



TOWN OF HUACHUCA CITY

The Sunset City

HUACHUCA CITY TOWN COUNCIL PUBLIC MEETING NOTICE

Thursday, March 27, 2025, at 6:00 PM

COUNCIL CHAMBERS

500 N. GONZALES BLVD.

HUACHUCA CITY, AZ 85616

The meeting room will be open by 5:30 PM

AGENDA

A. Call to Order – Mayor

- a. Pledge of Allegiance
- b. Roll Call and Ascertain Quorum
- c. Invocation

Any prayer/invocation that may be offered before the start of regular Council business shall be the voluntary offering of a private citizen, for the benefit of the Council and the citizens present. The views or beliefs expressed by the prayer/invocation speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the religious beliefs or views of this, or any other speaker. A list of volunteers is maintained by the Town Clerk's Office and interested persons should contact the Town Clerk's Office for further information.

B. Call to the Public – Mayor

A.R.S. 38-431.01 states the Public Body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the Public Body. At the conclusion of an open call to the public, individual members of the Public Body may respond to criticism made by those who have addressed the Public Body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the Public Body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

C. Consent Agenda - Mayor

All items listed in the Consent Agenda are considered routine matters and will be enacted by one motion of the Council. There will be no separate discussion of these items unless a Member of the Town Council requests that an item or items be removed for discussion. Council Members may ask questions without removal of the item from the Consent Agenda. Items removed from the Consent Agenda are considered in their normal sequence as listed on the agenda, unless called out of sequence.

- C.1 Consider approval of the Minutes of the Regular Council meeting held on March 13, 2025.
- C.2 Consider approval of the Payment Approval Report.

D. Unfinished Business before the Council – Mayor

Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.

D.1 Discussion and/or Action [Town Attorney]: Ratification of emergency action taken by the Town Council that may have violated the Open Meeting Law on March 7, 2025. This action involved an Emergency Meeting of the Town Council, pursuant to A.R.S. 38-431.02(D), for the following purpose:

Adoption of Resolution No. 2025-04 approving a grant agreement for receipt of Federal Transit Administration [FTA] funds through the Arizona Department of Transportation [ADOT] for funding to provide public transportation services. The Grant application deadline was 3:00 pm, March 7, 2025, and the Town Council had to approve the grant agreement by this time for the Town to be eligible to receive funding.

This action is taken pursuant to A.R.S. § 38-431.05. The public may obtain a detailed written description of the action to be ratified, and all deliberations, consultations, and decisions by members of the public body that preceded and relate to this action to be ratified at Huachuca City Town Hall, 500 N. Gonzales Blvd, at least 72 hours in advance of the meeting.

Suggested Motion: “I move to ratify the Council’s emergency approval of Resolution No. 2025-04.”

E. New Business Before Council - Mayor

Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen who wishes may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.

E.1 Discussion and/or Action [Mayor Wallace]: Retirement of Public Works Director, James Halterman.

E.2 Discussion and/or Action [Mayor Wallace]: Recognition of Library employee, Marta Arambula, for her service to the Town.

E.3 Discussion and/or Action [Dr. Jim Johnson]: Desert Sage Rezoning – Second Reading and Approval of Ordinance No. 2025-01 - CHANGING THE ZONING OF 2.64 ACRES OF PROPERTY OWNED BY DESERT SAGE APARTMENTS, L.L.C., GENERALLY SITUATED AT 712 GONZALES BLVD. (TAX PARCEL NO. 106-47-024), FROM “B/C” (“GENERAL BUSINESS/COMMERCIAL DISTRICT”) TO “R-4” (“RESIDENTIAL DISTRICT”).

E.4 Discussion and/or Action [Suzanne Harvey]: Approval of the Town’s financial audit results for fiscal year 2024. A member of the audit firm, HintonBurdick, PLLC, will make the presentation. Any Town expenses and revenues for the past fiscal year may be discussed.

E.5 Discussion and/or Action [Suzanne Harvey]: RESOLUTION NO. 2025-05 - A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA, AUTHORIZING THE TOWN TO ENTER INTO AN AMENDMENT OF THE INTERGOVERNMENTAL AGREEMENT WITH THE ARIZONA DEPARTMENT OF TRANSPORTATION [“ADOT”] TO DESIGN AND CONSTRUCT IMPROVEMENTS TO A PORTION OF SKYLINE DRIVE.

E.6 Discussion and/or Action [Stephanie Fulton]: Approval to apply for Legacy Foundation Responsive Grants for \$5,000 for a new water fountain with bottle filler for Hunt Park and outdoor fitness stations for both Hunt and Leffingwell Parks and \$5,000 for another year's service of the dual language story walk stories.

E.7 Discussion and/or Action [Dr. Jim Johnson]: Proposed Flood Hazard Determinations for Cochise County, Arizona and Incorporated Areas, Including Huachuca City. The Federal Emergency Management Agency [FEMA] has issued a preliminary Flood Insurance Rate Map [FIRM], and Flood Insurance Study [FIS] report, reflecting proposed flood hazard determinations. The Town and any affected property owners may wish to challenge FEMA’s proposed determinations. Copies of the FIRM are available for review at FEMA’s website or by calling the FEMA Mapping and Insurance eXchange [FMIX] at 1-877-FEMA MAP (1-877-336-2627).

E.8 Discussion and/or Action [Suzanne Harvey]: Approval to purchase fireworks for the Town’s Fourth of July celebration. All aspects of the celebration may be discussed.

E.9 Discussion and/or Action [Mayor Wallace]: PROCLAMATION NO. 2025-03 - A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, DECLARING THE MONTH OF APRIL, 2025, AS “SEXUAL ASSAULT AWARENESS AND PREVENTION MONTH.”

E.10 Discussion and/or Action [Mayor Wallace]: PROCLAMATION NO. 2025-04 - A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, DECLARING THE MONTH OF APRIL, 2025, AS “FAIR HOUSING MONTH.”

E.11 Discussion and/or Action [Mayor Wallace]: PROCLAMATION NO. 2025-05 - A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, DECLARING THE WEEK OF APRIL 6 - 12, 2025, AS “LIBRARY WEEK.”

E.12 Discussion and/or Action [Mayor Wallace]: PROCLAMATION NO. 2025-06 - A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, DECLARING THE WEEK OF APRIL 5 - 11, 2025, AS “WEEK OF THE YOUNG CHILD.”

F. Reports of Current Events by Council

G. Adjournment

Posted at 5:00 PM on March __, 2025, at the following locations:

500 N. Gonzales Blvd, Huachuca City, AZ 85616 | Office: 520-456-1354 | Fax: 520-456-2230 | TTY: 520-456-1353

Website: <https://www.huachucacityaz.gov> | Facebook: <https://fb.me/HuachucaCityAZ>

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Town Hall Bulletin Board 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Hall Lobby 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Website https://huachucacityaz.gov
Huachuca City U.S. Post Office 690 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Library 506 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Police Department 500 N. Gonzales Blvd. Huachuca City, AZ 85616

Ms. Brandye Thorpe

Town Clerk

Note: This meeting is open to the public. All interested people are welcome to attend. A copy of agenda background material provided to the Councilmembers, with the exception of confidential material relating to possible executive sessions, is available for public inspection at the Town Clerk's Office, 500 N. Gonzales Blvd., Huachuca City, AZ 85616, Monday through Friday from 8:00 a.m. to 5:00 p.m. or online at www.huachucacityaz.gov

Individuals with disabilities who need a reasonable accommodation to attend or communicate at a town meeting, or who require this information in alternate format, may contact the Town at 456-1354 (TTY 456-1353) to make their needs known. Requests should be made as early as possible so there is sufficient time to respond.



TOWN OF HUACHUCA CITY

The Sunset City

**MEETING MINUTES OF THE
HUACHUCA CITY TOWN COUNCIL
March 13, 2025 AT 6:00 PM
COUNCIL CHAMBERS
500 N. GONZALES BLVD.
HUACHUCA CITY, AZ 85616**

A. Call to Order – Mayor

- a. Pledge of Allegiance
- b. Roll Call and Ascertain Quorum

B. Roll Call.

Roll Call.

Present: Johann Wallace, Cynthia Butterworth, Danielle Cardella, Christy Hirshberg Debra Trate, Geovona Thompson, Town Manager Suzanne Harvey (Not voting), Town Clerk Brandye Thorpe (not voting), Town Attorney Thomas Benavidez (Joined at 6:01pm, Not voting).

Absent: Nallely Arreola

- c. Invocation

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C.1 Consider approval of the Minutes of the Regular Council meeting held on February 27, 2025 and the Special Emergency Meeting held on March 7, 2025.

C.2 Consider approval of the Payment Approval Report.

Motion: Items listed on the Consent Agenda Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Wallace advises that on Friday we did have that Special Emergency Meeting. Mr. Benavidez is preparing some documents for that so at our next meeting we will have that. We still have to approve the minutes from that meeting.

Motion: Approval of the items on the Consent Agenda, **Action:** Approve, **moved by** Johann Wallace, **Seconded by Christy Hirshberg.**

Motion passed unanimously.

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E.1 Discussion and/or Action [Mayor Wallace]: Retirement of Public Works Director, James Halterman.

Mayor Wallace advises that this will be moved to the next Agenda as Mr. Halterman would like some of his family to be able to attend.

E.2 Discussion and/or Action [Mayor Wallace]: Recognition of police department employee, Rebecca Sizemore, for her service to the Town.

Motion: Item E.2 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Wallace and Chief Berry both speak about Rebecca's contributions to the Town and wish her the best of luck in her new endeavors. She is presented a plaque from the Town.

E.3 Discussion and/or Action [Dr. Jim Johnson]: Desert Sage Rezoning – First Reading of Ordinance No. 2025-01 - CHANGING THE ZONING OF 2.64 ACRES OF PROPERTY OWNED BY DESERT SAGE APARTMENTS, L.L.C., GENERALLY SITUATED AT 712 GONZALES BLVD. (TAX PARCEL NO. 106-47-024), FROM "B/C" ("GENERAL BUSINESS/COMMERCIAL DISTRICT") TO "R-4" ("RESIDENTIAL DISTRICT").

Motion: Item E.3 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Wallace advises that this is the first reading. We do have representatives for the property available that can give a presentation, the same kind of presentation that we had received before. I think we're all for this. This would allow the owners to add structures and rebuild if it became necessary. No action is needed tonight on this. It is just the first reading.

E.4 Discussion and/or Action [Ruben Villa]: Truth in Taxation presentation: Staff will request guidance on whether to move forward with pursuing a possible property tax increase for budget planning purposes for fiscal year 2025-2026. All anticipated Town revenues and expenditures may be discussed.

