 81,602</u>	<u>\$ 81,602</u>
-----------	------------------	------------------

<u>\$</u>	<u>\$ 342,143</u>	<u>\$ 342,143</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, 2007  
 (Concluded)**

	Fire Development Fee		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Charges for services	330,000	50,630	(279,370)
Fines			
Investment income		4,231	4,231
Contributions			
Other revenues			
<b>Total revenues</b>	<u>330,000</u>	<u>54,861</u>	<u>(275,139)</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety	440,000		440,000
Public works			
Culture and recreation			
Community development			
Debt service -			
Interest and fiscal charges			
Principal			
<b>Total expenditures</b>	<u>440,000</u>		<u>440,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(110,000)</u>	<u>54,861</u>	<u>164,861</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Transfer in	110,000	16,876	(93,124)
Proceeds from installment purchase			
<b>Total other financing sources (uses)</b>	<u>110,000</u>	<u>16,876</u>	<u>(93,124)</u>
<b>Change in fund balances</b>		<u>71,737</u>	<u>71,737</u>
<b>Fund balances, July 1, 2006</b>			
<b>Fund balances (deficits), June 30, 2007</b>	<u>\$</u>	<u>\$ 71,737</u>	<u>\$ 71,737</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 5,582,470	\$ 2,273,353	\$(3,309,117)
4,939,252	1,426,118	(3,513,134)
25,500	25,822	322
	156,559	156,559
37,960	206,571	168,611
	11,629	11,629
<u>10,585,182</u>	<u>4,100,052</u>	<u>(6,485,130)</u>
114,995	99,198	15,797
2,753,628	260,833	2,492,795
7,533,761	3,263,134	4,270,627
4,715,507	2,187,367	2,528,140
542,369	353,440	188,929
89,239	89,239	
<u>112,797</u>	<u>112,797</u>	
<u>15,862,296</u>	<u>6,366,008</u>	<u>9,496,288</u>
<u>(5,277,114)</u>	<u>(2,265,956)</u>	<u>3,011,158</u>
(1,167,454)	(175,454)	992,000
1,984,282	1,331,207	(653,075)
<u>190,000</u>		<u>(190,000)</u>
<u>1,006,828</u>	<u>1,155,753</u>	<u>148,925</u>
<u>(4,270,286)</u>	<u>(1,110,203)</u>	<u>3,160,083</u>
4,270,286	4,054,693	(215,593)
<u>\$</u>	<u>\$ 2,944,490</u>	<u>\$ 2,944,490</u>



## **NON-MAJOR DEBT SERVICE FUND**

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

**Street Improvement Interest and Redemption Fund** - To account for the accumulation of resources and payment of principal and interest on Street and Highway Bonds. Principal and interest on the bonds are payable from and secured by a pledge of and first lien on all highway user tax revenues collected by the State and returned to the City for street and highway purposes.

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

CITY OF SIERRA VISTA  
 COMBINING BALANCE SHEET - NON-MAJOR DEBT  
 SERVICE FUNDS  
 JUNE 30, 2007

		Municipal Property Corporation Interest and Redemption
<b><u>ASSETS</u></b>		
Cash and investments	\$	998,528
Interest receivable		3,203
<b>Total assets</b>		<u>\$ 1,001,731</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Interest payable	\$	448,443
<b>Total liabilities</b>		<u>448,443</u>
Fund balances:		
Unreserved:		
Undesignated		553,288
<b>Total fund balances</b>		<u>553,288</u>
<b>Total liabilities and fund balances</b>	\$	<u>1,001,731</u>

**CITY OF SIERRA VISTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES -  
 NON-MAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2007**

	Street Improvement Interest and Redemption	Municipal Property Corporation Interest and Redemption	Totals
<b>Revenues:</b>			
Investment income	\$	\$ 33,934	\$ 33,934
<b>Total revenues</b>		33,934	33,934
<b>Expenditures:</b>			
Debt service -			
Interest and fiscal charges	60,677	925,664	986,341
Principal	425,000	1,035,000	1,460,000
<b>Total expenditures</b>	485,677	1,960,664	2,446,341
 <b>Excess (deficiency) of revenues over expenditures</b>	 (485,677)	 (1,926,730)	 (2,412,407)
 <b>Other financing sources (uses):</b>			
Transfer in	485,677	1,960,750	2,446,427
<b>Total other financing sources (uses)</b>	485,677	1,960,750	2,446,427
 <b>Change in fund balances</b>	 	 34,020	 34,020
 <b>Fund balances, beginning of year</b>	 	 519,268	 519,268
 <b>Fund balances, end of year</b>	 \$	 \$ 553,288	 \$ 553,288

**CITY OF SIERRA VISTA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2007**

	<u>Street Improvement Interest and Redemption</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues:</b>			
Investment income	\$	\$	\$
<b>Total revenues</b>			
<b>Expenditures:</b>			
Debt service -			
Interest and fiscal charges	61,310	60,677	633
Principal	425,000	425,000	
<b>Total expenditures</b>	<u>486,310</u>	<u>485,677</u>	<u>633</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(486,310)</u>	<u>(485,677)</u>	<u>633</u>
<b>Other financing sources (uses):</b>			
Transfer in	486,310	485,677	(633)
<b>Total other financing sources (uses)</b>	<u>486,310</u>	<u>485,677</u>	<u>(633)</u>
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2006</b>			
<b>Fund balances, June 30, 2007</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Municipal Property Corporation Interest and Redemption			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 16,000	\$ 33,934	\$ 17,934	\$ 16,000	\$ 33,934	\$ 17,934
16,000	33,934	17,934	16,000	33,934	17,934
939,962	925,664	14,298	1,001,272	986,341	14,931
3,375,000	1,035,000	2,340,000	3,800,000	1,460,000	2,340,000
4,314,962	1,960,664	2,354,298	4,801,272	2,446,341	2,354,931
(4,298,962)	(1,926,730)	2,372,232	(4,785,272)	(2,412,407)	2,372,865
4,298,962	1,960,750	(2,338,212)	4,785,272	2,446,427	(2,338,845)
4,298,962	1,960,750	(2,338,212)	4,785,272	2,446,427	(2,338,845)
	34,020	34,020		34,020	34,020
	519,268	519,268		519,268	519,268
\$	\$ 553,288	\$ 553,288	\$	\$ 553,288	\$ 553,288



## **NON-MAJOR CAPITAL PROJECTS FUND**

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

**Environmental Protection Agency Grant Fund** - To account for the Environmental Protection Agency (EPA) grant used to finance construction of the wastewater treatment facilities and improvements thereof. At the time of construction, sewer service was provided by a Special Revenue Fund. This fund remains active pending completion of an audit of the grant by the EPA.

**CITY OF SIERRA VISTA**  
**BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS**  
**FUNDS**  
**JUNE 30, 2007**

	<u>Environmental Protection Agency Grant</u>
<b><u>ASSETS</u></b>	
Cash and investments	<u>\$ 9,739</u>
<b>Total assets</b>	<b><u>\$ 9,739</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
Fund balances:	
Unreserved:	
Undesignated	<u>9,739</u>
<b>Total fund balances</b>	<b><u>9,739</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,739</u></b>

**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, 2007**

	Environmental Protection Agency Grant		
	Budget*	Actual	Variance - Positive (Negative)
Fund balances, June 30, 2006	\$	\$ 9,739	\$ 9,739
Fund balances, June 30, 2007	\$	\$ 9,739	\$ 9,739

\*The Environmental Protection Agency Grant Fund was included in the City's budget, however, the budget was -0-.



## **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 ASSETS - ALL INTERNAL SERVICE FUNDS  
JUNE 30, 2007**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
<b><u>ASSETS</u></b>				
Current assets:				
Cash and investments	\$ 490,407	\$ 113,618	\$ 320,612	\$ 924,637
Accounts receivable	141,316		101	141,417
Interest receivable	1,323			1,323
<b>Total assets</b>	<b>633,046</b>	<b>113,618</b>	<b>320,713</b>	<b>1,067,377</b>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 11,391		\$ 5,742	\$ 17,133
Claims payable	146,399		12,398	158,797
<b>Total liabilities</b>	<b>157,790</b>		<b>18,140</b>	<b>175,930</b>
<b><u>NET ASSETS</u></b>				
Unrestricted	475,256	113,618	302,573	891,447
<b>Total net assets</b>	<b>\$ 475,256</b>	<b>\$ 113,618</b>	<b>\$ 302,573</b>	<b>\$ 891,447</b>

**CITY OF SIERRA VISTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
 ALL INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Totals
<b>Operating revenues:</b>				
Contributions	\$2,988,644	\$	\$	\$2,988,644
Other revenues	679,005		97,207	776,212
<b>Total operating revenues</b>	<u>3,667,649</u>		<u>97,207</u>	<u>3,764,856</u>
<b>Operating expenses:</b>				
Operations and maintenance	166,355			166,355
Benefits paid	2,845,292	7,783	70,279	2,923,354
Premiums paid	554,015			554,015
<b>Total operating expenses</b>	<u>3,565,662</u>	<u>7,783</u>	<u>70,279</u>	<u>3,643,724</u>
<b>Operating income (loss)</b>	<u>101,987</u>	<u>(7,783)</u>	<u>26,928</u>	<u>121,132</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income	17,518			17,518
<b>Total nonoperating revenues (expenses)</b>	<u>17,518</u>			<u>17,518</u>
<b>Change in net assets</b>	<u>119,505</u>	<u>(7,783)</u>	<u>26,928</u>	<u>138,650</u>
<b>Total net assets, beginning of year</b>	355,751	121,401	275,645	752,797
<b>Total net assets, end of year</b>	<u>\$ 475,256</u>	<u>\$ 113,618</u>	<u>\$ 302,573</u>	<u>\$ 891,447</u>

**CITY OF SIERRA VISTA  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	Health and Accident Insurance	Unemployment Insurance	Self-Insured Retention	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>				
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 2,988,644	\$	\$	\$ 2,988,644
Cash paid to suppliers for goods and services	(3,820,157)	(7,783)	(72,151)	(3,900,091)
Other operating receipts	808,556		97,207	905,763
<b>Net cash provided by (used for) operating activities</b>	<b>(22,957)</b>	<b>(7,783)</b>	<b>25,056</b>	<b>(5,684)</b>
<b>Cash flows from investing activities:</b>				
Interest income	17,134			17,134
<b>Net cash provided by investing activities</b>	<b>17,134</b>			<b>17,134</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,823)</b>	<b>(7,783)</b>	<b>25,056</b>	<b>11,450</b>
<b>Cash and cash equivalents, July 1, 2006</b>	<b>496,230</b>	<b>121,401</b>	<b>295,556</b>	<b>913,187</b>
<b>Cash and cash equivalents, June 30, 2007</b>	<b>\$ 490,407</b>	<b>\$ 113,618</b>	<b>\$ 320,612</b>	<b>\$ 924,637</b>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>				
<b>Operating income (loss)</b>	<b>\$ 101,987</b>	<b>\$ (7,783)</b>	<b>\$ 26,928</b>	<b>\$ 121,132</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
Decrease (increase) in gross accounts receivable	129,551			129,551
Increase (decrease) in operating portion of accounts payable/claims payable	(254,495)		(1,872)	(256,367)
<b>Total adjustments</b>	<b>(124,944)</b>		<b>(1,872)</b>	<b>(126,816)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (22,957)</b>	<b>\$ (7,783)</b>	<b>\$ 25,056</b>	<b>(5,684)</b>