Motion: Item E.4 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mr. Villa provides the following information for Council:

Levy Limitations

1. Neutral Levy Amounts the property tax rate that would generate the same total revenues the previous year, excluding revenue from new construction. If a jurisdiction sets a rate above this level, it is considered a tax increase under Truth in Taxation laws, requiring public notice and hearings.

2. Maximum Allowable Levy Amount Arizona State Constitution, Article IX, Section 19 limits a city's annual increase in the primary property tax levy to 2%, plus the assessed value of new construction. The Arizona Department of Revenue (ADOR) provides official property tax levy rates and total collection amounts for each fiscal year.

Truth in Taxation (TNT)

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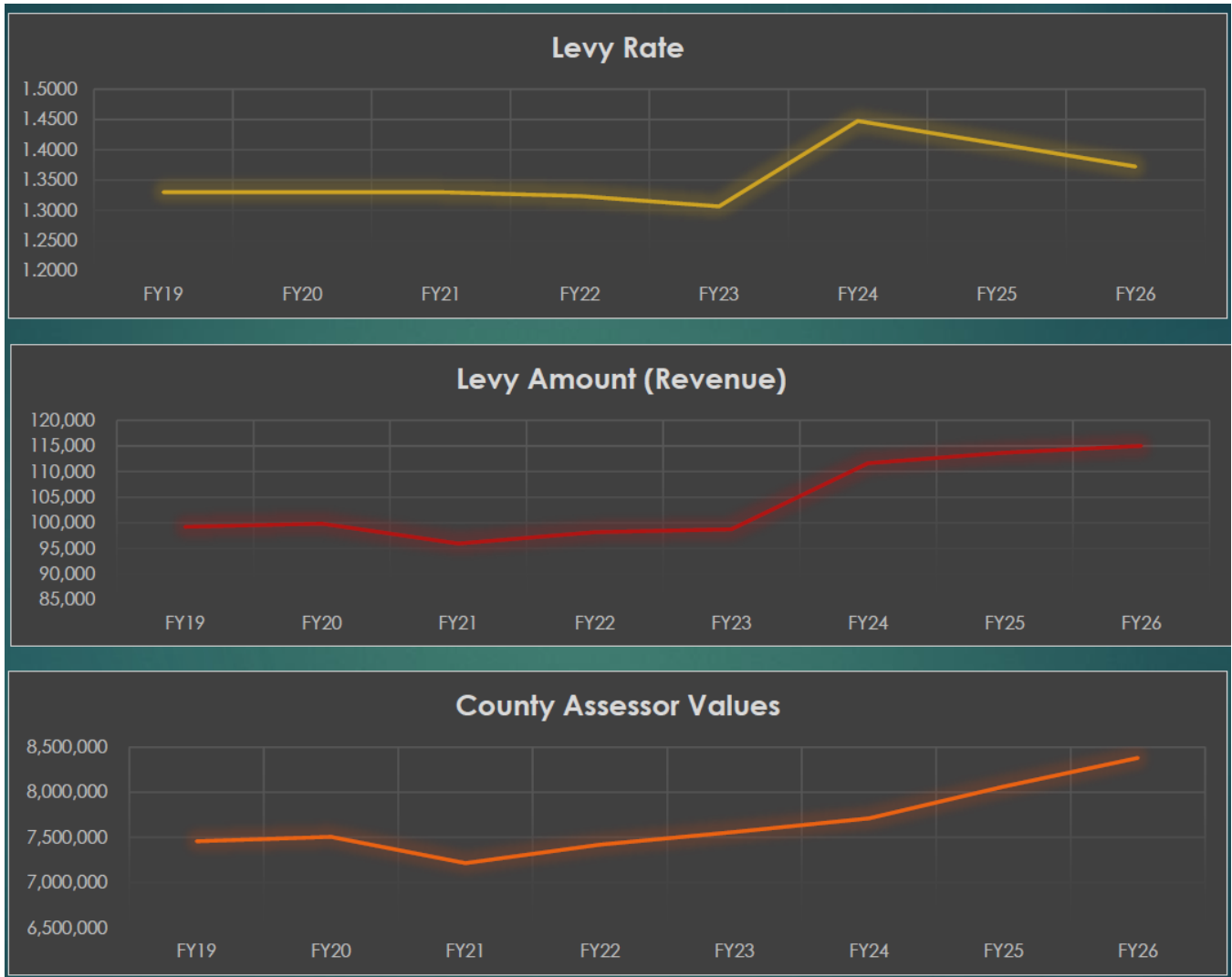
Arizona's Truth in Taxation law (A.R.S. §42-17107) requires taxing jurisdictions to notify the public and hold a hearing if they plan to increase property tax revenue beyond the Neutral Rate. Requires explicit approval from elected officials.

Scenarios – Rate and Levy

Scenario	Neutral Rate	Neutral Levy	Proposed Rate	Proposed Levy Amt	Above Neutral	Increase %
Maximum Allowable	1.3722	\$115,008	1.5896	\$133,229	\$18,221	15.84%
Midpoint	1.3722	\$115,008	1.4809	\$124,118	\$9,110	14.95%
No Change	1.3722	\$115,008	1.3722	\$115,008	\$0	0%

Scenarios – Tax on Property Examples

Scenario	Home Valued at		Proposed Rate	Tax Bill	Above Neutral	Increase %
Maximum Allowable	\$100,000.00		1.5896	\$158.96	\$21.74	15.84%
Midpoint	\$100,000.00		1.4809	\$148.09	\$10.87	14.95%
No Change	\$100,000.00		1.3722	\$137.22	\$0.00	0%



Other Jurisdictions (Current FY25)

Jurisdiction	Primary Rate	Levy Amount	% of GF	GF - Revenue	Tax on \$100K Home
Bisbee	3.0163	\$ 1,351,729	16.8%	8,046,800	\$ 301.63
Huachuca City	1.4102	\$ 113,684	3.5%	3,271,473	\$ 141.02
Douglas	1.1138	\$ 703,542	2.8%	24,715,117	\$ 111.38
Benson	0.9244	\$ 403,949	3.4%	11,738,544	\$ 92.44
Tombstone	0.8866	\$ 137,331	4.3%	3,174,084	\$ 88.66
Wilcox	0.3824	\$ 78,942	0.1%	5,971,418	\$ 38.24
Sierra Vista	0.1033	\$ 387,167	0.7%	51,925,724	\$ 10.33

Options for the City Council

- Direct staff to publish the required Truth in Taxation notices to allow for the City Council to consider adopting a levy above the neutral amount, if necessary, as part of the budget process.
- Direct city staff to implement the Neutral Levy Amount, which does not require the Truth in Taxation process.

Mayor Wallace clarifies that the neutral rate adjusts so that we don't bring in any more or less money than last year.

Council agrees that we should use the neutral levy amount.

Mayor Wallace tells staff to plan on neutral.

E.5 Discussion and/or Action [Dr. Jim Johnson]: Presentation from the Zoning Administrator concerning the Town's current regulations with respect to renting out portions of dwelling units.

Motion: Item E.5 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Pro Tem Hirshberg recuses herself because she has an upstairs apartment that she could rent out.

Dr. Jim Johnson provides the following information:

Section 18.35.020 of the Town Code lists only one permitted principal residential use within an R-1 zoning district – Single-Family Residence

Town Code defines Single Family Dwelling as *“a detached residence designed for occupancy by one household only.”*

The Intent for restricting dwellings within the R-1 Zoning District. *“These districts are comprised of single-family residential areas and certain open land areas where such development is desirable and appears likely to occur. Regulations are designed to stabilize and protect the single-family character of the districts, to promote and encourage creation of a desirable environment for family life where most families include children, and to prohibit all incompatible activities. Principal uses are therefore restricted to single-family dwellings on individual lots.”*

Town Code also permits detached accessory buildings that are incidental and subordinate to the principal building. However, Section 18.100.130 of the Town Code specifically states that *“Living and sleeping quarters shall not be permitted in any accessory building in any residential district except as specifically permitted herein.”*

BOTTOM LINE: RENTING OUT A PORTION OF YOUR HOME OR AN ACCESSORY BUILDING IS NOT CURRENTLY A PERMITTED USE IN A R-1 ZONE

What if you have your heart set on renting out an apartment on your property? Can this be done?

At present, the only option would be to rezone your property to a R-2, R-3, or R-4 as these zones allow for multi-family residences. However, this is an expensive endeavor and requires input from neighbors, public hearing and council approval. Depending on the location it could also require an amendment to the General Plan which is also expensive and can only be done at a certain time of the year.

Are there any alternatives? I think I may have one.

If you remember last fall when we were discussing the State mandated changes to the zoning code, we talked about SB 2720. This Senate Bill had two parts to it, one for Accessory Dwelling Units (ADU's) and another for Vacation/Short-term Rentals. The Town was required to make provisions for Vacation and Short-term Rentals and we did that in December 2024. The other half of the Bill pertained to Accessory Dwelling Units, defined as *“a self-contained living unit that is on the same lot or parcel as a single-family dwelling of greater square footage than the accessory dwelling unit, that includes its own sleeping and sanitation facilities and that may include its own kitchen facilities”*

If you remember, it was discussed that the ADU mandates did not apply to the Town, because the Town is located within the “Territory in the Vicinity of a Military Airport”. The Bill specifically states that this Section of the Bill does not apply due to the military airport. So it was decided

to skip that portion of the bill, with the understanding the Town could revisit the subject and determine the appropriate regulations at a later time.

Since there has been an interest expressed for the possibility of allowing rentals within the R-1 zone, I believe exploring the possibility of allowing ADU's would now be a good idea.

If the Council agrees that this is something they would like to explore, I will research out the appropriate regulations and present them to the Council at a future work session.

Mayor Wallace asks what we would have to do to allow somebody to rent out a spare room in their house.

Dr. Johnson states that would be considered a boarding house.

Mayor Wallace asks how do we do this without getting too convoluted?

Dr. Johnson states he would have to go put some regulations together and bring back to Council at a work session.

Councilmember Trate states that it makes sense because it's becoming more common because things are getting more costly.

Councilmember Thompson brings up the housing shortage.

Councilmember Butterworth wants to make sure we address the ADU issue and also make allowances to rent out a room.

Mayor Wallace wants this to be done in the easiest, cleanest way that will cause the least amount of work for staff. He tells Town Manager Harvey to work with Dr. Johnson to make this happen.

Mayor Pro Tem Hirshberg rejoins the meeting.

E.6 Discussion and/or Action [Suzanne Harvey]: Staff seeks input from the Council for the Town's Strategic Planning Retreat, scheduled for April 1, 2025, to plan the Town's strategic direction for the next few years.