## **AGENCY FUNDS**

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

**Bid Plan Deposit Fund** - To account for deposits paid by developers.

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

**Upper San Pedro Partnership 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 NON-MAJOR AGENCY FUNDS**  
**JUNE 30, 2007**

	Customer Deposits	Bid Plan Deposits	Partnership Deposits	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 391,517	\$ 4,036	\$ 1,046,519	\$ 1,442,072
Accounts receivable		1,294	468,884	470,178
<b>Total assets</b>	<b>\$ 391,517</b>	<b>\$ 5,330</b>	<b>\$ 1,515,403</b>	<b>\$ 1,912,250</b>
<b><u>LIABILITIES</u></b>				
Accounts payable			70,691	70,691
Customer deposits	391,517	5,330	1,444,712	1,841,559
<b>Total liabilities</b>	<b>\$ 391,517</b>	<b>\$ 5,330</b>	<b>\$ 1,515,403</b>	<b>\$ 1,912,250</b>

STATISTICAL SECTION



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 Assets by Component**  
**From Implementation of GASB 34 to Present**  
(accrual basis of accounting)

	Fiscal year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 6,793,621	\$ 11,553,873	\$ 19,982,512
Restricted	453,595	804,687	914,956
Unrestricted	1,855,305	3,242,842	7,093,591
Total governmental activities net assets	<u>\$ 9,102,521</u>	<u>\$ 15,601,402</u>	<u>\$ 27,991,059</u>
Business-type activities			
Invested in capital assets, net of related debt	23,594,201	25,310,978	26,767,719
Unrestricted	949,803	(174,344)	45,138
Total business-type activities net assets	<u>\$ 24,544,004</u>	<u>\$ 25,136,634</u>	<u>\$ 26,812,857</u>
Primary government			
Invested in capital assets, net of related debt	\$ 30,387,822	\$ 36,864,851	\$ 46,750,231
Restricted	453,595	804,687	914,956
Unrestricted	2,805,108	3,068,498	7,138,729
Total primary government	<u>\$ 33,646,525</u>	<u>\$ 40,738,036</u>	<u>\$ 54,803,916</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>2006</u>	<u>2007</u>
\$ 65,756,390	\$ 79,561,766
1,792,318	2,067,402
<u>7,273,386</u>	<u>7,170,997</u>
<u>\$ 74,822,094</u>	<u>\$ 88,800,165</u>

28,244,714	29,809,478
<u>(216,080)</u>	<u>(751,405)</u>
<u>\$ 28,028,634</u>	<u>\$ 29,058,073</u>

\$ 94,001,104	\$109,371,244
1,792,318	2,067,402
<u>7,057,306</u>	<u>6,419,592</u>
<u>\$102,850,728</u>	<u>\$117,858,238</u>

**City of Sierra Vista**  
**Changes in Net Assets**  
**From Implementation of GASB 34 to Present**  
(accrual basis of accounting)

	Fiscal year		
	2003	2004	2005
<b>Expenses</b>			
<b>Governmental activities:</b>			
General government	\$ 3,933,889	\$ 3,936,506	\$ 3,641,890
Public safety	8,791,663	9,248,725	9,139,901
Public works	5,335,451	6,292,337	7,826,133
Culture and recreation	5,168,198	5,010,529	5,042,422
Community development	1,494,034	1,757,003	1,430,891
Interest and fiscal charges	1,873,674	1,697,165	1,543,319
<b>Total governmental activities expenses</b>	<b>28,596,909</b>	<b>27,942,265</b>	<b>28,624,556</b>
<b>Business-type activities:</b>			
Sewer	3,245,521	3,312,060	3,177,892
Refuse	2,622,419	2,790,496	3,014,916
<b>Total business-type activities expenses</b>	<b>5,867,940</b>	<b>6,102,556</b>	<b>6,192,808</b>
<b>Total primary government expenses</b>	<b>\$ 32,464,849</b>	<b>\$ 34,044,821</b>	<b>\$ 34,817,364</b>
<b>Program Revenues</b>			
<b>Governmental activities:</b>			
<b>Charges for services:</b>			
General government	\$ 280,599	\$ 225,819	\$ 229,576
Public safety	1,071,888	1,014,257	1,018,432
Public works	1,061,896	784,069	1,611,282
Culture and recreation	1,109,571	1,097,245	1,139,119
Community development	862,375	1,507,509	2,252,846
Operating grants and contributions	1,341,131	1,806,564	924,929
Capital grants and contributions	3,751,565	3,689,737	6,794,810
<b>Total governmental activities program revenues</b>	<b>9,478,025</b>	<b>10,125,200</b>	<b>13,970,994</b>
<b>Business-type activities:</b>			
<b>Charges for services:</b>			
Sewer	2,605,091	2,968,708	3,307,419
Refuse	2,544,528	3,261,082	3,627,891
Capital grants and contributions	1,233,413	668,328	1,096,013
<b>Total business-type activities program revenues</b>	<b>6,383,032</b>	<b>6,898,118</b>	<b>8,031,323</b>
<b>Total primary government program revenues</b>	<b>\$ 15,862,057</b>	<b>\$ 17,023,318</b>	<b>\$ 22,002,317</b>
<b>Net (Expense)/Revenue</b>			
<b>Governmental activities</b>	<b>\$ (17,117,884)</b>	<b>\$ (17,817,065)</b>	<b>\$ (14,653,562)</b>
<b>Business-type activities</b>	<b>515,092</b>	<b>795,562</b>	<b>1,838,515</b>
<b>Total primary government net expense</b>	<b>\$ (16,602,792)</b>	<b>\$ (17,021,503)</b>	<b>\$ (12,815,047)</b>
<b>General Revenues and Other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
<b>Taxes:</b>			
Property taxes	\$ 12,166	\$ 246,863	\$ 281,765
Sales taxes	10,474,439	11,940,464	13,472,588
Franchise taxes	265,155	289,531	404,240
State shared revenues	11,884,355	11,574,481	12,268,381
Investment income	29,514	(17,954)	95,580
Other revenues	108,418	112,674	351,291
Transfers	223,867	169,887	169,374
<b>Total governmental activities</b>	<b>22,997,914</b>	<b>24,315,946</b>	<b>27,043,219</b>
<b>Business-type activities:</b>			
Investment income	16,192	(33,045)	7,082
Transfers	(339,122)	(169,887)	(169,374)
<b>Total business-type activities</b>	<b>(322,930)</b>	<b>(202,932)</b>	<b>(162,292)</b>
<b>Total primary government</b>	<b>\$ 22,674,984</b>	<b>\$ 24,113,014</b>	<b>\$ 26,880,927</b>
<b>Change in Net Assets</b>			
<b>Governmental activities</b>	<b>\$ 5,880,030</b>	<b>\$ 6,498,881</b>	<b>\$ 12,389,657</b>
<b>Business-type activities</b>	<b>192,162</b>	<b>592,630</b>	<b>1,676,223</b>
<b>Total primary government</b>	<b>\$ 6,072,192</b>	<b>\$ 7,091,511</b>	<b>\$ 14,065,880</b>

Source: City of Sierra Vista

	<u>2006</u>	<u>2007</u>
\$	5,410,627	\$ 5,674,130
	9,642,075	11,404,231
	11,494,632	11,114,468
	5,651,213	6,186,719
	1,565,209	1,309,034
	<u>1,410,338</u>	<u>1,145,314</u>
	<u>35,174,094</u>	<u>36,833,896</u>
	3,272,135	3,558,063
	<u>3,279,250</u>	<u>3,597,034</u>
	<u>6,551,385</u>	<u>7,155,097</u>
\$	<u>41,725,479</u>	\$ <u>43,988,993</u>

\$	248,797	\$ 261,907
	1,110,743	1,191,123
	2,212,506	2,129,322
	1,301,172	1,658,455
	2,128,351	1,155,139
	901,037	1,148,016
	<u>8,918,625</u>	<u>9,070,377</u>
	<u>16,821,231</u>	<u>16,614,336</u>

	3,161,055	3,069,160
	3,833,817	3,962,942
	<u>772,290</u>	<u>1,118,437</u>
	<u>7,767,162</u>	<u>8,150,539</u>
\$	<u>24,586,393</u>	\$ <u>24,784,877</u>

\$	(18,352,863)	\$ (20,219,558)
	<u>1,215,777</u>	<u>995,442</u>
\$	<u>(17,137,086)</u>	\$ <u>(19,224,116)</u>

\$	299,347	\$ 332,244
	14,734,321	17,364,207
	293,997	312,137
	13,685,090	15,425,650
	371,579	452,530
	463,349	310,861
	<u>29,867,683</u>	<u>34,197,629</u>

		33,997
		<u>33,997</u>
\$	<u>29,867,683</u>	\$ <u>34,231,626</u>

\$	11,514,820	\$ 13,978,071
	<u>1,215,777</u>	<u>1,029,439</u>
\$	<u>12,730,597</u>	\$ <u>15,007,510</u>

**City of Sierra Vista**  
**Fund Balances, Governmental Funds**  
**From Implementation of GASB 34 to Present**  
(modified accrual basis of accounting)

	Fiscal year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund			
Unreserved	\$ 2,336,903	\$ 2,448,531	\$ 2,717,700
Total governmental activities net assets	<u>\$ 2,336,903</u>	<u>\$ 2,448,531</u>	<u>\$ 2,717,700</u>
All Other Governmental Funds			
Unreserved, reported in:			
Special revenue funds	526,654	1,481,117	3,326,689
Capital projects funds	(5,293)	332,436	1,948,249
Debt service funds	199,354	538,693	596,085
Total all other governmental funds	<u>720,715</u>	<u>2,352,246</u>	<u>5,871,023</u>
Total all governmental funds	<u>\$ 3,057,618</u>	<u>\$ 4,800,777</u>	<u>\$ 8,588,723</u>

Source: City of Sierra Vista

<u>2006</u>	<u>2007</u>
<u>\$ 2,808,600</u>	<u>\$ 3,178,722</u>
<u>\$ 2,808,600</u>	<u>\$ 3,178,722</u>

5,363,088	4,332,400
924,206	1,809,493
<u>519,268</u>	<u>553,288</u>
<u>6,806,562</u>	<u>6,695,181</u>
<u>\$ 9,615,162</u>	<u>\$ 9,873,903</u>

**City of Sierra Vista**  
**Changes in Fund Balances, Governmental Funds**  
**From Implementation of GASB 34 to Present**  
(modified accrual basis of accounting)

	Fiscal year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues:</b>			
Taxes	\$10,751,760	\$12,476,858	\$14,158,593
Licenses and permits	881,762	1,062,140	1,298,084
Intergovernmental	13,677,005	14,629,258	15,517,628
Charges for services	3,476,554	3,538,075	4,925,281
Fines	28,013	28,684	27,890
Investment income	29,514	(17,954)	95,580
Contributions	86,647	78,025	689,860
Other revenues	108,418	113,821	351,291
<b>Total revenues</b>	<u>29,039,673</u>	<u>31,908,907</u>	<u>37,064,207</u>
<b>Expenditures:</b>			
General government	3,726,239	3,683,962	4,200,959
Public safety	8,265,006	8,665,594	9,093,290
Public works	5,939,083	6,403,005	7,804,388
Culture and recreation	4,866,337	4,362,675	5,035,337
Community development	1,473,174	2,057,947	1,412,152
Capital outlay	1,101,856	50,170	1,290,560
Debt service -			
Interest and fiscal charges	1,873,674	1,697,165	1,543,319
Principal	4,441,061	3,561,490	3,655,247
<b>Total expenditures</b>	<u>31,686,430</u>	<u>30,482,008</u>	<u>34,035,252</u>
Excess (deficiency) of revenues over expenditures	(2,646,757)	1,426,899	3,028,955
<b>Other financing sources (uses):</b>			
Transfers out	(3,837,229)	(4,578,341)	(5,804,889)
Transfer in	4,176,351	4,648,228	5,974,263
Proceeds from installment purchase	1,131,498	246,373	589,617
<b>Total other financing sources (uses)</b>	<u>1,470,620</u>	<u>316,260</u>	<u>758,991</u>
<b>Net Change in fund balances</b>	<u>\$ (1,176,137)</u>	<u>\$ 1,743,159</u>	<u>\$ 3,787,946</u>
Debt service as a percentage of noncapital expenditures	21.8%	18.4%	17.5%
Source: City of Sierra Vista			

<u>2006</u>	<u>2007</u>
\$15,327,665	\$18,008,588
1,409,809	1,222,792
19,965,160	19,824,836
5,564,586	5,147,332
27,174	25,822
371,579	452,530
990,829	236,509
483,349	310,861
<u>44,140,151</u>	<u>45,229,270</u>

5,576,091	6,022,584
9,998,321	11,292,687
14,220,495	15,126,255
5,349,117	6,783,492
1,564,828	1,610,196
180,393	2,115,900

1,410,338	1,145,314
6,976,529	2,237,375
<u>45,276,112</u>	<u>46,333,803</u>

(1,135,961)	(1,104,533)
-------------	-------------

(8,742,545)	(3,827,229)
8,742,545	3,827,229
2,162,400	1,363,274
<u>2,162,400</u>	<u>1,363,274</u>

<u>\$ 1,026,439</u>	<u>\$ 258,741</u>
---------------------	-------------------

22.3%

10.2%

**City of Sierra Vista**  
**Sales Tax by Category**  
**From Implementation of GASB 34 to Present**  
(modified accrual basis of accounting)

<b>Business Category</b>	<b>Fiscal year</b>				
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Communications & utilities	\$ 1,002,499	\$ 897,179	\$ 1,142,474	\$ 1,218,312	\$ 1,512,693
Transportation & warehousing		9,591	16,219	9,800	7,743
Construction	1,333,373	1,391,544	1,456,909	1,566,609	1,611,591
Manufacturing		152,000	326,893	363,851	373,629
Wholesale trade	408,170	341,008	334,578	267,573	363,217
Retail trade	5,889,789	6,694,076	7,256,956	7,840,095	9,289,617
Finance & insurance		697	10,347	9,196	8,111
Real estate, rental & leasing	37,976	73,822	309,018	768,570	1,107,951
Restaurant & bar	723,349	1,048,865	1,406,899	1,443,555	1,668,730
Accommodation	557,483	628,564	739,267	843,832	906,606
Services	427,349	451,691	333,107	339,806	363,624
Arts & entertainment		5,940	16,620	18,401	19,352
Other	94,451	245,487	123,301	44,721	131,343
<b>Total</b>	<b><u>\$ 10,474,439</u></b>	<b><u>\$ 11,940,464</u></b>	<b><u>\$ 13,472,588</u></b>	<b><u>\$ 14,734,321</u></b>	<b><u>\$ 17,364,207</u></b>

Source:

Arizona Department of Revenue

Notes:

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

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

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

**City of Sierra Vista**  
**Direct and Overlapping Sales Tax Rates, Retail Category**  
**From Implementation of GASB 34 to Present**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>County Rate</u>	<u>State Rate</u>	<u>Total Rate</u>
2003	1.50%	0.50%	5.60%	7.60%
2004	1.60%	0.50%	5.60%	7.70%
2005	1.60%	0.50%	5.60%	7.70%
2006	1.60%	0.50%	5.60%	7.70%
2007	1.75%	0.50%	5.60%	7.85%

Source: City of Sierra Vista, Arizona Department of Revenue

**City of Sierra Vista  
Pledged-Revenue Coverage  
From Implementation of GASB 34 to Present**

MPC Revenue Bonds

Fiscal Year	Pledged Revenues	Principal	Interest	Coverage
2003	\$ 18,272,100	930,000	1,250,756	
2004	19,813,691	980,000	1,208,265	8.35
2005	22,178,395	1,070,000	1,162,234	8.88
2006	24,713,649	1,180,000	1,111,174	9.68
2007	28,233,562	1,035,000	919,761	12.64
2008		1,085,000	872,796	14.42

Source: City of Sierra Vista

HURF Revenue Bonds

---

<u>Pledged Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
3,102,464	360,000	126,380	
3,261,782	375,000	111,260	6.38
3,349,718	390,000	95,510	6.72
3,575,047	410,000	78,350	6.86
3,926,406	425,000	60,310	7.37
	445,000	41,185	8.08

**City of Sierra Vista**  
**Legal Debt Margin and Overlapping Debt Information**  
**From Implementation of GASB 34 to Present**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Estimated Property Value	\$ 1,395,648,591	\$ 1,546,196,174	\$ 1,724,252,784
<b>Assessed Property Value</b>	<b>\$ 171,793,676</b>	<b>\$ 187,168,466</b>	<b>\$ 207,357,918</b>
<b><u>Debt Limits</u></b>			
Legal Debt Limit - 20% Bonds	\$ 34,358,735	\$ 37,433,693	\$ 41,471,584
Amount of Debt applicable to debt limit	-	-	-
Legal Debt Margin - 20% Bonds	\$ 34,358,735	\$ 37,433,693	\$ 41,471,584
Legal Debt Limit - 6% Bonds	\$ 10,307,621	\$ 11,230,108	\$ 12,441,475
Amount of Debt applicable to debt limit	-	-	-
Legal Debt Margin - 6% Bonds	\$ 10,307,621	\$ 11,230,108	\$ 12,441,475
<b><u>Overlapping Debt</u></b>			
Jurisdiction:			
City of Sierra Vista	None	None	None
Sierra Vista Public Schools	\$ 16,885,970	\$ 16,774,186	\$ 14,435,399
Cochise College	None	None	None
Cochise County	None	None	None
State of Arizona	None	None	None
<b>Total</b>	<b>\$ 16,885,970</b>	<b>\$ 16,774,186</b>	<b>\$ 14,435,399</b>

Sources:

Estimated property value from Arizona Department of Revenue  
Assessed Property Value from Cochise County Assessor's Office

<u>2006</u>	<u>2007</u>
\$1,947,919,483	\$ 2,227,541,540
\$ 231,595,905	\$ 262,607,669
\$ 46,319,181	\$ 52,521,534
-	-
<hr/>	<hr/>
\$ 46,319,181	\$ 52,521,534
\$ 13,895,754	\$ 15,756,460
-	-
<hr/>	<hr/>
\$ 13,895,754	\$ 15,756,460

	None		None
\$	12,190,827	\$	9,359,366
	None		None
	None		None
	None		None
<hr/>		<hr/>	
\$	12,190,827	\$	9,359,366

**City of Sierra Vista**  
**Ratios of Outstanding Debt by Type**  
**From Implementation of GASB 34 to Present**

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Per</u> <u>Capita</u>	<u>Percentage of</u> <u>per Capita</u> <u>Income</u>
	<u>Revenue</u> <u>Bonds</u>	<u>Notes</u> <u>Payable</u>	<u>Notes</u> <u>Payable</u>			
2003	\$28,984,450	\$7,028,669	\$3,843,039	\$39,856,158	\$ 986	N/A
2004	27,239,166	5,458,836	3,008,414	35,706,416	834	3.8%
2005	25,370,254	4,262,118	2,246,312	31,878,684	730	3.1%
2006	20,790,000	4,028,243	1,816,883	26,635,126	594	2.6%
2007	19,330,000	4,614,142	1,578,213	25,522,355	552	N/A

**Note:** Details of the City's outstanding debt can be found in the notes to the financial statements

**City of Sierra Vista**  
**Demographic and Economic Statistics**  
**From Implementation of GASB 34 to Present**

<u>Fiscal Year</u>	<u>Population</u>	per Capita <u>Income</u>	<u>Unemployment Rate</u>		
			<u>City</u>	<u>County</u>	<u>State</u>
2003	40,430	N/A	3.40%	5.70%	5.70%
2004	42,805	\$ 22,105	3.00%	5.00%	5.00%
2005	43,690	23,278	2.90%	4.80%	4.70%
2006	44,870	22,812	2.70%	4.50%	4.10%
2007	46,200	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

**City of Sierra Vista  
Principal Employers  
Current year and First Year of GASB 34 Implementation**

Employer	2006			2003	
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank
Fort Huachuca	13,098	1	73.4%	11,097	1
Sierra Vista School District	1,065	2	6.0%	798	2
Sierra Vista Regional Health Center	643	3	3.6%	610	3
Northrop Grumman Corp	565	4	3.2%		
Aegis	557	5	3.1%	592	4
City of Sierra Vista	401	6	2.2%	404	5
New Mexico Technology Group, LLC	254	7	1.4%		
Lawley Automotive	223	8	1.2%	240	9
KE&G Construction	210	9	1.2%		
Ilex	174	10	1.0%	187	10
Cochise College				384	6
Wal-mart				350	7
New Tech				257	8

Source: Cochise College Center for Economic Research

**Notes:**

Wal-mart no longer provides employment numbers to the Center for Economic Research. Therefore, the Center is not including them on their employer list anymore.