Motion: Item E.6 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Christy Hirshberg.

Manager Harvey asks Council to each send her their vision for the town and also 4-5 things that they would like to see achieved in the next five years. She asks that they email it to her by March 28th.

E.7 Discussion and/or Action [Chief Berry]: Approval of an agreement with Off Duty Management, Inc., to help manage and coordinate our off-duty police officers working for other entities; and consideration and approval of the police department's off duty employment policy.

Motion: Item E.7 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Debra Trate.

Chief Berry explains that the police department currently does not have a policy that is conducive for off-duty employment. Off-Duty Management is a scheduling agency that is able to see who is available for shifts and can schedule them for assignments. They have provided

the packet of information to Council. One of the things requested by them was that we provide them the off-duty policy. The town determines the rate of pay and they can schedule off-duty officers for assignments that are paid by whatever agency requests the service. There is no charge to the town to participate and the officers would be able to make extra money while providing the services. We would charge an hourly rate for the vehicles that would be paid to the town, and they would pay the officers directly for their time.

Mayor Wallace asks Attorney Benavidez if he reviewed the policy.
Attorney Benavidez confirms that he has and that it looks great.

Mayor Pro Tem Hirshberg asks what the hourly rate is for the vehicles.
Chief Berry explains that currently most agencies are charging \$5.00/hour. We can keep our rate in line with theirs if Council agrees.

Motion: The off-duty policy for the police department and authorize staff to go forward with the agreement, on approval from the Attorney, with Off Duty Management, Inc. , Action: Approve, moved by Johann Wallace, Seconded by Christy Hirshberg.
Motion passed unanimously.

E.8 Discussion and/or Action [Stephanie Fulton]: Approval of a Library Services and Technology Act (LSTA) grant in the amount of \$4000.00 to renew the Library's WIFI Hotspot Lending Program.

Motion: Item E.8 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Wallace states this is to continue having hotspots for checkout at the Library.

Motion: Library Services and Technology Act (LSTA) grant in the amount of \$4000.00 to renew the Library's WIFI Hotspot Lending Program. Action: Approve, moved by Johann Wallace, Seconded by Christy Hirshberg.
Motion passed unanimously.

E.9 Discussion and/or Action [Stephanie Fulton]: Approval of a Library Services and Technology Act (LSTA) grant in the amount of \$4000.00 for the purchase of STEAM materials available for checkout by patrons.

Motion: Item E.9 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Debra Trate.

Mayor Wallace explains this is the same thing, good for the library.

Motion: Library Services and Technology Act (LSTA) grant in the amount of \$4000.00 for the purchase of STEAM materials available for checkout by patrons.
Action: Approve, moved by Johann Wallace, Seconded by Christy Hirshberg.
Motion passed unanimously.

E.10 Discussion and/or Action [Suzanne Harvey]: Approval of an agreement with the Legacy Foundation to use their Outreach Center as a venue for the Town's Strategic Planning Retreat.

Motion: Item E.10 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Christy Hirshberg.

Manager Harvey explains that this is so that staff can work on the strategic planning without interruption. The room doesn't cost anything. She will need to get our insurance to cover the building for the day, which will not cost us more money.

Motion: Agreement with the Legacy Foundation to use their Outreach Center as a venue for the Town's Strategic Planning Retreat. Action: Approve, moved by Johann Wallace, Seconded by Debra Trate.

Motion passed unanimously.

E.11 Discussion and/or Action [Chief Berry]: Approval to purchase a vehicle for the police department.

Motion: Item E.7 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Chief Berry advises that this is a really good deal on a nearly fully equipped police vehicle. It would replace the vehicle that the Chief is currently driving, which has had a lot of issues lately. He states that we just replaced several vehicles through grants and a lease. This is the last vehicle that needs to be replaced.

Mayor Pro Tem Hirshberg asks if there will be another grant available to buy a vehicle instead of spending the money on this one.

Chief Berry states that he is unsure at this time. There usually are grants available but there is no guarantee that there will be and it takes a lot of time to get a new one and get it equipped and get everything it needs, whereas this one is nearly ready to use right now.

Mayor Wallace confirms with Chief Berry that he has the money in his budget right now. Chief Berry confirms this.

Motion: Purchase a vehicle as discussed for the police department.

Action: Approve, moved by Johann Wallace, Seconded by Cynthia Butterworth.

Motion Passed 5-1 Mayor Pro Tem Hirshberg votes Nay

E.12 Discussion and/or Action [Suzanne Harvey]: Approval of a purchase agreement with HME, INC., for a Type 6 wildland truck on a Ford F-550 4-door 4x4 chassis.

Motion: Item E.13 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Debra Trate.

Manager Harvey advises that it is finally time to purchase this. We have the funds and need to complete the purchase. She further states that delivery time may increase from what is stated in

the purchase agreement, along with the cost may increase. That is just how it is with these vehicles and it is stated in the agreement.

Motion: Purchase agreement with HME, INC., for a Type 6 wildland truck on a Ford F-550 4-door 4x4 chassis.

Action: Approve, moved by Johann Wallace, Seconded by Debra Trate.

Motion passed unanimously.

E.13 Discussion and/or Action [Mayor Wallace]: Proclamation No. 2025-02 – A proclamation of the Mayor declaring the Month of April as Garden Month in the Town of Huachuca City.

Motion: Item E.13 Action: Open for discussion and/or Action, moved by Johann Wallace, Seconded by Christy Hirshberg.

F. Reports of Current Events by Council

Councilmember Butterworth- Upcoming: Saturday is the gathering in the garden. 20th SVMPO meeting. 21st Food distribution. 22nd Community meeting.

Councilmember Cardella- nothing to report

Councilmember Trate- Went to the Hispanic Chamber mixer in Tombstone. Will be at the community meeting next Saturday.

Mayor ProTem Hirshberg- Will attend the SVMPO and the community meeting on 22nd.

Councilmember Arreola- not in attendance

Councilmember Thompson- Met with Brandye to discuss her daily operations.

Mayor Wallace- Nothing reported.

G. Adjournment

Motion: To Adjourn, **Action:** Adjourn, **Moved by** Johann Wallace, **Seconded by Christy Hirshberg.**

Motion passed unanimously.

Approved by Mayor Johann R. Wallace on March 27, 2025.

Mr. Johann R. Wallace
Mayor

Attest: _____
Ms. Brandye Thorpe,
Town Clerk

Seal:

Certification

I hereby certify that the foregoing is a true and correct copy of the Minutes of the Meeting for the Huachuca City Town Council held on March 13, 2025. I further certify that the meeting was duly called and a quorum was present.

Ms. Brandye Thorpe,
Town Clerk

Report Criteria:

Detail report.
Invoices with totals above \$0.00 included.
Paid and unpaid invoices included.

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	GL Account Number
AFLAC							
1030	AFLAC	203371	Supplemental Employee Insuranc	03/15/2025	1,542.56	1,542.56	10-22520
Total AFLAC:					1,542.56	1,542.56	
AMRRP WC							
10451	AMRRP WC	40000914-030	AZ Commercial Package/Excess	03/04/2025	4,817.60	4,817.60	10-43-280
10451	AMRRP WC	40000914-030	AZ Commercial Package/Excess	03/04/2025	4,817.60	4,817.60	51-40-280
10451	AMRRP WC	40000914-030	AZ Commercial Package/Excess	03/04/2025	4,817.60	4,817.60	52-40-280
10451	AMRRP WC	40000914-030	AZ Commercial Package/Excess	03/04/2025	4,817.60	4,817.60	55-40-280
10451	AMRRP WC	40000914-030	AZ Commercial Package/Excess	03/04/2025	4,817.60	4,817.60	65-40-280
Total AMRRP WC:					24,088.00	24,088.00	
Arizona Animal Control Association							
10658	Arizona Animal Control Associatio	03/19/2025	membership fee for 1	03/19/2025	55.00	55.00	10-51-660
10658	Arizona Animal Control Associatio	03/19/2025	conference fees	03/19/2025	150.00	150.00	10-51-660
Total Arizona Animal Control Association:					205.00	205.00	
AT&T							
1398	AT&T	1080-2/19/25	Phone Service	02/19/2025	83.70	83.70	10-43-271
Total AT&T:					83.70	83.70	
AZ Department of Corrections Labor							
1315	AZ Department of Corrections Lab	D084771 2025	Labor AD	03/04/2025	25.50	25.50	10-43-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor PD	03/04/2025	2.84	2.84	10-51-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor PW	03/04/2025	14.17	14.17	10-57-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor LB	03/04/2025	28.33	28.33	10-62-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor Water	03/04/2025	63.75	63.75	51-40-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor Sewer	03/04/2025	63.75	63.75	52-40-366
1315	AZ Department of Corrections Lab	D084771 2025	Labor LF	03/04/2025	56.66	56.66	55-40-366
Total AZ Department of Corrections Labor:					255.00	255.00	
AZ Department of Corrections Mileage							
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- AD	01/08/2025	67.71	67.71	10-43-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- AD	03/05/2025	62.85	62.85	10-43-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- PD	01/08/2025	7.52	7.52	10-51-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- PD	03/05/2025	6.98	6.98	10-51-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- PW	01/08/2025	22.57	22.57	10-57-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- PW	03/05/2025	34.92	34.92	10-57-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- LB	01/08/2025	75.23	75.23	10-62-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- LB	03/05/2025	69.83	69.83	10-62-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- Water	01/08/2025	101.56	101.56	51-40-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- Water	03/05/2025	157.11	157.11	51-40-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- Sewer	01/08/2025	101.56	101.56	52-40-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- Sewer	03/05/2025	157.11	157.11	52-40-366
10743	AZ Department of Corrections Mil	D084736 2025	Mileage- LF	01/08/2025	150.47	150.47	55-40-366
10743	AZ Department of Corrections Mil	D084771 2025	Mileage- LF	03/05/2025	139.66	139.66	55-40-366