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

**City of Sierra Vista**  
**Approved Full-Time Positions**  
**From Implementation of GASB 34 to Present**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government					
City Manager	21	21	22	22	23
Administrative Services	27	27	27	28	29
Court and Legal	1	1	1	1	1
Public Safety					
Police	92	92	92	93	98
Fire	38	38	38	38	52
Public Works					
Public Works	45	45	46	44	46
Streets and Traffic	12	12	12	12	13
Airport	-	-	1	1	1
Transit	9	9	9	9	9
Sewer	12	12	12	12	12
Refuse	11	11	11	13	13
Culture and Recreation					
Parks and Leisure	37	37	38	43	44
Library	8	8	8	8	8
Community Development	16	16	16	18	18
	<u>329</u>	<u>329</u>	<u>333</u>	<u>342</u>	<u>367</u>

**City of Sierra Vista**  
**Operating Indicators by Function/Program**  
**From Implementation of GASB 34 to Present**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Police</b>					
UCR Part 1 clearance rate	38.0%	34.9%	32.4%	29.3%	27.9%
UCR Part 1 recovery rate	68.0%	61.1%	68.5%	67.9%	59.7%
Traffic Citations	4,731	3,849	5,281	7,419	N/A
Animals adopted	780	782	801	716	663
<b>Fire</b>					
Emergency calls for service	3,892	4,096	4,316	4,848	4,892
Non-emergency calls for service	2,499	2,627	2,734	2,850	2,697
<b>Refuse</b>					
Tons of refuse collected per year	20,862	21,905	23,000	23,500	24,000
<b>Traffic</b>					
Square yards of pavement crack sealed	663,530	275,864	250,000	400,000	300,000
Lane miles of streets swept	380	386	389	560	560
<b>Parks and Leisure Services</b>					
Number of program participants	255,300	275,005	286,940	295,548	304,000
<b>Sewer</b>					
Acre-feet of effluent treated per year	2,600	3,100	2,900	3,200	4,200
<b>Transit</b>					
Number of riders	115,920	120,000	108,184	97,044	109,241

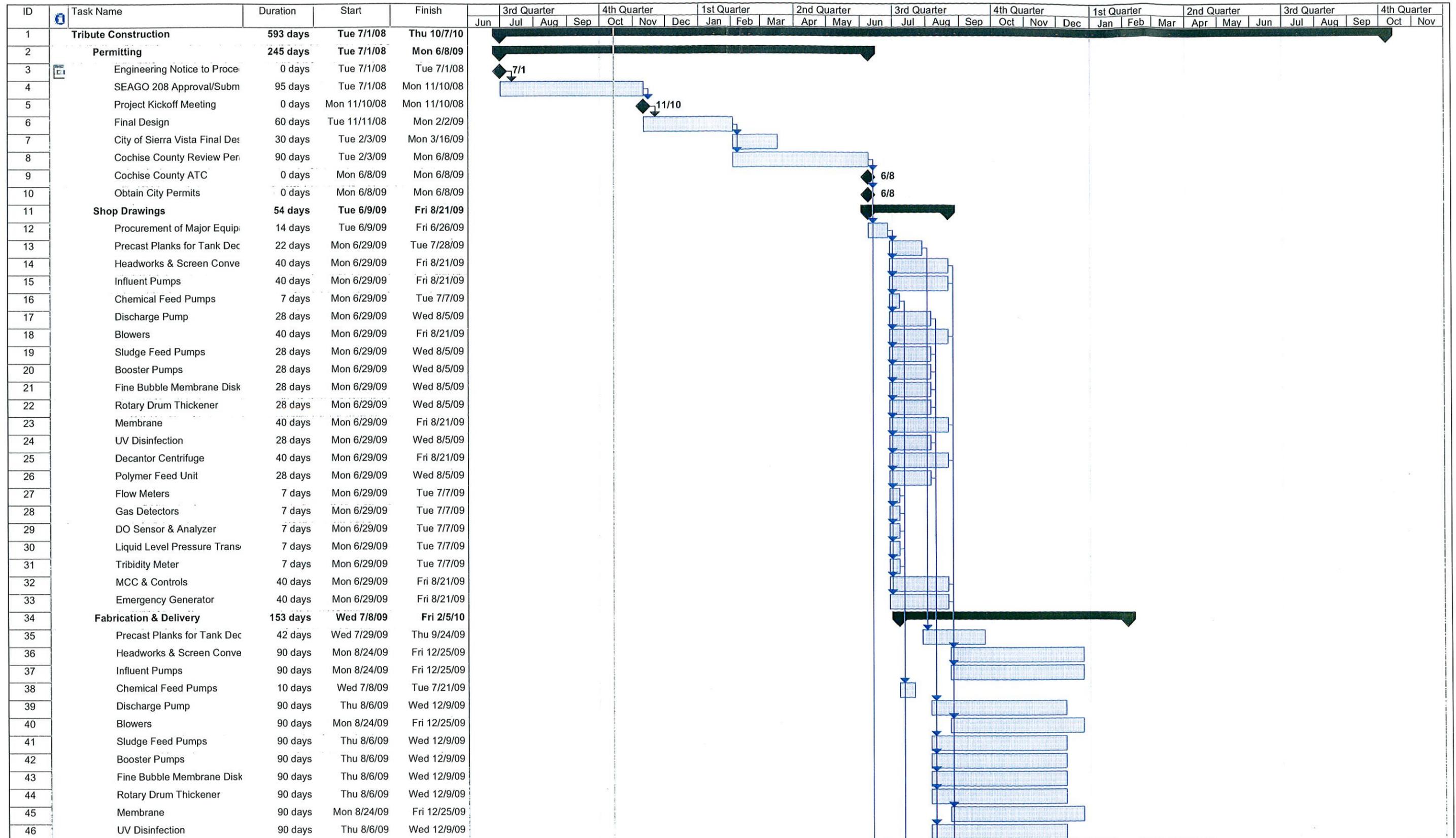
**City of Sierra Vista  
Capital Asset Statistics by Function/Program  
From Implementation of GASB 34 to Present**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Refuse					
Refuse trucks	9	9	11	13	14
Parks and Leisure Services					
Acres of developed parkland	106	106	106	106	115
Number of baseball/softball diamonds	6	6	6	6	6
Number of multi-use sports complexes	2	2	2	2	2
Library					
Libraries	1	1	1	1	1
Sewer					
Plant capacity (acre feet per year)	4,500	4,500	4,500	4,500	4,500
Transit					
Buses	8	9	10	9	12

(This page intentionally left blank)



**Appendix C – Tribute WRF Construction Schedule**



Project: Tribute Construcion Schedule  
Date: Tue 10/14/08









**Appendix D – MBR Process**

# BioWin User and Configuration Data

## Project Description

<b>Project Name:</b>	<b>City of Sierra Vista Tribute WRF</b>	
<b>Project Location:</b>	<b>Sierra Vista, AZ</b>	
<b>Proposal Number:</b>	<b>052708-1-TEN-R0</b>	
<b>Owner:</b>	<b>City of Sierra Vista</b>	
<b>Engineer:</b>	<b>PACE</b>	
<b>UNR Level</b>	<b>1</b>	<b>Choose between 1,2 or 3</b>
<b>MMF</b>	<b>0.500</b>	<b>MGD</b>
<b>PDF</b>	<b>0.500</b>	<b>MGD</b>

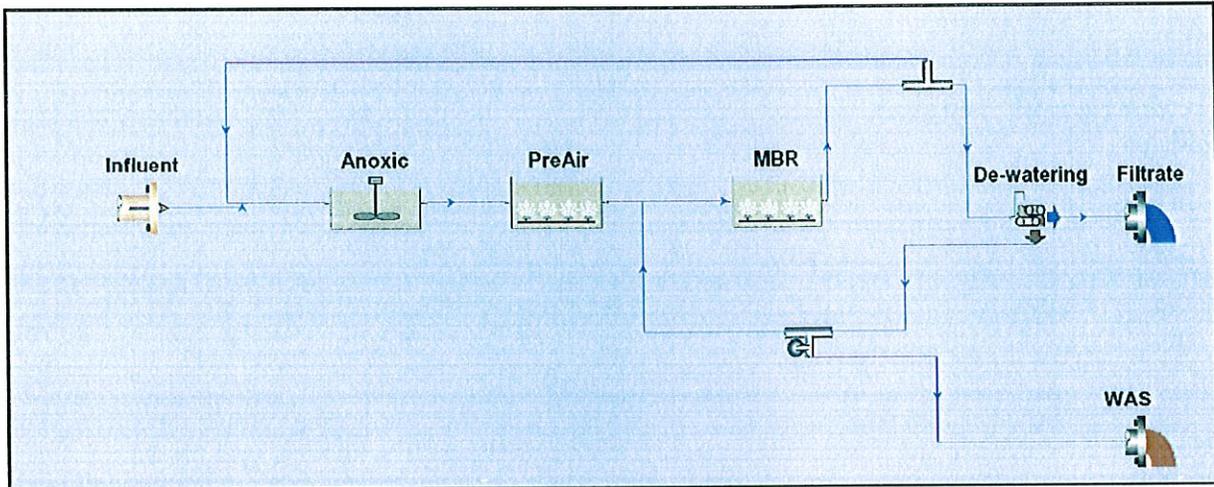
**Table 1: Waste Stream Profile at Design Loading**

<b>PARAMETER</b>	<b>CONC.</b>	<b>UNIT</b>	<b>LOAD</b>	<b>UNIT</b>
CBOD5:	<b>280</b>	mg/L	1,167.6	lb/day
TSS:	<b>250</b>	mg/L	1,042.5	lb/day
TKN:	<b>45</b>	mg/L	187.7	lb/day
NH3:	<b>32</b>	mg/L	133.4	lb/day
NO3:	<b>0</b>	mg/L	0.0	lb/day
TN:	<b>45</b>	mg/L	187.7	lb/day
Total -P:	<b>6</b>	mg/L	25.0	lb/day
Alkalinity	<b>120</b>	mg/L	500.4	lb/day

**Table 2: Permit Limits**

<b>PARAMETER</b>	<b>CONC.</b>	<b>UNIT</b>	<b>LOAD</b>	<b>UNIT</b>
CBOD5:	<b>10</b>	mg/L	41.7	lb/day
TSS:	<b>10</b>	mg/L	41.7	lb/day
TKN:	<b>3</b>	mg/L	12.5	lb/day
NH3:	<b>1</b>	mg/L	4.2	lb/day
NO3:	<b>7</b>	mg/L	29.2	lb/day
TN	<b>10</b>	mg/L	41.7	lb/day
Total -P:	<b>6</b>	mg/L	25.0	lb/day
Alkalinity	<b>75</b>	mg/L	312.8	lb/day

## Flowsheet



IR/RAS recycle rate is 6Q from MBR to Anoxic. Alkalinity required in the influent is 300ppm.

### Steady state solution

Target SRT: 19

Temperature: 16.0

MLSS : 10,000 mg/L

## Configuration information for all Bioreactor units

### Physical data

Element name	Volume [Mil. Gal]	Area [ft2]	Depth [ft]	# of diffusers
Anoxic	0.062	828.8195	10	Un-aerated
Pre-Air	0.082	730.7871	15	132
MBR	0.051	486.9792	14	26

### Operating data Average (flow/time weighted as required)

Element name	Average DO Setpoint [mg/L]
Anoxic	0
Pre-Air	2

Element name	Average Air supply rate [ft3/min (20C, 1 atm)]
MBR	600

## BioWin Album

### Album page – Filtrate

Parameters	Conc. (mg/L)	Mass rate (lb/d)	Notes
Volatile suspended solids	0	0.01	
Total suspended solids	0	0.01	
Particulate COD	0	0.01	
Filtered COD	30.57	125.31	
Total COD	30.57	125.32	
Soluble PO4-P	1.1	4.5	
Total P	1.1	4.5	
Filtered TKN	2.21	9.07	
Particulate TKN	0	0	
Total Kjeldahl Nitrogen	2.21	9.07	
Filtered Carbonaceous BOD	0.96	3.93	
Total Carbonaceous BOD	0.96	3.94	
Nitrite + Nitrate	4.62	18.93	
Total N	6.83	28	
Total inorganic N	4.78	19.6	
Alkalinity	3.62	6.74	mmol/L and kmol/d
pH	6.9		
Volatile fatty acids	0	0	
Total precipitated solids	0	0	
Total inorganic suspended solids	0	0	
Ammonia N	0.16	0.67	
Nitrate N	4.57	18.72	

### Album page - Anoxic

Parameters	Conc. (mg/L)	Mass rate (lb/d)	Notes
Volatile suspended solids	5765.34	168399.33	
Total suspended solids	8663.69	253056.89	
Particulate COD	8590.83	250928.85	
Filtered COD	36.23	1058.14	
Total COD	8627.06	251987	
Soluble PO4-P	3.09	90.29	
Total P	230.38	6729.29	
Filtered TKN	7.07	206.45	
Particulate TKN	467.38	13651.64	
Total Kjeldahl Nitrogen	474.45	13858.09	
Filtered Carbonaceous BOD	3.01	87.79	
Total Carbonaceous BOD	1831.3	53490.31	
Nitrite + Nitrate	0.17	4.88	
Total N	474.61	13862.97	
Total inorganic N	5.36	156.52	
Alkalinity	4.3	56.94	mmol/L and kmol/d

pH	6.98		
Volatile fatty acids	1.05	30.59	
Total precipitated solids	0	0	
Total inorganic suspended solids	2898.35	84657.57	
Ammonia N	5.19	151.63	
Nitrate N	0.11	3.28	

Parameters	Value	Units	
Hydraulic residence time	0.4	hours	
Flow	3.5	mgd	
MLSS	8663.69	mg/L	
Total solids mass	4482.72	lb	
Total readily biodegradable COD	3.74	mg/L	
Total oxygen uptake rate	2.52	mgO <sub>2</sub> /L/hr	
Carbonaceous OUR	2.31	mgO <sub>2</sub> /L/hr	
Nitrogenous OUR	0.2	mgO <sub>2</sub> /L/hr	
Net. ammonia removal rate	-1.9	mgN/L/hr	
Nitrate production rate	0.01	mgN/L/hr	
Nitrite production rate	9.01	mgN/L/hr	
Nitrate removal rate	8.96	mgN/L/hr	
Nitrite removal rate	8.98	mgN/L/hr	
Net. nitrate production rate	-8.94	mgN/L/hr	
Net. nitrite production rate	0.03	mgN/L/hr	
Dissolved N <sub>2</sub> gas production rate	8.97	mgN/L/hr	
Spec. dissolved N <sub>2</sub> gas production rate per VSS	1.55	mgN/gVSS/hr	
Spec. dissolved N <sub>2</sub> gas production per VASS	4.22	mgN/gVASS/hr	
OTE	100	%	
OTR	0	lb/hr	
SOTE	100	%	
SOTR	0	lb/hr	
Air supply rate	0	ft <sup>3</sup> /min (20C, 1 atm)	
Air flow rate / diffuser	0	ft <sup>3</sup> /min (20C, 1 atm)	
# of diffusers	0		
Off gas flow rate (dry)	0.6	ft <sup>3</sup> /min	
Oxygen content	0	%	
Carbon dioxide content	66.22	%	
Ammonia content	0.01	%	
Actual DO sat. conc.	9.06	mg/L	

## Album page - Pre-Air

Parameters	Conc. (mg/L)	Mass rate (lb/d)	Notes
Volatile suspended solids	5754.92	168095.08	
Total suspended solids	8657.77	252883.99	
Particulate COD	8572.82	250402.72	
Filtered COD	30.92	903.18	
Total COD	8603.74	251305.89	
Soluble PO4-P	1.8	52.46	
Total P	230.38	6729.29	
Filtered TKN	3	87.52	
Particulate TKN	467.61	13658.49	
Total Kjeldahl Nitrogen	470.61	13746.01	
Filtered Carbonaceous BOD	1.09	31.86	
Total Carbonaceous BOD	1818.76	53123.93	
Nitrite + Nitrate	3.87	113.16	
Total N	474.48	13859.16	
Total inorganic N	4.86	141.82	
Alkalinity	3.74	49.51	mmol/L and kmol/d
pH	6.92		
Volatile fatty acids	0.02	0.45	
Total precipitated solids	0	0	
Total inorganic suspended solids	2902.84	84788.91	
Ammonia N	0.98	28.66	
Nitrate N	3.62	105.69	

Parameters	Value	Units	
Hydraulic residence time	0.6	hours	
Flow	3.5	mgd	
MLSS	8657.77	mg/L	
Total solids mass	5924.71	lb	
Total readily biodegradable COD	1.53	mg/L	
Total oxygen uptake rate	66.77	mgO/L/hr	
Carbonaceous OUR	37.56	mgO/L/hr	
Nitrogenous OUR	29.21	mgO/L/hr	
Net. ammonia removal rate	7.49	mgN/L/hr	
Nitrate production rate	6.49	mgN/L/hr	
Nitrite production rate	7.08	mgN/L/hr	
Nitrate removal rate	0.25	mgN/L/hr	
Nitrite removal rate	6.72	mgN/L/hr	
Net. nitrate production rate	6.24	mgN/L/hr	
Net. nitrite production rate	0.36	mgN/L/hr	
Dissolved N2 gas production rate	0.23	mgN/L/hr	
Spec. dissolved N2 gas production rate per VSS	0.04	mgN/gVSS/hr	
Spec. dissolved N2 gas production per VASS	0.11	mgN/gVASS/hr	
OTE	11.48	%	
OTR	48.13	lb/hr	
SOTE	27.1	%	

SOTR	130.99	lb/hr	
Air supply rate	473.68	ft <sup>3</sup> /min (20C, 1 atm)	
Air flow rate / diffuser	3.59	ft <sup>3</sup> /min (20C, 1 atm)	
# of diffusers	132		
Off gas flow rate (dry)	553.08	ft <sup>3</sup> /min	
Oxygen content	18.84	%	
Carbon dioxide content	1.94	%	
Ammonia content	0	%	
Actual DO sat. conc.	8.18	mg/L	

## Album page - MBR

Parameters	Conc. (mg/L)	Mass rate (lb/d)	Notes
Volatile suspended solids	6684.12	752563.97	
Total suspended solids	10063.35	1133031.2	
Particulate COD	9955.29	1120864	
Filtered COD	30.57	3441.61	
Total COD	9985.85	1124305.6	
Soluble PO <sub>4</sub> -P	1.1	123.46	
Total P	267.78	30149.55	
Filtered TKN	2.21	248.99	
Particulate TKN	543.83	61230.23	
Total Kjeldahl Nitrogen	546.05	61479.22	
Filtered Carbonaceous BOD	0.96	108.03	
Total Carbonaceous BOD	2105.53	237061.54	
Nitrite + Nitrate	4.62	519.9	
Total N	550.66	61999.12	
Total inorganic N	4.78	538.38	
Alkalinity	3.62	185.08	mmol/L and kmol/d
pH	6.9		
Volatile fatty acids	0	0.07	
Total precipitated solids	0	0	
Total inorganic suspended solids	3379.23	380467.21	
Ammonia N	0.16	18.49	
Nitrate N	4.57	514.06	

Parameters	Value	Units	
Hydraulic residence time	0.1	hours	
Flow	13.49	mgd	
MLSS	10063.35	mg/L	
Total solids mass	4283.12	lb	
Total readily biodegradable COD	1.36	mg/L	
Total oxygen uptake rate	50.12	mgO <sub>2</sub> /L/hr	
Carbonaceous OUR	38.87	mgO <sub>2</sub> /L/hr	
Nitrogenous OUR	11.26	mgO <sub>2</sub> /L/hr	
Net. ammonia removal rate	2.34	mgN/L/hr	
Nitrate production rate	3.18	mgN/L/hr	

Nitrite production rate	2.86	mgN/L/hr	
Nitrate removal rate	0.47	mgN/L/hr	
Nitrite removal rate	3.45	mgN/L/hr	
Net. nitrate production rate	2.71	mgN/L/hr	
Net. nitrite production rate	-0.58	mgN/L/hr	
Dissolved N2 gas production rate	0.24	mgN/L/hr	
Spec. dissolved N2 gas production rate per VSS	0.04	mgN/gVSS/hr	
Spec. dissolved N2 gas production per VASS	0.1	mgN/gVASS/hr	
OTE	3.83	%	
OTR	20.31	lb/hr	
SOTE	7.05	%	
SOTR	43.18	lb/hr	
Air supply rate	600	ft3/min (20C, 1 atm)	
Air flow rate / diffuser	23.08	ft3/min (20C, 1 atm)	
# of diffusers	26		
Off gas flow rate (dry)	698.32	ft3/min	
Oxygen content	20.26	%	
Carbon dioxide content	0.7	%	
Ammonia content	0	%	
Actual DO sat. conc.	8.1	mg/L	

## Album page - WAS

Parameters	Conc. (mg/L)	Mass rate (lb/d)	Notes
Volatile suspended solids	7012.47	512.81	
Total suspended solids	10557.7	772.07	
Particulate COD	10444.33	763.78	
Filtered COD	30.57	2.24	
Total COD	10474.9	766.01	
Soluble PO4-P	1.1	0.08	
Total P	280.88	20.54	
Filtered TKN	2.21	0.16	
Particulate TKN	570.55	41.72	
Total Kjeldahl Nitrogen	572.76	41.89	
Filtered Carbonaceous BOD	0.96	0.07	
Total Carbonaceous BOD	2208.92	161.53	
Nitrite + Nitrate	4.62	0.34	
Total N	577.38	42.22	
Total inorganic N	4.78	0.35	
Alkalinity	3.62	0.12	mmol/L and kmol/d
pH	6.9		
Volatile fatty acids	0	0	
Total precipitated solids	0	0	
Total inorganic suspended solids	3545.23	259.26	
Ammonia N	0.16	0.01	
Nitrate N	4.57	0.33	



**Appendix E – ADEQ Meeting Sign-in Sheet**

**ADEQ PRE-APPLICATION MEETING ATTENDANCE**

Facility Name: City of Sierra Vista "WRF"

Date: August 13, 2008 Time: 10:00am

\*\*\*\*\*

Meeting Coordinator: Taly Gilama

Name and title	Organization /affiliation	address	phone number
1. Taly Gilama	ADEQ		602-771-4695
2. Edwina Logan	ADEQ		602 771 4606
3. Mohamed Hegazy	ADEQ		602-771-4615
4. Jeff Emde	ADEQ	Hydro	602-771-4590
5. Mike Hilstrom	ADEQ	-TSU, Hydro	602 771 - 4590
6. Alan Humphrey	COSV		520-458-5775
7. Andrea Kosciulek	PACE		602 215 8006
8. Duong Do	PACE		714-481-7223
9. Suzanni Dumbo	SEAGO		520-432-5301
10.			
11.			
12.			
13.			
14.			
15.			