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	GL Account Number
Total AZ Department of Corrections Mileage:					1,155.08	1,155.08	
AZ Department of Environmental Quality							
10472	AZ Department of Environmental	0000424829X	LNF Landfill	03/31/2025	2,236.40	2,236.40	55-40-516
Total AZ Department of Environmental Quality:					2,236.40	2,236.40	
AZ Dept of Revenue							
1410	AZ Dept of Revenue	FEB25TPT	February TPT	03/11/2025	18.40	18.40	51-22200
Total AZ Dept of Revenue:					18.40	18.40	
Benjamin Berry							
10829	Benjamin Berry	03192025	3x lunch	03/19/2025	36.00	36.00	10-51-660
10829	Benjamin Berry	03192025	dinners x3	03/19/2025	60.00	60.00	10-51-660
Total Benjamin Berry:					96.00	96.00	
Caselle, Inc							
1745	Caselle, Inc	139194	Management Software	03/01/2025	883.15	883.15	10-48-210
1745	Caselle, Inc	139194	Software License- Water	03/01/2025	49.06	49.06	51-40-480
1745	Caselle, Inc	139194	Software License- Sewer	03/01/2025	52.99	52.99	52-40-480
1745	Caselle, Inc	139194	Software License- LF	03/01/2025	62.80	62.80	55-40-480
Total Caselle, Inc:					1,048.00	1,048.00	
Caterpillar Financial Services Corp.							
10620	Caterpillar Financial Services Cor	36657080	Payment For 816K Compactor an	03/08/2025	6,764.69	6,764.69	55-40-705
Total Caterpillar Financial Services Corp.:					6,764.69	6,764.69	
CenturyLink							
4280	CenturyLink	2648-2/7/25	Local Phone Service - Town Hall	02/07/2025	408.78	408.78	10-43-271
4280	CenturyLink	9728-2/7/25	Local Phone Service - Police Dept	02/07/2025	183.28	183.28	10-51-271
4280	CenturyLink	02072025	Local Phone Service - Public Wor	02/07/2025	67.25	67.25	10-57-271
4280	CenturyLink	6652-2/7/25	Local Phone Service - Library	02/07/2025	94.75	94.75	10-62-271
Total CenturyLink:					754.06	754.06	
Chosin Firearms LLC							
10413	Chosin Firearms LLC	12419	Radical Firearms AC556 AR15 Rif	03/13/2025	600.00	600.00	10-51-466
Total Chosin Firearms LLC:					600.00	600.00	
City of Sierra Vista							
1702	City of Sierra Vista	5270	Fuel AD	03/06/2025	7.07	7.07	10-43-475
1702	City of Sierra Vista	5270	Fuel PD	03/06/2025	1,093.48	1,093.48	10-51-475
1702	City of Sierra Vista	5270	Fuel HC	03/06/2025	355.68	355.68	10-65-475
1702	City of Sierra Vista	5270	Fuel Post Bus	03/06/2025	675.19	675.19	65-40-475
Total City of Sierra Vista:					2,131.42	2,131.42	
Cochise Health & Social Services							
10110	Cochise Health & Social Services	11572	Pool License	03/12/2025	135.00	135.00	10-58-460

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	GL Account Number
Total Cochise Health & Social Services:					135.00	135.00	
Cochise Lock & Safe							
1863	Cochise Lock & Safe	246810	Return Check Fee	03/19/2025	55.00	55.00	10-43-483
Total Cochise Lock & Safe:					55.00	55.00	
Cochise Painting							
10630	Cochise Painting	INV0461	Activity Center Exterior Painting	12/20/2024	5,900.00	5,900.00	88-40-100
10630	Cochise Painting	INV0481	Library Exterior Painting	02/18/2025	8,750.00	8,750.00	88-40-100
Total Cochise Painting:					14,650.00	14,650.00	
Code Publishing, Inc.							
1897	Code Publishing, Inc.	GC00129700	Annual Web Fees	03/19/2025	830.00	830.00	10-43-703
Total Code Publishing, Inc.:					830.00	830.00	
Concepcion Romero							
10830	Concepcion Romero	03152025	Cleaning Deposit Refund	03/19/2025	75.00	75.00	10-36-500
Total Concepcion Romero:					75.00	75.00	
Empire Southwest, LLC							
2220	Empire Southwest, LLC	EMPS6777236	breather valve needs relaced on t	03/07/2025	235.40	235.40	55-40-610
Total Empire Southwest, LLC:					235.40	235.40	
ESG Corp							
10787	ESG Corp	46926	COBRA Monthly	03/10/2025	40.95	40.95	10-43-122
Total ESG Corp:					40.95	40.95	
Gerald Hursh							
10336	Gerald Hursh	03192025	lunches for AZACA Conference	03/19/2025	36.00	36.00	10-51-660
10336	Gerald Hursh	03192025	Dinners during AZACA Conferenc	03/19/2025	60.00	60.00	10-51-660
Total Gerald Hursh:					96.00	96.00	
Jose Olivas							
10503	Jose Olivas	03192025	3 lunches	03/19/2025	36.00	36.00	10-51-660
10503	Jose Olivas	03192025	3 dinners	03/19/2025	60.00	60.00	10-51-660
Total Jose Olivas:					96.00	96.00	
Kimball Midwest							
10431	Kimball Midwest	103126636	Restock various small tools	03/04/2025	225.84	225.84	10-57-540
Total Kimball Midwest:					225.84	225.84	
P&M Construction Services Inc							
10572	P&M Construction Services Inc	2089	Rental Scraper Invoice 2089.	12/20/2024	12,880.00	12,880.00	55-40-650
Total P&M Construction Services Inc:					12,880.00	12,880.00	

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	GL Account Number
Pima Pool & Plastering LLC							
10823	Pima Pool & Plastering LLC	6590	POOL LED Bright Light	03/03/2025	7,597.80	7,597.80	10-70-990
Total Pima Pool & Plastering LLC:					7,597.80	7,597.80	
Principal Life Insurance Co							
4121	Principal Life Insurance Co	4/1/25-4/30/25	employee benefit	03/18/2025	706.52	706.52	10-22530
Total Principal Life Insurance Co:					706.52	706.52	
Ruben A. Villa							
4360	Ruben A. Villa	H-035-031625	Consulting Services- Admin	03/16/2025	1,307.85	1,307.85	10-43-650
4360	Ruben A. Villa	H-035-031625	Consulting Services- Magistrate	03/16/2025	109.02	109.02	10-45-650
4360	Ruben A. Villa	H-035-031625	Consulting Services- Road User	03/16/2025	163.53	163.53	23-40-650
4360	Ruben A. Villa	H-035-031625	Consulting Services- Water	03/16/2025	980.79	980.79	51-40-650
4360	Ruben A. Villa	H-035-031625	Consulting Services- Sewer	03/16/2025	734.70	734.70	52-40-650
4360	Ruben A. Villa	H-035-031625	Consulting Services- Landfill	03/16/2025	654.11	654.11	55-40-650
Total Ruben A. Villa:					3,950.00	3,950.00	
S.S.V.E.C							
3920	S.S.V.E.C	6100-3/6/25	City Hall	03/06/2025	503.44	503.44	10-43-340
3920	S.S.V.E.C	9100-3/6/25	Sign Meter	03/06/2025	76.71	76.71	10-43-340
3920	S.S.V.E.C	1200.-3/6/25	Police	03/06/2025	300.48	300.48	10-51-340
3920	S.S.V.E.C	2100-3/6/25	Fire Station	03/06/2025	300.49	300.49	10-53-340
3920	S.S.V.E.C	8300-3/6/25	City Pool	03/06/2025	126.00	126.00	10-58-340
3920	S.S.V.E.C	2300-3/6/25	Community Center	03/06/2025	91.02	91.02	10-60-340
3920	S.S.V.E.C	6101-3/6/25	Keeline Park	03/06/2025	38.78	38.78	10-60-340
3920	S.S.V.E.C	6200-3/6/25	keeline park Skyline	03/06/2025	50.71	50.71	10-60-340
3920	S.S.V.E.C	7200-3/6/25	Tennis Courts	03/06/2025	38.78	38.78	10-60-340
3920	S.S.V.E.C	1100-3/6/25	Library	03/06/2025	409.35	409.35	10-62-340
3920	S.S.V.E.C	1300-3/6/25	senior Center	03/06/2025	123.35	123.35	10-68-340
3920	S.S.V.E.C	2200-3/6/25	streetlight Master	03/06/2025	2,358.30	2,358.30	23-40-340
3920	S.S.V.E.C	0500-3/6/25	Well howard St	03/06/2025	456.37	456.37	51-40-340
3920	S.S.V.E.C	1400-3/6/25	skyline Well	03/06/2025	626.87	626.87	51-40-340
3920	S.S.V.E.C	1800-3/6/25	Well at Cochise	03/06/2025	609.90	609.90	51-40-340
3920	S.S.V.E.C	6000-3/6/25	Gilas St well	03/06/2025	702.15	702.15	51-40-340
3920	S.S.V.E.C	00500-3/6/25	Hunt Rd Sewer Pond	03/06/2025	98.17	98.17	52-40-340
3920	S.S.V.E.C	2500-3/6/25	scales at Landfill	03/06/2025	62.75	62.75	55-40-340
3920	S.S.V.E.C	6800-3/6/25	Landfill	03/06/2025	801.67	801.67	55-40-340
Total S.S.V.E.C:					7,775.29	7,775.29	
Waste Management of AZ							
10207	Waste Management of AZ	0057213-1571-	Trash Service	03/03/2025	14,923.41	14,923.41	54-40-360
Total Waste Management of AZ:					14,923.41	14,923.41	
Wist Office Products							
4169	Wist Office Products	2518963	Restock Supplies.	03/17/2025	103.42	103.42	51-40-460
4169	Wist Office Products	2518958	Restock Supplies.	03/17/2025	131.69	131.69	55-40-460
Total Wist Office Products:					235.11	235.11	
Grand Totals:					105,485.63	105,485.63	

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	GL Account Number
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Dated: _____

Mayor: _____

City Council: _____

City Recorder: _____

Report Criteria:

- Detail report.
- Invoices with totals above \$0.00 included.
- Paid and unpaid invoices included.

**NOTICE OF PUBLIC MEETING OF THE TOWN COUNCIL OF THE TOWN OF
HUACHUCA CITY FOR THE PURPOSE OF RATIFYING PAST ACTION TAKEN
THAT MAY HAVE VIOLATED THE OPEN MEETING LAW**

Pursuant to A.R.S. § 38-431.05, notice is hereby given to the members of the Town Council of the Town of Huachuca City and to the general public that the Town Council will hold a meeting open to the public on March 27, 2025, at 6:00 pm.

One of the purposes of the meeting is to ratify an emergency action of the Town Council that may have been taken in violation of the Open Meeting Law on March 7, 2025. This action involved an Emergency Meeting of the Town Council, pursuant to A.R.S. 38-431.02(D), for the following purpose:

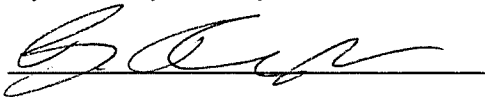
Adoption of Resolution 2025-04 approving a grant agreement for receipt of Federal Transit Administration [FTA] funds through the Arizona Department of Transportation [ADOT] for funding to provide public transportation services. The Grant application deadline was 3:00 pm, March 7, 2025, and the Town Council had to approve the grant agreement by this time for the Town to be eligible to receive funding.