Appendix F – Sierra Vista Code of Ordinances

## CHAPTER 50: SEWERS

### Section

#### *General Provisions*

- 50.01 Title
- 50.02 Purpose
- 50.03 Intent
- 50.04 Compliance with certain city regulations required
- 50.05 Service application
- 50.06 Administration and enforcement

#### *Definitions*

- 50.10 Definitions

#### *Sewer Usage*

- 50.15 User requirements
- 50.16 Discharge limitations
- 50.17 Pretreatment requirements

#### *Remedies for Violations*

- 50.30 Significant non-compliance
- 50.31 Severe non-compliance
- 50.99 Penalty

## GENERAL PROVISIONS

### **§ 50.01 TITLE.**

This chapter shall be known and cited as the "sewer code," and shall be referred to herein as "this code."

(Ord. 1152, passed 11-14-02)

**§ 50.02 PURPOSE.**

(A) The purpose of this code is to protect the health, safety and welfare of the city by protecting the Sierra Vista Publicly Owned Treatment Works, referred to herein as the POTW (sewer system and water reclamation facility), from the introduction of pollutants that may interfere with the operation of the system or adversely contaminate the resulting effluent or bio-solids.

(B) To benefit the community and the environment, the city has designated end uses for both of these products.

(C) The possible contamination may affect the treatment processes being utilized, groundwater resources, effluent resources, wastewater bio-solids resources and disposal methods, and the safety of operating personnel.

(Ord. 1152, passed 11-14-02)

**§ 50.03 INTENT.**

This code is intended to:

(A) Establish pollutant discharge limits for wastewater discharged into the POTW;

(B) Establish the authority for the Director of Public Works to implement and enforce the provisions of this code;

(C) Establish a requirement for pretreatment of wastewater that does not meet the pollutant limitations;

(D) Establish steps the city will use to monitor and enforce the discharge limitations to protect water and bio-solids resources; and

(E) Establish special procedures for receiving and processing discharges from septic pumps.

(Ord. 1152, passed 11-14-02)

**§ 50.04 COMPLIANCE WITH CERTAIN CITY REGULATIONS REQUIRED.**

(A) *Illicit connections prohibited.* It shall be unlawful for any person, firm or corporation to construct, or cause to be constructed, any wastewater collection system within the city, or to connect to, or discharge wastewater into, the Publicly Owned Treatment Works (POTW) without complying with the provisions of this chapter or any other pertinent city code.

(B) *Fees and charges.*

(1) The fees and charges provided in this chapter shall be in addition to plumbing permit fees, building permit fees, fees, charges or assessments required by any other pertinent city code of this title, or to any other fees, charges or assessments that may be legally due and owing under the provisions of this code.

(2) User charges and assessments associated with residential property shall be the responsibility of the property owner.

(a) Residential property includes, but is not limited to, any building structure or portion thereof, whether detached or under a common roof, that serves the purpose of providing private living quarters for one or more persons comprising a family.

(b) Each dwelling unit is considered a separate residential contributor for the purposes of assessing charges.

(3) (a) Sewer service charges associated with commercial property shall be the responsibility of the property owner of a single business location.

(b) Commercial property includes, but is not limited to, apartment buildings, motels, hotels, restaurants, mobile home parks, and office buildings.

('76 Code, Art. 11-1) (Ord. 189, passed 6-8-72; Am. Ord. 675, passed 5-24-84; Am Ord. 1152, passed 11-14-02; Am. Ord. 2003-002, passed 2-27-03) Penalty, see § 50.99

### § 50.05 SERVICE APPLICATION.

(A) No sewer connection to the POTW collection system shall be made by any person, except upon written application furnished to the city by the owner of the premises to which wastewater service is to be furnished.

(B) In the event the ownership of the property for which an application has been filed regarding connection to the POTW changes, a new application shall be filed with the city, requesting use of such connection.

(Ord. 1152, passed 11-14-02)

### § 50.06 ADMINISTRATION AND ENFORCEMENT.

(A) The provisions of this code shall be administered and enforced by the City Manager, or a designated representative, and such other officers or employees of the city as the City Manager may approve or direct.

(B) The City Manager or designated representative shall be responsible to develop, implement and enforce policies, procedures, and/or guidelines to ensure the water reclamation facility pretreatment design, permitting, and discharge limitation requirements are met by all users of sewer system.

(1) As such, a written inventory or survey of each significant industrial user will be conducted to determine permit status.

(2) Results of the survey or inventory will be analyzed and appropriate measures will be established, in the form of an industrial wastewater permit, to ensure the POTW is protected.

(Ord. 1152, passed 11-14-02)

## DEFINITIONS

### § 50.10 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

**ALERT LEVEL.** The concentration or loading at which a contaminate in the liquid or solid products of the POTW must be reported to regulators prior to a violation in the permit.

**B.O.D. (BIOCHEMICAL OXYGEN DEMAND).** The concentration of oxygen utilized by microorganisms in the biochemical oxidation of organic matter, under standard laboratory procedure, in five days at 20 Centigrade, expressed in

milligrams per liter.

**BUILDING SEWER.** The extension from the building wastewater drain to the service connection from the city sanitary sewer, or to the sewer in case a service connection is not available.

**BY-PASS.** The intentional diversion of wastewater flows from any portion of a treatment process or the POTW.

**CONCENTRATION.** The chemical and physical results indicating the amount of a characteristic in a defined unit of mass.

**CONTAMINANT.** Any chemical, biologic mass, metal or non-metal that at some concentration may become a pollutant or combine with any other characteristic of the wastewater to become a pollutant.

**DEVELOPER.** Any person, firm, or corporation engaged in the organizing, financing and constructing of a wastewater sewer collecting system, and connection thereof to the wastewater sewer system of the city. Such may be either a legally constituted improvement district or a subdivider, property owner, contractor, and/or person who purchases property therefrom.

**DEVELOPMENT.** The division of any piece of property into two or more parts or parcels, whether or not the same be for residential, commercial, industrial, or other purpose, a legally constituted improvement district, or a site of a new building requiring sewer service. It is not intended that the definition of *subdivision* contained in Chapter 151 of this code be affected in any way.

**DISCHARGE.** The disposal of sewage, pollutants, suspended solids, wastewater or any liquid from any user into the wastewater sewer and treatment system of the city.

**DISCHARGE LIMIT.** The concentration or loading defining the limitation of acceptable discharge of a contaminant in the liquid or solid products to a POTW.

**GARBAGE.** Solid wastes from the preparation, cooking and dispensing of food, and from the handling, storage and sale of produce.

**INDUSTRIAL PROCESS WATER.** Any liquid, pollutants, regulated substance, free-flowing waste, including polluted cooling water, resulting from any industrial or manufacturing process or from the development, recovery or processing of natural resources, with or without suspended solids, discharged from any non-single-family residential source.

**GREASE TRAP or INTERCEPTOR.** A device used to separate oil, grease, and sand or any flammable wastes from wastewater.

**INDUSTRIAL USER.** Any facility that discharges wastewater into the city's sewer system, including industrial facilities, commercial businesses, government agencies, food service and medical facilities, wastewater haulers, multi-family housing units consisting of five or more units, and or any other facility that is not designated as a single-family residential user.

**INDUSTRIAL WASTEWATER PERMIT.** An individual control mechanism, authorization or contract issued by the Public Works Director, which allows the discharge to the POTW of industrial wastewater by a significant industrial user.

**INTERCEPTOR SEWER.** Any sewer line ten inches or more in diameter. Includes the term *main or trunk sewer*.

**INTERFERENCE.** A discharge that, alone or in conjunction with a discharge or discharges from other sources, either:

(1) Inhibits or disrupts the wastewater sewer system within the city; its treatment processes or operations, or its sludge processes, use or disposal; or

(2) Is a cause of a violation of any requirement of the city's permits, including an increase in the magnitude or duration of a violation or of the prevention of sewage sludge use or disposal.

**LATERAL SEWER.** Any sewer line eight inches or less in diameter. Includes the term *branch sewer*.

**MULTI-FAMILY HOUSING UNIT.** Any building designed exclusively for occupancy by five or more families living independently of each other.

**OFF-SITE SEWER FACILITIES.** Any sewer facilities, including lines and lift stations, constructed outside the boundaries of any property owned or not owned but being developed by the developer, unless the sewer facilities are determined by the City Engineer to not serve or not benefit other properties.

**ON-SITE SEWER FACILITIES.** Any sewer facilities, including lines and lift stations, constructed inside the boundaries of any property owned or not owned but being developed by the developer, including sewer facilities which may be constructed outside the boundaries, but determined by the City Engineer to not serve or not benefit other properties. For purposes of this chapter, off-site and **ON-SITE SEWER FACILITIES** do not include service connections or building sewers, and property owned or being developed includes public rights-of-way for streets and easements running through or adjacent to the property.

**PASS-THROUGH.** A contaminant or pollutant that may pass through and exit the POTW in concentrations that result in a violation or an alert of any end disposition of the liquid or solid products of the POTW. This shall include any contaminant or pollutant that may combine with any other characteristic of the wastewater and pass through the POTW that results in a violation of any end disposition of the liquid or solid products of the POTW.

**pH.** The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

**PRETREATMENT.** The physical, chemical, biological or other treatment of any wastewater stream prior to discharge to the POTW for the purpose of:

- (1) Reducing the amount or concentration of any pollutant;
- (2) Eliminating the discharge of any pollutant; or
- (3) Altering the nature of any pollutant characteristic to a less harmful state.

**POLLUTANT.** Any concentration of contaminants that exceeds the established discharge limits, including but not limited to: solid waste; incinerator residue; sewage screenings; sewage sludge; chemical wastes; biological materials; radioactive materials; pesticides; herbicides; fertilizers and other agricultural chemicals; munitions; petroleum products; heat, rock, sand, and industrial, municipal and agricultural garbage; wrecked or discarded equipment; cellar dirt and mining waste; industrial, municipal and agricultural wastes; or any other liquid, solid, gaseous, or any other hazardous substances discharged into the POTW.

**PROPERLY SHREDDED GARBAGE.** Garbage that has been shredded to a degree that all particles will be carried freely under the flow conditions normally prevailing in sanitary sewers, with no particle greater than one-quarter inch in any dimension.

**PUBLICLY OWNED TREATMENT WORKS (POTW).** Any publicly owned and operated wastewater sewer, collection conveyance device, treatment system, or recharge/reuse facility.

**REIMBURSEMENT AGREEMENT.** A contract entered into between the city and a developer, providing for the construction by the developer of sewer facilities for the benefit of, or usable by, other properties inside or outside the city, and providing for the collection by the city of a reimbursement charge for the connection with the sewer facilities by any other party or parties, and providing for reimbursement to the developer out of the proceeds of such collections.

**RESIDENTIAL USER.** Any standalone, single-family residential dwelling that discharges wastewater into the

POTW.

**RESPONSIBLE PARTY.** The entity responsible for payment of the monthly or bi-monthly service and rental charges for refuse services.

**SEPTIC PUMPERS.** Any mobile wastewater collection provider or contractor in the business of removing and disposing of septic waste.

**SERVICE CONNECTION.** A sewer for carrying wastewater from the private property or easement line to the sewer line located in the adjoining street or easement.

**SEVERE NON-COMPLIANCE.** Any willful, negligent or major violation of this code, or the documented, habitual failure of any sewer system user to comply with the meaning or intent of this code.

**SEWER.** A pipe or conduit that carries sewage to the publicly owned treatment works.

**SIGNIFICANT INDUSTRIAL USER.**

(1) Any industrial user that is designated as such and required to obtain a permit by the Director, on the basis that the industrial user has the potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement; or

(2) Any industrial user that is subject to Categorical Pretreatment Standards as established by the EPA; or

(3) Any industrial user that discharges an average of 25,000 gallons per day or more of process wastewaters; or

(4) Any industrial user that contributes a process waste stream that makes up 5% or more of the average dry weather hydraulic or organic capacity of the POTW.

**SIGNIFICANT NON-COMPLIANCE.** Any single, accidental discharge resulting in an upset, or bypass caused by a user of the sewer system, or any minor failure of any sewer system user to comply with the meaning or intent of this code.

**SUSPENDED SOLIDS.** Solids that either float on the surface of, or are in suspension in, wastewater or other liquids, and which are removable by laboratory filtering.

**UPSET.** Any incident in which there is unintentional and temporary noncompliance with discharge limits or alert limits because of factors beyond the reasonable control of the user. An **UPSET** is the chemical, biochemical, biological or physical failure of a process to properly treat or control the quality of the wastewater discharged to a sewer, or the liquid and solid products discharged from a POTW. An **UPSET** does not include a failure due to consistent operational error, improper design of treatment facilities, inadequate treatment facilities, inadequate preventative maintenance, or careless operation.

**WASTEWATER.** A community's used water and water-carried solids that discharge into the POTW collection system. Also known as sewage.

**WASTEWATER SLUDGE** or **BIOSOLIDS.** The solids or semisolids, residues and precipitate separated from or created in wastewater.

('76 Code, Art. 11-2) (Ord. 189, passed 6-8-72; Am. Ord. 675, passed 5-24-84; Am. Ord. 1152, passed 11-14-04; Am. Ord. 2003-002, passed 2-27-03)

## SEWER USAGE

° **50.15 USER REQUIREMENTS.**

(A) No person shall uncover, make any connections with, open into, use, alter or disturb any part of the POTW, or appurtenance thereof, without first obtaining a written approval from the city.

(B) No person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any part of the POTW, or appurtenance thereof.

(C) All users of the POTW within the city shall be in compliance with the requirements of this code.

(D) Users of the sewer system will be required to follow, at their own expense, any policies, procedures or guidelines established by the city to ensure adherence to the proper pretreatment and discharge limitation requirements.

(E) No person shall discharge, or cause to be discharged, any storm water, surface water, ground water, roof runoff, subsurface drainage, cooling water, swimming pool water, or unpolluted industrial process waters to any sanitary sewer, without complying with the requirements of this code.

(F) No person shall discharge, or cause to be discharged, any pollutant or wastewater that causes pass-through or interference of the treatment process.

(G) Any person considered a non-residential or industrial user shall not discharge, or cause to be discharged, any industrial wastewater directly or indirectly to the POTW, without first meeting with city staff to complete an inventory or survey of discharges and potential discharges.

(1) If after conducting the survey city staff determines the user to be a non-significant industrial user, the user may discharge wastewater into the POTW, providing they remain in compliance with this code in its entirety.

(2) (a) If after conducting the survey city staff determines the user to be a significant industrial user, the user will be required to obtain an industrial wastewater permit, and to comply with all of its requirements, before discharge of wastewater into the POTW can occur.

(b) Additionally, any costs associated with adhering to the permit, such as testing, pretreatment, maintenance of facility equipment, and reporting shall be at the user's expense.

(H) No wastewater hauler or septic pumper shall discharge septic waste or other wastes into the POTW without first obtaining approval from the city.

(1) Wastewater haulers or septic pumpers shall be required to discharge hauled waste at city-designated disposal points only.

(2) (a) The Director of Public Works shall develop and administer specific guidelines as to the procedure that shall be followed.

(b) Guidelines shall include, at a minimum, the current fee schedule, disposal procedure, testing requirements, and designation of a disposal site.

(I) It shall be a violation of this code for anyone to discharge wastewater, industrial wastes, industrial process waters, or hauled wastewater anywhere within the city limits other than at a designated POTW disposal site or connection as outlined in this chapter.

(Ord. 1152, passed 11-14-02) Penalty, see § 50.99

## § 50.16 DISCHARGE LIMITATIONS.

Any wastewater that contains characteristics or exceeds a limitation listed in this section, shall not be discharged into the city's sewer collection or treatment system:

- (A) Any liquid or vapor having a temperature higher than 150 F at the point of discharge, or 104 F at the treatment plant headworks.
- (B) Any water or waste that may contain more than 25 milligrams per liter by weight, including: fat, mineral, organic oil, grease, or any waste that may form persistent oil emulsions.
- (C) Any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
  - (1) Waste streams with a closed cup flashpoint of less than 140 F (or 60 C), using the test methods specified in 40 C.F.R. pt. 261.61.
  - (2) Pollutants that exceed 10% of the lower explosive limit at any point within the POTW for any single reading, or more than 5% for any two consecutive readings.
- (D) (1) Any garbage that has not been properly shredded.
  - (2) Any ashes, cinder, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastic, wood, paunch manure, grits such as brick, cement, stone carbid, or any other solid or viscous substance capable of causing obstruction to the flow in sewers, or other interference with the proper operation of wastewater treatment facilities.
- (E) Any waters or wastes having a pH lower than 5.5 or higher than 9, or having other corrosive property capable of causing damage or hazard to structures, equipment and personnel of wastewater treatment facilities.
- (F) Any pollutant, including oxygen-demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or concentration that, either singly or by interaction with other pollutants, will cause interference with the POTW.
- (G) Any water or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any wastewater treatment process, constitute a hazard to humans or animals, or create any hazard in the receiving waters of the wastewater treatment facilities. This includes noxious or malodorous liquids, solids or gases that, either singly or by interaction with other wastes:
  - (1) Are sufficient to create a public nuisance or a hazard to life; or
  - (2) Are sufficient to prevent entry into the sewers for maintenance and repair; or
  - (3) May result In the presence of toxic gases, vapors or fumes within the POTW in a quantity that may cause acute worker health and safety problems; or
  - (4) Are sufficient to cause the effluent (alone or in conjunction with other sources) to fail a toxicity test.
- (H) Any waters or wastes containing suspended solids of a character or quantity that requires unusual attention or expense for their handling in the wastewater treatment facilities.
- (I) Any noxious or malodorous gas or substance capable of creating a public nuisance.
- (J) Any wastewater, pollutants or septage trucked or hauled at discharge points that have not been designated and permitted by the Department of Public Works.

(K) Any waste or water containing metals, such as lead, mercury, chromium and cadmium, that cannot be destroyed or broken down through treatment.

(L) Any waste or water containing toxic organic chemicals, such as solvents, pesticides, dioxins and polychlorinated biphenyl chemicals (PCBs), that cause interference or pass-through.

(M) Wastewater imparting color that cannot be removed by the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, which consequently impart color and/or unsetttable solids to the treatment plant's effluent.

(N) Wastewater containing any radioactive wastes or isotopes, except in compliance with applicable state or federal regulations.

(O) Detergents, surface-active agents or other substances that may cause excessive foaming in the POTW.

(P) Pollutants that will cause excessive corrosive structural damage to the POTW beyond that which is normally associated with the treatment of wastewater.

(Q) Any of the following prohibited substances:

- (1) BHC-Alpha.
- (2) BHC-Beta.
- (3) BHC-Gamma (Lindane).
- (4) Chrysene.
- (5) Heptachlor Epoxide.
- (6) Polychlorinated Biphenyl Compounds (PCBs).
- (7) Phenanthrene.

(R) More than the maximum allowable daily discharge limits of the following substances:

<i><b>Pollutant</b></i>	<i><b>Mass Concentration</b></i>	<i><b>Sampling Method</b></i>
Arsenic	100 ug/l	Composite
Barium	10 mg/l	Composite
Benzene	130 ug/l	Grab
Boron	5000 ug/l	Composite
Cadmium	47 ug/l	Composite
Chlorine (total)	10 mg/l	Grab
Chloroform	420 ug/l	Grab
Chromium	1200 ug/l	Composite
Copper	1200 ug/l	Composite
Cyanide	600 ug/l	Grab
Cyanide (amenable to chlorination)	200 ug/l	Grab
Lead	500 ug/l	Composite

Manganese	83 mg/l	Composite
Mercury	4.6 ug/l	Composite
Methylene Chloride	4200 ug/l	Composite
Nickel	3980 ug/l	Composite
Oil and Grease (TPH)	100 mg/l	Grab
Phenols	0.05 mg/l	Grab
Selenium	100 ug/l	Composite
Silver	500 ug/l	Composite
Sulfides	10.0 mg/l	Grab
Sulfides (dissolved)	500 ug/l	Grab
Sulfides (total)	2.0 mg/l	Composite
Tetrachloroethylene	530 ug/l	Grab
Trichloroethylene	700 ug/l	Grab
Zinc	5400 ug/l	Composite

(S) Based on fume toxicity, more than the discharge limits for the following substances (all grab samples):

<b><u>Pollutant</u></b>	<b><u>Mass Concentration n (mg/l)</u></b>
1,1,1-Trichloroethane	1.55
1,1-Dichloroethane	4.58
1,2,4-Trichlorobenzene	0.43
1,2-Dichlorobenzene	3.74
1,2-Dichloropropene	3.65
1,3-Dichloropropene	0.09
1,4-Dichlorobenzene	3.54
Acrylonitrile	1.24
Aroclor 1242	0.01
Aroclor 1254	0.005
Benzene	0.13
Bromomethane	0.002
Carbon Disulfide	0.06
Carbon Tetrachloride	0.03
Chlorobenzene	2.35
Chloroethane	0.42
Chloroform	0.42
Chloromethane	0.007
Dichlorodifluoromethane	0.04
Ethyl Benzene	1.59