The public may obtain a detailed written description of the action to be ratified, and all deliberations, consultations, and decisions by members of the public body that preceded and relate to this action to be ratified at Huachuca City Town Hall, 500 N. Gonzales Blvd, at least 72 hours in advance of the meeting.

Dated this 18th day of March, 2025.

Town of Huachuca City

By: Brandye Thorpe Town Clerk

A handwritten signature in dark ink, appearing to read 'Brandye Thorpe', is written over a horizontal line.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at 520-456-1354. Requests should be made as early as possible to arrange the accommodation.

DISCLOSURE FOR RATIFICATION OF ACTION TAKEN IN VIOLATION OF OPEN MEETING LAW

On March 7, 2025, the Town Council of the Town of Huachuca City held an emergency public meeting. The agenda for the emergency meeting was published at the Town's physical posting locations within 24 hours of the emergency meeting, however the agenda was not published on the Town's website.

At the emergency meeting, the Town Council adopted Resolution 2025-04 approving a grant agreement for receipt of Federal Transit Administration [FTA] funds through the Arizona Department of Transportation [ADOT] for funding to provide public transportation services. The Grant application deadline was 3:00 pm, March 7, 2025, and the Town Council had to approve the grant agreement by this time for the Town to be eligible to receive the funding.

A recording of the emergency meeting, Resolution 2025-04, and the grant agreement are available in the office of the Town Clerk at Town Hall – 500 N. Gonzales Blvd., Huachuca City, Arizona. At a Council meeting held December 12, 2024, the Council authorized Town staff to apply for the subject grant funding. Information concerning this 2024 Council meeting is also available from the Town Clerk and the meeting minutes are on the Town's website: <https://huachucacityaz.gov/>



Town of Huachuca City

The Sunset City

500 N Gonzales Blvd • Huachuca City, Arizona 85616

Phone: (520) 456-1354 • TDD: (520) 456-1353 • Fax: (520) 456-2230

ORDINANCE NO. 2025-01

AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, CHANGING THE ZONING OF 2.64 ACRES OF PROPERTY OWNED BY DESERT SAGE APARTMENTS, L.L.C., GENERALLY SITUATED AT 712 GONZALES BLVD. (TAX PARCEL NO. 106-47-024), FROM “B/C” (“GENERAL BUSINESS/COMMERCIAL DISTRICT”) TO “R-4” (“RESIDENTIAL DISTRICT”).

WHEREAS, pursuant to A.R.S. 9-462.01 (A), the Town is empowered to adopt and amend zoning regulations; and

WHEREAS, Desert Sage Apartments, L.L.C., is the owner of approximately 2.64 acres of land generally situated at 712 Gonzales Boulevard (tax parcel no. 106-47-024); and

WHEREAS, the owner has applied to the Town to change the zoning of the property from “B/C” (“General Business / Commercial District”) to “R-4” (“Residential District”); and

WHEREAS, the rezoning is requested to conform the present multi-family residential use of the property with the appropriate zoning classification; and

WHEREAS, the rezoning of the property would be in conformance with the Huachuca City General Plan; and

WHEREAS, a neighborhood meeting was held on February 3, 2025, and the Zoning Administrator held a public hearing on the rezoning request on February 18, 2025, and no opposition was expressed; and

WHEREAS, following the public hearing, the Zoning Administer recommended that the Town Council approve the request for rezoning of the property; and

WHEREAS, the Mayor and Council have determined that the rezoning request is in conformance with the General Development Plan, and all other requirements have been satisfied; and

WHEREAS, as required by the Code, section 2.25.040, this Ordinance was first read at a public meeting of the Town Council on March 13, 2025, and at a subsequent meeting on March 27, 2025.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the Town of Huachuca City, as follows:

SECTION 1. The zoning of approximately 2.64 acres of land, generally situated at 712 Gonzales Boulevard (tax parcel no. 106-47-024), and more particularly described on Attachment “A” incorporated herein by this reference, is hereby changed from “B/C” (“Business / Commercial District”) to “R-4” (“Residential District”).

SECTION 2. All ordinances, parts of ordinances, resolutions, parts of resolutions, policies, and parts of policies in conflict with the provisions of this Ordinance, or any part hereof, are hereby repealed.

SECTION 3. If any section, subsection or portion of this Ordinance is for any reason held to be invalid or unenforceable by the decision of a court of competent jurisdiction, such decision shall not affect the validity or enforceability of the remaining portions hereof.

SECTION 4. The Town Clerk is hereby directed, pursuant to the Code, sections 2.25.080 and 2.25.090, to publish this Ordinance as required by A.R.S. 9-812 and 39-204 (C)(3).

PASSED AND ADOPTED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, THIS 27th DAY OF MARCH, 2025

Johann Wallace, Mayor

ATTEST:

Brandye Thorpe, Town Clerk

Approved as to Form:

Thomas Benavidez

Thomas Benavidez, Town Attorney

ATTACHMENT “A”

[Property Legal Description Must Be Attached]

TOWN OF HUACHUCA CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2024
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF HUACHUCA CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT

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Notes to Annual Expenditure Limitation Report.....	5



Independent Accountants' Report on AELR

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
Town of Huachuca City, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Huachuca City, Arizona, for the year ended June 30, 2024. This report is the responsibility of the Town of Huachuca City, Arizona's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Huachuca City, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

HintonBurdick, PLLC

Mesa, Arizona
March 17, 2025

TOWN OF HUACHUCA CITY, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	N/A
2. Voter-approved alternative expenditure limitation (Approved June 25, 2020)	<u>11,613,931</u>
3. Enter applicable amount from line 1 or line 2	\$ 11,613,931
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>4,894,103</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ 6,719,828</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: _____

Telephone Number: (520) 456-1354 Date: _____

See accompanying notes to report.

TOWN OF HUACHUCA CITY, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2024

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	<u>\$ 2,535,507</u>	<u>\$ 2,358,519</u>	<u>\$ 4,894,103</u>
B. Less exclusions claimed:			
14. Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.)	<u>\$ 2,535,507</u>	<u>\$ 2,358,519</u>	<u>\$ 4,894,103</u>
	<u>\$ 2,535,507</u>	<u>\$ 2,358,519</u>	<u>\$ 4,894,103</u>

See accompanying notes to report.

TOWN OF HUACHUCA CITY, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2024

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the financial statements	<u>\$ 2,535,507</u>	<u>\$ 2,621,449</u>	<u>\$ 77</u>	<u>\$ 5,157,033</u>
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	253,326	-	253,326
Landfill closure and postclosure care costs	-	206,705	-	206,705
5. Total subtractions	<u>-</u>	<u>460,031</u>	<u>-</u>	<u>460,031</u>
C. Additions:				
1. Principal payments on long-term debt	-	122,679	-	122,679
2. Acquisition of capital assets	-	74,422	-	74,422
4. Total additions	<u>-</u>	<u>197,101</u>	<u>-</u>	<u>197,101</u>
D. Amounts reported on Part II, Line A	<u><u>2,535,507</u></u>	<u><u>2,358,519</u></u>	<u><u>77</u></u>	<u><u>4,894,103</u></u>

See accompanying notes to report.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation plan extended June 25, 2020 as authorized by the Arizona Constitution, Article IX, §20 (9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position.

Note 2. Reconciliation

The addition of \$122,679 for principal payments on long-term debt in the Enterprise Funds consists of principal payments on notes payable as listed in the long-term debt footnote. The addition of \$74,422 for acquisition of capital assets consists of improvements in the landfill fund.

Note 3. Exclusions

Exclusions from local revenues, including those enumerated in the Constitution, may be taken against alternative expenditure limitations only if such exclusions are specifically identified in the resolution and the publicity pamphlet. The City's most current resolution does not specify any exclusions and therefore, no exclusions are reported within this document.



TOWN OF HUACHUCA CITY, ARIZONA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF HUACHUCA CITY, ARIZONA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and
Town Council
Town of Huachuca City, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huachuca City, Arizona, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huachuca City, Arizona, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Huachuca City, Arizona and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Huachuca City, Arizona's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Huachuca City, Arizona's basic financial statements. The combining nonmajor fund financial statements, and nonmajor fund budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and nonmajor fund budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2025 on our consideration of the Town of Huachuca City, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Huachuca City, Arizona's internal control over financial reporting and compliance.

HintonBurdick, PLLC

Mesa, Arizona
March 17, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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TOWN OF HUACHUCA CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

As management of the Town of Huachuca City, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Town's financial activity (3) identify changes in the Town's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) individual fund issues or concerns. Please read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position at the close of the fiscal year was \$12.05 million. This amount is comprised of \$7.11 million in net investment in capital assets, \$4.80 million of restricted net position and (\$2.22) million in unrestricted net position.
- Governmental net position increased by \$4,698,829, and Business-Type net position decreased by \$2,369,073
- Total City and State Sales tax revenue increased by 9.92 percent from last year and combined are the largest general revenue sources in the budget for the governmental activities.
- Improvements and additions totaling \$238,472 were made to the Town's capital assets.
- Total debt service payments on notes payable and bonds totaled \$193,555. Overall, compensated absences increased by \$8,561, the net pension/OPEB liability increased by \$185,857, and the Landfill closure/post-closure liability increased by \$206,705. The Town reported approximately \$5.9 million in total outstanding debt at the close of the year.
- The General Fund's unassigned fund balance increased by \$2,545,772 to \$544,233.
- Other governmental fund balances increased by \$2,173,019 to \$4,357,013, all of which is restricted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's property tax base or condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers that is intended to cover all or most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included on pages 22 and 24.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$12.05 million as of June 30, 2024 as shown in the following condensed statement of net position.

Town of Huachuca City Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current and other assets	\$ 5,221,743	\$ 459,329	\$ 4,088,300	\$ 6,243,017	\$ 9,310,043	6,702,346
Capital assets	3,943,616	3,993,618	4,857,953	5,036,856	8,801,569	9,030,474
Total assets	9,165,359	4,452,947	8,946,253	11,279,873	18,111,612	15,732,820
Deferred outflows of resources	281,157	231,107	-	-	281,157	231,107
Long-term liabilities outstanding	810,147	669,623	1,318,982	1,422,637	2,129,129	2,092,260
Other liabilities	278,879	274,083	3,827,825	3,688,717	4,106,704	3,962,800
Total liabilities	1,089,026	943,706	5,146,807	5,111,354	6,235,833	6,055,060
Deferred inflows of resources	104,067	185,753	-	-	104,067	185,753
Net position:						
Invested in capital assets, net of related debt	3,653,616	3,632,741	3,457,916	3,514,140	7,111,532	7,146,881
Restricted	4,420,725	2,218,637	2,704,423	2,579,766	7,125,148	4,798,403
Unrestricted	179,082	(2,296,783)	(2,362,893)	74,613	(2,183,811)	(2,222,170)
Total net position	\$ 8,253,423	\$ 3,554,595	\$ 3,799,446	\$ 6,168,519	\$ 12,052,869	\$ 9,723,114

The Town has \$18.39 million in total assets and deferred outflows, with \$8.8 million in capital assets (net of depreciation). The Town's Utility Funds, (Water, Sewer, Sanitation, and Landfill) operations are included in the Business-type activities column.