Ethylene dichloride	1.05
Heptachlor	0.003
Hexachloro-1,3-butadiene	0.0002
Hexachloroethane	0.96
Methyl ethyl ketone (2-butanone)	249
Methylene chloride	4.15
Tetrachloroethylene	0.53
Toluene	1.35
Trans-1,2-Dichloroethylene	0.28
Trichloroethylene	0.71
Trichlorofluoromethane	1.22
Vinyl chloride	0.003
Vinylidene chloride	0.003

(T) Based on nitrification inhibition, the following substances shall not exceed the discharge limits below from a composite sample:

\*ND= Not detectable

<b><i>Pollutant</i></b>	<b><i>Mass* Concentration n (mg/l)</i></b>
0-Cresol	.12
1-Naphthylamine	45
2,2'-Bipyridine	23
2,4-Dinitrophenol	ND
8-Hydroxyquinoline	7.5
Acetone	220
Allyl alcohol	1.9
Allyl chloride	18
Allyl isothiocyanate	ND
Aniline	ND
Benzidine diHCl	12
Benzocaine	ND
Benzothiazole disulfide	.38
Benzylamine	ND
Carbon disulfide	.35
Chloroform	.18
Allyl ether	10
Dicyandiamide	25
Diguanide	5

Dimethylgloxime	ND
Dithiooximide	ND
Dodecylamine	ND
Ethanol	240
Ethylenediamine	41
Guanidine carbonate	.16
Hexamethylene diamine	20
Hydazine	5.8
Mercaptobenzothiazole	.03
Methyl isothiocyanate	ND
Methyl thiuronium sulfate	.06
Methylamine hydrochloride	155
Monoethanolamine	ND
Naphthylethylenediamine diHCl	29
Ninhydrin	31
Nitrapyrin	ND
n-Methylaniline	71
O-ethyl potassium carbonodithioate	ND
p-Aminopropiophenone	22
Phenol	.05
p-Nitroaniline	46
p-Nitrobenzaldehyde	29
Potassium thiiocyanate	30
p-Phenylazoaniline	ND
Skatol	.07
Sodium dimethyl dithiocarbamate	ND
Sodium methyl dithicarbamate	1.3
Tannic Acid	ND
Tetramethyl thiuram disulfide	3.0
Thioacetamide	ND
Thiosemicarbazide	ND
Thiourea	ND
Triethylamine	ND
Trihalomethyl-1,3,5-triazine	ND
Trimethylamine	11.8

(U) Water or wastes that exceed the categorical pretreatment limits listed in 40 C.F.R. Ch. 1, Subch. N, pt. 405-471.

(V) Biochemical Oxygen Demand greater than 300 mg/l and/or Total Suspended Solids greater than 350 mg/l by weight, unless approved by the Public Works Department through an industrial wastewater discharge permit.

(W) (1) Inflows or any rainwater, runoff, groundwater, street drainage, roof drainage, yard drainage, water from fountains, ponds, pools, and lawn sprays are not permitted to be discharged with the POTW.

(2) Any single-pass cooling or heating water, any blow-down or bleed water from HVAC, which causes problems with hydraulic loading are not permitted.

(X) An increase in process water or any attempt to dilute a discharge, as a partial or complete substitute for adequate treatment, to achieve compliance with a discharge limit, unless expressly authorized by an applicable pretreatment standard or requirement.

(Y) Any item containing any combined quantity of substances having any characteristics described in this section.

(Z) Healthcare-related waste that shall not be discharged to the sewer system by any means:

(1) Any potential liquid wastes generated in the rooms of patients who are isolated because of a suspected or diagnosed communicable disease;

(2) Recognizable portions of the human anatomy;

(3) Equipment, instruments, utensils and other materials of a disposable nature that may harbor or transmit pathogenic organisms, and that are used in the rooms of patients with a suspected or diagnosed communicable disease, which by its nature requires their isolation by public health agencies;

(4) Wastes excluded by the other provisions of this code, state laws and or federal regulations.

(AA) Recreational vehicle wastewater shall be tested and treated as necessary to meet the requirements of this section.

(BB) Future revisions in state or federal law regarding the operation and protection of POTWs that may also effect the provisions of § 50.16 shall supersede any requirements of this section, and will become enforceable under the provisions of this code.

(76 Code, Art. 11-6) (Ord. 189, passed 6-8-72; Am. Ord. 1152, passed 11-14-02) Penalty, see §50.99

## § 50.17 PRETREATMENT REQUIREMENTS.

(A) *Pretreatment required.*

(1) Pretreatment to remove or reduce the concentration of pollutants in wastewater before discharge to the city sewer and treatment system is required, if the pollutant(s) exceed the discharge limitations of § 50.16 of this code.

(2) Where necessary, as determined by the Director of Public Works, the owner shall provide, at his or her expense, the pretreatment needed resulting from the following:

(a) BOD of over 300 mg/l and suspended solids over 350 mg/l by weight;

(b) Objectionable constituents above the levels listed under discharge limitations;

(c) Excessive quantities and rates of discharges of such waters or wastes.

(B) *Pretreatment method and plans.*

(1) The method of pretreatment and plans, specifications, and any other pertinent information relating to proposed pretreatment facilities shall be prepared and sealed by a professional engineer familiar with such treatment, and

registered in the state.

(2) Two copies shall be submitted to the City's Public Works Department, who shall review each submittal and shall be the sole approving authority.

(3) Installation shall be at the user's expense unless the city has been contracted for treating the wastes.

(C) *Maintenance and inspection of pretreatment facilities.*

(1) Where pretreatment facilities are provided for any industrial waters or wastes, the owner shall maintain them continuously in satisfactory and effective operation, at the owner's expense.

(2) Any such pretreatment facilities may also be subject to inspection by the city.

(D) *Grease traps and grease interceptors.*

(1) Grease traps and grease interceptors shall be provided by all new and or existing laundries, restaurants, service stations, auto repair shops, car washes and other industrial users when, in the opinion of the city, grease traps or interceptors are necessary.

(2) Generally, no facility shall discharge into the POTW any wastewater containing any fat, mineral, organic oil, grease or any waste that may form persistent oil emulsions more than 25 milligrams per liter by weight, or any sand or flammable wastes.

(3) Such grease traps and grease interceptors shall not be required for domestic users.

(4) Facilities established prior to the execution of this code amendment will have one year, from the execution date of this code, to conform with the requirements to have or install a grease trap or grease interceptor, as deemed necessary by the Director of Public Works, provided they comply with the discharge limitations established herein.

(5) Facilities that cannot meet these standards, however, must install grease traps immediately, or arrange for offsite disposal of their grease.

(6) All grease traps and grease interceptors shall be of a type and capacity approved by the city, and in compliance with the International Plumbing Code, as adopted in Chapter 150 of the City Code of Ordinances, and shall be so located as to be readily and easily accessible for cleaning and inspection.

(7) Grease traps and grease interceptors shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature.

(a) They shall be of substantial construction, watertight, and equipped with easily removable covers.

(b) Covers shall be gastight and watertight.

(8) Where installed, all grease traps and grease interceptors shall be maintained by the industrial user, at his or her expense, in efficient operating condition at all times.

(a) The owner shall keep written records and documentation of all cleaning, repair, calibration and maintenance required to demonstrate compliance.

(b) Records shall be kept at the facility for a minimum of three years.

(E) *Control manholes.*

(1) Where required by the city and to facilitate observation and sampling of wastes, the owner of any property

served by a building sewer carrying industrial wastes shall install a suitable control manhole in the building sewer.

(2) When required, the manhole shall be accessible and safely located, and shall be constructed in accordance with plans approved by the city.

(3) The manhole shall be installed by the owner at the owner's expense, and shall be maintained by the owner so as to be safe and accessible at all times.

(Ord. 1152, passed 11-14-02)

## REMEDIES FOR VIOLATIONS

### § 50.30 SIGNIFICANT NON-COMPLIANCE.

(A) **SIGNIFICANT NON-COMPLIANCE** shall be considered any single, accidental discharge, upset, bypass or toxic overload caused by a user of the sewer system, or any single failure of any sewer system user to comply with the meaning or intent of this code, including failure to maintain any required pretreatment device, such as a grease trap or grease interceptor, upon first inspection by the city.

(B) If a user of the sewer system is identified as being in significant non-compliance, the city may decide, at the discretion of the Director of Public Works, to implement compliance remedies commensurate to the violation.

(C) Measures may include, but are not limited to:

- (1) Notice of violation;
- (2) Right of the city to suspend a business license;
- (3) Suspension or revocation of discharge permit;
- (4) Consent order;
- (5) Cease and desist order;
- (6) Emergency suspension;
- (7) Right to bring civil suits, including but not limited to injunctive relief and/or

damages;

- (8) A fine up to \$500.

(D) If a user originally identified as a non-significant industrial user during the initial survey or inventory becomes non-compliant, the city may direct such user to comply with the permitting requirements of a significant industrial user, until such time that the Director of Public Works deems this action no longer necessary.

(Ord. 1152, passed 11-14-02)

### § 50.31 SEVERE NON-COMPLIANCE.

(A) **SEVERE NON-COMPLIANCE** shall be considered any willful violation of this code.

(B) Those POTW users identified as habitual non-compliers or in severe non-compliance shall be subject to the following remedies:

- (1) Reimbursement to the city for repairs;
- (2) Liens imposed on the property;
- (3) Removal of sewer connection;
- (4) Right to bring civil suits, including but not limited to, injunctive relief and/or damages;
- (5) Cease and desist order (immediate closure of facility);

(6) Criminal charges, including a fine of \$1,000 for each uncorrected occurrence or failed inspection 30 days after the initial inspection, each day constituting a separate violation.

(Ord. 1152, passed 11-14-02)

### § 50.99 PENALTY.

In addition to the remedies set forth in §§ 50.30 through 50.31 above, any person who shall violate any of the provisions of this chapter for which no other penalty is provided shall be subject to the penalties as set forth in § 10.99 of this code of ordinances.

('76 Code, Art. 11-8) (Ord. 189, passed 6-8-72; Am. Ord. 1152, passed 11-14-02)

**Disclaimer:**

This Code of Ordinances and/or any other documents that appear on this site may not reflect the most current legislation adopted by the Municipality. American Legal Publishing Corporation provides these documents for informational purposes only. These documents should not be relied upon as the definitive authority for local legislation. Additionally, the formatting and pagination of the posted documents varies from the formatting and pagination of the official copy. The official printed copy of a Code of Ordinances should be consulted prior to any action being taken.

For further information regarding the official version of any of this Code of Ordinances or other documents posted on this site, please contact the Municipality directly or contact American Legal Publishing toll-free at 800-445-5588.

© 2008 American Legal Publishing Corporation  
techsupport@amlegal.com  
1.800.445.5588.