Governmental Activities

The Town's governmental programs include: General Government, Public Safety, Highways and Streets, and Culture and Recreation. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the Town's general taxes support each of the Town's programs.

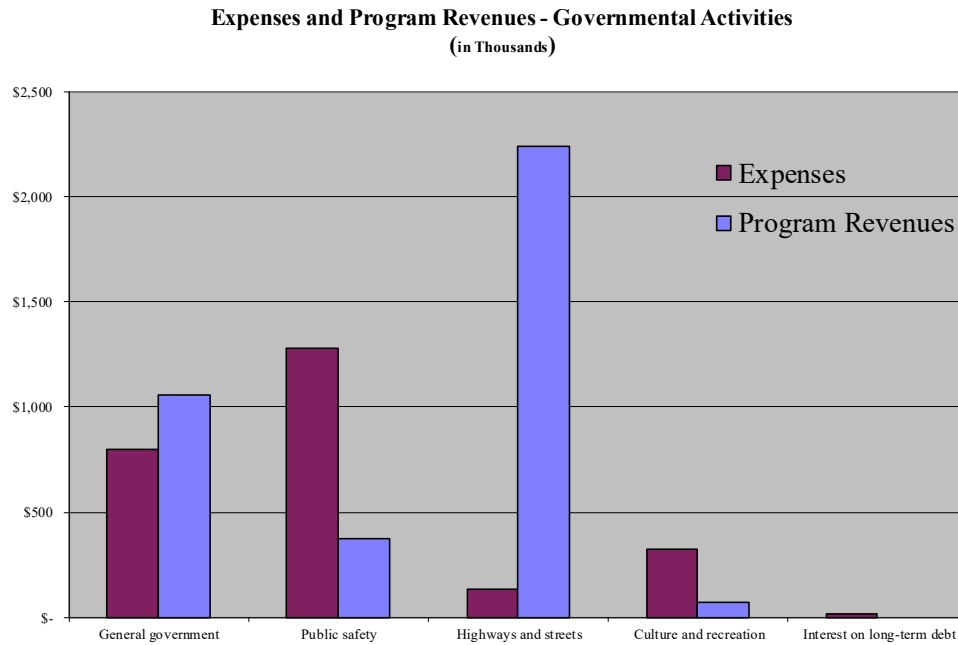
Town of Huachuca City Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,186,201	\$ 836,300	\$ 2,327,375	\$ 2,356,860	\$ 3,513,576	\$ 3,193,160
Operating grants and contributions	267,682	478,325	-	-	267,682	478,325
Capital grants and contributions	2,286,173	463,271	-	-	2,286,173	463,271
General revenues:						
Sales taxes	688,527	626,416	-	-	688,527	626,416
Other taxes	126,504	117,722	-	-	126,504	117,722
State revenue sharing	525,102	405,367	-	-	525,102	405,367
Other	86,500	253,728	16,332	40,654	102,832	294,382
Total revenues	<u>5,166,689</u>	<u>3,181,129</u>	<u>2,343,707</u>	<u>2,397,514</u>	<u>7,510,396</u>	<u>5,578,643</u>
Expenses:						
General government	801,424	779,581	-	-	801,424	779,581
Public safety	1,279,747	1,120,667	-	-	1,279,747	1,120,667
Highways and streets	135,846	81,303	-	-	135,846	81,303
Culture and recreation	323,068	281,092	-	-	323,068	281,092
Community development	-	-	-	-	-	-
Interest on long-term debt	19,106	18,459	-	-	19,106	18,459
Water	-	-	395,606	352,500	395,606	352,500
Sewer	-	-	227,588	251,769	227,588	251,769
Sanitation	-	-	171,003	159,921	171,003	159,921
Landfill	-	-	1,827,252	1,884,669	1,827,252	1,884,669
Total expenses	<u>2,559,191</u>	<u>2,281,102</u>	<u>2,621,449</u>	<u>2,648,859</u>	<u>5,180,640</u>	<u>4,929,961</u>
(Decrease)/Increase in net assets	2,607,498	900,027	(277,742)	(251,345)	2,329,756	648,682
Transfers	2,091,331	-	(2,091,331)	-	-	-
Net position, beginning	<u>3,554,594</u>	<u>2,654,568</u>	<u>6,168,519</u>	<u>6,419,864</u>	<u>9,723,113</u>	<u>9,074,432</u>
Net position, ending	<u>\$ 8,253,423</u>	<u>\$ 3,554,595</u>	<u>\$ 3,799,446</u>	<u>\$ 6,168,519</u>	<u>\$ 12,052,869</u>	<u>\$ 9,723,114</u>

The cost of all governmental activities this year was \$2.56 million as shown in the schedule of Changes in Net Position above. \$1.18 million of this cost was paid for by those who directly benefited from the programs. \$2.55 million was subsidized by grants received from other governmental organizations for both capital and operating activities. General taxes, Urban Revenue Sharing, investment earnings and other revenues totaled \$1.43 million.

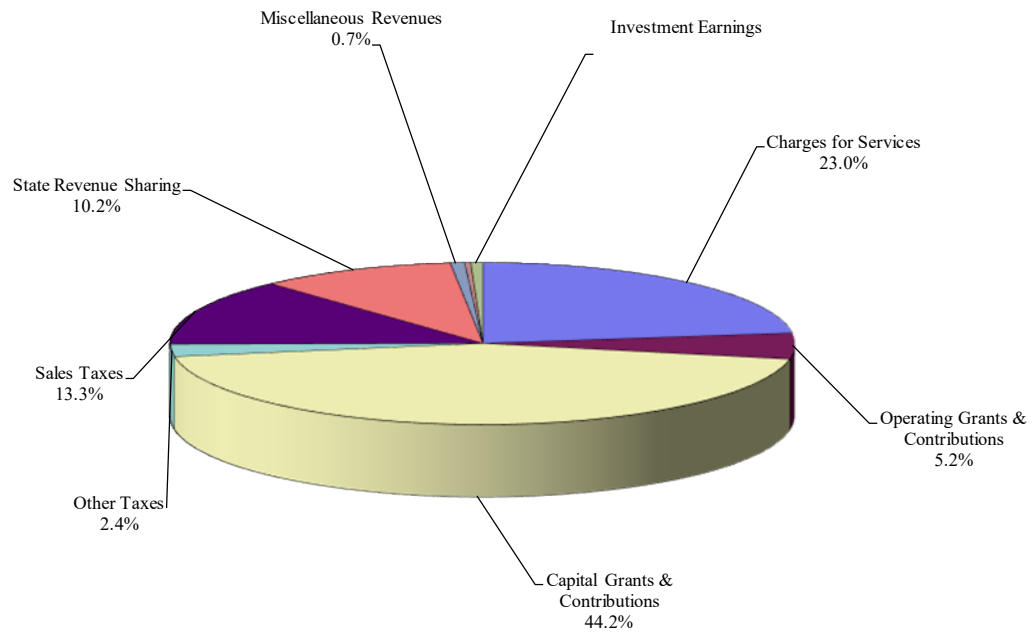
Total resources available during the year to finance governmental operations were \$8.7 million consisting of Net position at July 1, 2023 of \$3.55 million, program revenues of \$3.74 million and General Revenues of \$1.43 million. Total Governmental Activities expenses during the year were \$2.56 million. Thus Governmental Net Position increased by \$4.7 million to \$8.25 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.



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Revenue By Source - Governmental Activities

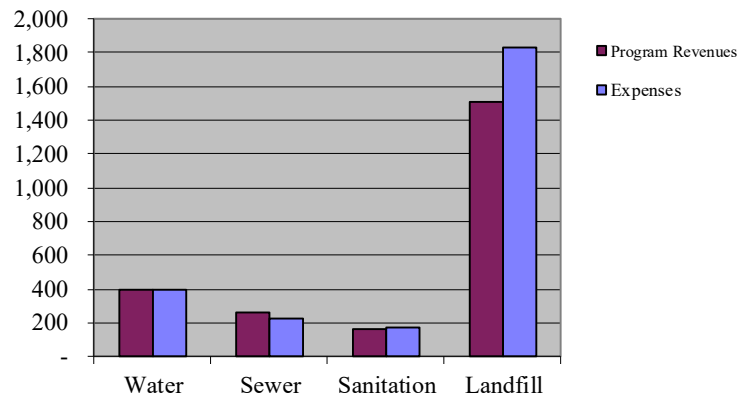


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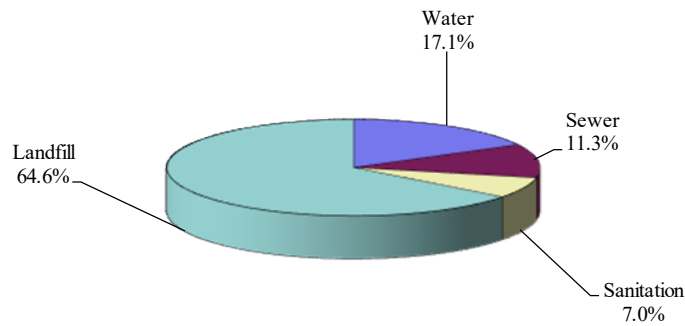
Business Type Activities

Net position of the Business Type activities at June 30, 2024, as reflected in the Statement of Net Position was \$3.8 million. The cost of providing all Proprietary (Business Type) activities this year was \$2.62 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2.32 million. Interest earnings and other revenues (losses) were \$16,332. Net Position decreased by \$277,742 prior to the transfer out.

Expenses and Program Revenues - Business-type Activities
(in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town of Huachuca City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Town of Huachuca City's governmental funds financial statements is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the Town of Huachuca City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Huachuca City's governmental funds reported combined ending fund balances of \$4.96 million, an increase in fund balance of \$4.72 million in comparison with the prior year. Of this total amount \$544,233 constitutes unassigned fund balance. The remainder of the fund balance is restricted, committed or assigned because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the Town of Huachuca City. At the end of the current fiscal year, total fund balance in the general fund was \$604,187, of which \$544,233 is unassigned, \$34,643 is restricted and \$25,311 is nonspendable.

Streets fund expenditures of \$74,048 were funded by Highway User revenues of \$166,929. Fund balance in the Streets fund increased by \$7,881 after a transfer out, which resulted in ending fund balance of \$1,442,703.

The State Skyline Project fund balance of \$2,227,803 consists of grant funds restricted for capital outlay on the Skyline Road project.

The non-major fund balance of \$686,507 consists of grant funds and donations restricted for various purposes.

General Fund Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund revenues of \$2.76 million were less than the budget of \$4.20 million by \$1.44 million mainly due to the Town budgeting approximately \$1.0 million for potential grants. Actual expenditures of \$2.26 million were \$1.95 million less than budgeted expenditures of \$4.20 million. The most significant variance was due to the Town budgeting \$650,000 for Fort Huachuca contracts and various departments being budgeted higher in the event the Town was awarded the grants mentioned previously.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, land improvements, utility infrastructure and roads. At the end of fiscal year 2024, net capital assets of the government activities totaled \$3.94 million and the net capital assets of the business-type activities totaled \$4.85 million. Combined capital assets additions were \$238,472 for fiscal year 2024 consisting of: assorted capital assets for various Town departments. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

Debt

At year-end, the Town had \$865,205 in governmental type debt, and \$5,028,398 in business-type debt. (See note 8 the financial statements.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town budget for fiscal year 2024/2025, the Town Council and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2023/2024.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the government's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to: Town of Huachuca City, Finance Department, 500 Gonzales Blvd, Huachuca City, AZ.
(520) 456-1354.

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BASIC FINANCIAL STATEMENTS

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TOWN OF HUACHUCA CITY, ARIZONA
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,912,173	\$ 962,903	\$ 5,875,076
Accounts receivable (net of allowance)	220,547	409,521	630,068
Prepaid expenses	24,811	-	24,811
Inventory	500	-	500
Other assets	-	500	500
Due from other governments	-	10,953	10,953
Total current assets	5,158,031	1,383,877	6,541,908
Non-current assets:			
Restricted cash and cash equivalents	34,643	2,704,423	2,739,066
Capital assets:			
Not being depreciated	111,235	251,619	362,854
Net of accumulated depreciation	3,832,381	4,606,334	8,438,715
Net pension/OPEB asset	29,069	-	29,069
Total non-current assets	4,007,328	7,562,376	11,569,704
Total Assets	9,165,359	8,946,253	18,111,612
Deferred outflows of resources:			
Deferred outflows related to pensions/OPEB	281,157	-	281,157
Total deferred outflows	281,157	-	281,157
Total assets and deferred outflows of resources	9,446,516	8,946,253	18,392,769
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities			
Current liabilities:			
Accounts payable and other current liabilities	211,230	58,504	269,734
Customer deposits	-	49,967	49,967
Unearned revenue	12,591	-	12,591
Accrued interest payable	-	9,938	9,938
Compensated absences - current	34,058	14,792	48,850
Bonds payable-current	21,000	-	21,000
Notes payable - current	-	81,055	81,055
Total current liabilities	278,879	214,256	493,135
Noncurrent liabilities:			
Compensated absences	8,515	3,698	12,213
Bonds payable	269,000	-	269,000
Notes payable	-	1,318,982	1,318,982
Net pension/OPEB liability	532,632	-	532,632
Landfill closure and post-closure costs	-	3,609,871	3,609,871
Total non-current liabilities	810,147	4,932,551	5,742,698
Total Liabilities	1,089,026	5,146,807	6,235,833
Deferred inflows of resources:			
Deferred inflows related to pensions/OPEB	104,067	-	104,067
Total deferred inflows	104,067	-	104,067
Total liabilities and deferred inflows of resources	1,193,093	5,146,807	6,339,900
NET POSITION:			
Net investment in capital assets	3,653,616	3,457,916	7,111,532
Restricted for:			
Debt service	34,643	-	34,643
General government	467,665	-	467,665
Public Safety	116,273	-	116,273
Highways and streets	1,442,703	-	1,442,703
Culture and recreation	42,569	-	42,569
Capital projects	2,287,803	-	2,287,803
Landfill closure/postclosure	-	2,704,423	2,704,423
OPEB	29,069	-	29,069
Unrestricted	179,082	(2,362,893)	(2,183,811)
Total net (deficit) position	8,253,423	3,799,446	12,052,869
Total liabilities, deferred inflows of resources and net position	\$ 9,446,516	\$ 8,946,253	\$ 18,392,769

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 801,424	\$ 1,056,515	\$ 82	\$ -	\$ 255,173	\$ -	\$ 255,173
Public safety	1,279,747	122,676	35,932	214,973	(906,166)	-	(906,166)
Highways and streets	135,846	-	166,929	2,071,200	2,102,283	-	2,102,283
Culture and recreation	323,068	7,010	64,739	-	(251,319)	-	(251,319)
Interest on long-term debt	19,106	-	-	-	(19,106)	-	(19,106)
Total governmental activities	2,559,191	1,186,201	267,682	2,286,173	1,180,865	-	1,180,865
Business-type activities:							
Water	395,606	398,411	-	-	-	2,805	2,805
Sewer	227,588	263,375	-	-	-	35,787	35,787
Sanitation	171,003	162,550	-	-	-	(8,453)	(8,453)
Landfill	1,827,252	1,503,039	-	-	-	(324,213)	(324,213)
Total business-type activities	2,621,449	2,327,375	-	-	-	(294,074)	(294,074)
Total primary government	\$ 5,180,640	\$ 3,513,576	\$ 267,682	\$ 2,286,173	1,180,865	(294,074)	886,791
General Revenues:							
Property taxes levied for general purposes					109,920	-	109,920
City sales tax					445,303	-	445,303
State sales tax					243,224	-	243,224
Urban revenue sharing					427,696	-	427,696
Vehicle license tax					97,406	-	97,406
Franchise tax					16,584	-	16,584
Miscellaneous revenues					37,852	11,372	49,224
Gain (loss) on disposal of assets					16,014	4,960	20,974
Unrestricted investment earnings/(loss)					32,634	-	32,634
Transfers					2,091,331	(2,091,331)	-
Total general revenues & transfers					3,517,964	(2,074,999)	1,442,965
Change in net position					4,698,829	(2,369,073)	2,329,756
Net position - beginning					3,554,594	6,168,519	9,723,113
Net position - ending					\$ 8,253,423	\$ 3,799,446	\$ 12,052,869

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Streets Fund	State Skyline Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 574,727	\$ 1,427,284	\$ 2,227,803	\$ 682,359	\$ 4,912,173
Receivables:					
Accounts	4,226	-	-	-	4,226
Property taxes	8,770	-	-	-	8,770
Intergovernmental	87,890	16,976	-	102,685	207,551
Due from other funds	98,537				98,537
Prepaid expenses	24,811	-	-	-	24,811
Inventory	500	-	-	-	500
Restricted cash and cash equivalents	34,643	-	-	-	34,643
Total assets	<u>\$ 834,104</u>	<u>\$ 1,444,260</u>	<u>\$ 2,227,803</u>	<u>\$ 785,044</u>	<u>\$ 5,291,211</u>
LIABILITIES					
Accounts payable	\$ 159,652	\$ 1,557	\$ -	\$ -	\$ 161,209
Due to other funds	-	-	-	98,537	98,537
Accrued payroll	50,021	-	-	-	50,021
Total liabilities	<u>209,673</u>	<u>1,557</u>	<u>-</u>	<u>98,537</u>	<u>309,767</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	7,653	-	-	-	7,653
Unearned revenue-lease	12,591	-	-	-	12,591
Total deferred inflows of resources	<u>20,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,244</u>
FUND BALANCES					
Nonspendable:					
Prepays	24,811	-	-	-	24,811
Inventory	500	-	-	-	500
Restricted for:					
General government	-	-	-	467,665	467,665
Public safety	-	-	-	116,273	116,273
Highways and Streets	-	1,442,703	-	-	1,442,703
Culture and recreation	-	-	-	42,569	42,569
Debt service	34,643	-	-	-	34,643
Capital projects	-	-	2,227,803	60,000	2,287,803
Unassigned	544,233	-	-	-	544,233
Total fund balances	<u>604,187</u>	<u>1,442,703</u>	<u>2,227,803</u>	<u>686,507</u>	<u>4,961,200</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 834,104</u>	<u>\$ 1,444,260</u>	<u>\$ 2,227,803</u>	<u>\$ 785,044</u>	<u>\$ 5,291,211</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2024

Total governmental fund balances	\$	4,961,200
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 9,372,642	
Accumulated Depreciation	<u>(5,429,026)</u>	
		3,943,616

Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	7,653
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Excise tax revenue bonds	(290,000)	
Net pension/OPEB liability	(532,632)	
Compensated absences	<u>(42,573)</u>	
		(865,205)

Other long term assets are not available to pay for current period expenditures and, therefore, not included in the funds.

Net OPEB asset	29,069
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Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows	281,157	
Deferred inflows	<u>(104,067)</u>	
		<u>177,090</u>

Total net position of governmental activities	\$	<u><u>8,253,423</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Streets Fund	State Skyline Project Fund	Grant Opportunity Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 568,086	\$ -	\$ -	\$ -	\$ -	\$ 568,086
Licenses, permits and fees	42,309	-	-	-	-	42,309
Intergovernmental revenue	955,864	166,929	2,071,200	-	143,326	3,337,319
Charges for services	304,777	-	-	-	-	304,777
Fines and forfeitures	87,305	-	-	-	-	87,305
Investment earnings	42,728	-	-	-	-	42,728
Rent	702,000	-	-	-	-	702,000
Contributions	4,469	-	-	-	9,867	14,336
Miscellaneous	58,187	-	-	-	-	58,187
Total revenues	<u>2,765,725</u>	<u>166,929</u>	<u>2,071,200</u>	<u>-</u>	<u>153,193</u>	<u>5,157,047</u>
EXPENDITURES						
Current:						
General government	779,840	-	-	-	-	779,840
Public safety	1,126,931	-	-	-	116,847	1,243,778
Culture and recreation	237,516	-	-	-	3,229	240,745
Highways and streets	-	74,048	-	-	-	74,048
Capital outlay	22,934	-	84,179	-	-	107,113
Debt service:						
Principal	70,877	-	-	-	-	70,877
Interest	19,106	-	-	-	-	19,106
Total expenditures	<u>2,257,204</u>	<u>74,048</u>	<u>84,179</u>	<u>-</u>	<u>120,076</u>	<u>2,535,507</u>
Excess of revenues over (under) expenditures	<u>508,521</u>	<u>92,881</u>	<u>1,987,021</u>	<u>-</u>	<u>33,117</u>	<u>2,621,540</u>
OTHER FINANCING SOURCES (USES)						
Gain/(loss) on investments	(10,094)	-	-	-	-	(10,094)
Sale of general capital assets	16,014	-	-	-	-	16,014
Transfers out	(60,000)	(85,000)	-	-	(112,125)	(257,125)
Transfers in	2,091,331	-	85,000	-	172,125	2,348,456
Total other financing sources (uses)	<u>2,037,251</u>	<u>(85,000)</u>	<u>85,000</u>	<u>-</u>	<u>60,000</u>	<u>2,097,251</u>
Net change in fund balances	<u>2,545,772</u>	<u>7,881</u>	<u>2,072,021</u>	<u>-</u>	<u>93,117</u>	<u>4,718,791</u>
Fund balances, beginning of year	(1,941,585)	1,590,604	-	10,931	582,459	242,409
Adjustment-changes from major to non-major	-	-	-	(10,931)	10,931	-
Adjustment-reclassification of activity	-	(155,782)	155,782	-	-	-
Fund balances (deficits), end of year	<u>\$ 604,187</u>	<u>\$ 1,442,703</u>	<u>\$ 2,227,803</u>	<u>\$ -</u>	<u>\$ 686,507</u>	<u>\$ 4,961,200</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$ 4,718,791
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.	
Capital Outlay	\$ 164,050
Depreciation Expense	<u>(214,052)</u>
	(50,002)
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.	3,722
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure, but the repayment reduces long-term liabilities in the statement of net position.	70,877
Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension/OPEB liability is measured a year before the City's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.	
Pension/OPEB contributions	52,506
Pension/OPEB expense	<u>(89,014)</u>
	(36,508)
Compensated absences and other expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences expense	<u>(8,051)</u>
Change in net position of governmental activities	<u><u>\$ 4,698,829</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Landfill	Total
ASSETS:					
Assets					
Current assets:					
Cash and cash equivalents	\$ 264,093	\$ 473,712	\$ 190,455	\$ 34,643	\$ 962,903
Receivables (net of allowance)	70,629	38,298	27,520	273,074	409,521
Due from other funds	-	-	312,919	-	312,919
Due from other governments	-	-	-	10,953	10,953
Other assets	-	500	-	-	500
Total Current Assets	<u>334,722</u>	<u>512,510</u>	<u>530,894</u>	<u>318,670</u>	<u>1,696,796</u>
Non-current assets:					
Restricted cash and cash equivalents	-	-	-	2,704,423	2,704,423
Capital assets					
Land	1,012	1,969	-	248,638	251,619
Buildings	31,627	-	-	198,405	230,032
Improvements over than buildings	8,365	-	-	286,351	294,716
Machinery and equipment	68,852	110,163	-	1,513,006	1,692,021
Infrastructure	4,346,256	3,071,038	-	8,613	7,425,907
Accumulated depreciation	(2,348,294)	(1,523,266)	-	(1,164,782)	(5,036,342)
Total Noncurrent Assets	<u>2,107,818</u>	<u>1,659,904</u>	<u>-</u>	<u>3,794,654</u>	<u>7,562,376</u>
Total assets	<u>\$ 2,442,540</u>	<u>\$ 2,172,414</u>	<u>\$ 530,894</u>	<u>\$ 4,113,324</u>	<u>\$ 9,259,172</u>
LIABILITIES:					
Liabilities					
Current liabilities:					
Accounts payable	\$ 45,994	\$ 460	\$ 12,050	\$ -	\$ 58,504
Accrued interest payable	-	9,938	-	-	9,938
Due to other funds	-	-	-	312,919	312,919
Customer deposits	33,810	7,465	150	8,542	49,967
Compensated absences - current	3,546	2,696	-	8,550	14,792
Current portion - long-term debt	-	34,381	-	46,674	81,055
Total Current Liabilities	<u>83,350</u>	<u>54,940</u>	<u>12,200</u>	<u>376,685</u>	<u>527,175</u>
Non-current liabilities:					
Compensated absences	886	674	-	2,138	3,698
Landfill closure and post-closure costs	-	-	-	3,609,871	3,609,871
Long-term debt, net of current portion	-	1,108,576	-	210,406	1,318,982
Total non-current liabilities	<u>886</u>	<u>1,109,250</u>	<u>-</u>	<u>3,822,415</u>	<u>4,932,551</u>
Total liabilities	<u>84,236</u>	<u>1,164,190</u>	<u>12,200</u>	<u>4,199,100</u>	<u>5,459,726</u>
NET POSITION:					
Net investment in capital assets	2,107,818	516,947	-	833,151	3,457,916
Restricted for landfill closure/postclosure	-	-	-	2,704,423	2,704,423
Unrestricted (deficit)	<u>250,486</u>	<u>491,277</u>	<u>518,694</u>	<u>(3,623,350)</u>	<u>(2,362,893)</u>
Total net position (deficit)	<u>2,358,304</u>	<u>1,008,224</u>	<u>518,694</u>	<u>(85,776)</u>	<u>3,799,446</u>
Total liabilities and net position	<u>\$ 2,442,540</u>	<u>\$ 2,172,414</u>	<u>\$ 530,894</u>	<u>\$ 4,113,324</u>	<u>\$ 9,259,172</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Landfill	Total
Operating revenues:					
Charges for services	\$ 397,193	\$ 263,375	\$ 162,550	\$ 1,503,039	\$ 2,326,157
Customer penalties and interest	1,218	-	-	-	1,218
Other revenues	1,308	-	-	10,064	11,372
Total operating revenues	<u>399,719</u>	<u>263,375</u>	<u>162,550</u>	<u>1,513,103</u>	<u>2,338,747</u>
Operating expenses:					
Salaries, wages and benefits	128,794	99,383	-	321,842	550,019
Supplies and services	74,827	49,396	171,003	233,555	528,781
Repairs and maintenance	54,110	10,021	-	200,026	264,157
Rent	-	-	-	702,000	702,000
Utilities	46,014	3,618	-	13,977	63,609
Bad debt	338	1,003	-	-	1,341
Depreciation	80,427	44,930	-	127,969	253,326
Miscellaneous	11,096	30	-	-	11,126
Total operating expenses	<u>395,606</u>	<u>208,381</u>	<u>171,003</u>	<u>1,599,369</u>	<u>2,374,359</u>
Net operating income (loss)	<u>4,113</u>	<u>54,994</u>	<u>(8,453)</u>	<u>(86,266)</u>	<u>(35,612)</u>
Non-operating revenues (expenses):					
Interest expense and fiscal charges	-	(19,207)	-	(21,178)	(40,385)
Gain/(loss) on sale of asset	2,480	2,480	-	-	4,960
Change in landfill closure and post-closure costs	-	-	-	(206,705)	(206,705)
Total non-operating revenue (expense)	<u>2,480</u>	<u>(16,727)</u>	<u>-</u>	<u>(227,883)</u>	<u>(242,130)</u>
Income (loss) before contributions and transfers	<u>6,593</u>	<u>38,267</u>	<u>(8,453)</u>	<u>(314,149)</u>	<u>(277,742)</u>
Transfers in	189,100	-	-	-	189,100
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,280,431)</u>	<u>(2,280,431)</u>
Change in net position	<u>195,693</u>	<u>38,267</u>	<u>(8,453)</u>	<u>(2,594,580)</u>	<u>(2,369,073)</u>
Total net position (deficit), beginning of year	<u>2,162,611</u>	<u>969,957</u>	<u>527,147</u>	<u>2,508,804</u>	<u>6,168,519</u>
Total net position (deficit), end of year	<u>\$ 2,358,304</u>	<u>\$ 1,008,224</u>	<u>\$ 518,694</u>	<u>\$ (85,776)</u>	<u>\$ 3,799,446</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Landfill	Total
Cash flows from operating activities:					
Cash received from customers, service fees	\$ 393,994	\$ 258,584	\$ 161,905	\$ 1,532,343	\$ 2,346,826
Cash received from customers, other	2,526	-	-	10,064	12,590
Cash paid to suppliers	(196,613)	(66,224)	(171,908)	(1,189,818)	(1,624,563)
Cash paid to employees	(128,523)	(99,265)	-	(321,722)	(549,510)
Net cash flows from operating activities	71,384	93,095	(10,003)	30,867	185,343
Cash flows from noncapital financing activities:					
Transfers (to)/from other funds	189,100	-	-	(2,280,431)	(2,091,331)
Change in due to/due from	(189,100)	-	(312,919)	2,593,350	2,091,331
Net cash flows from noncapital financing activities	-	-	(312,919)	312,919	-
Cash flows from capital and related financing activities:					
Purchase of capital assets	-	-	-	(74,422)	(74,422)
Proceeds from the sale of capital assets	2,480	2,480	-	-	4,960
Principal paid on long-term debt	-	(33,793)	-	(88,886)	(122,679)
Interest and fiscal charges paid	-	(20,170)	-	(21,178)	(41,348)
Net cash flows from capital and related financing activities	2,480	(51,483)	-	(184,486)	(233,489)
Net change in cash and cash equivalents	73,864	41,612	(322,922)	159,300	(48,146)
Cash and cash equivalents, including restricted cash, beginning of year	190,229	432,100	513,377	2,579,766	3,715,472
Cash and cash equivalents, including restricted cash, end of year	\$ 264,093	\$ 473,712	\$ 190,455	\$ 2,739,066	\$ 3,667,326
Reconciliation of operating income to net cash flows from operating activities:					
Net operating income	\$ 4,113	\$ 54,994	\$ (8,453)	\$ (86,266)	\$ (35,612)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	80,427	44,930	-	127,969	253,326
Changes in operating assets and liabilities:					
(Increase)/Decrease in receivables	(11,004)	(1,177)	(795)	28,216	15,240
Increase/(Decrease) in accounts payable	(10,228)	(2,156)	(905)	(40,260)	(53,549)
Increase/(Decrease) in customer deposits	7,805	(3,614)	150	1,088	5,429
Increase/(Decrease) in compensated absences	271	118	-	120	509
Net cash flows from operating activities	\$ 71,384	\$ 93,095	\$ (10,003)	\$ 30,867	\$ 185,343
Supplemental schedule of non-cash					
Financing and investing activities:					
Change in landfill closure and post-closure costs	\$ -	\$ -	\$ -	\$ 206,705	\$ 206,705

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Volunteer Firefighters' Relief and Pension
ASSETS	
Cash and cash equivalents	<u>\$ 67,315</u>
Total assets and other debits	<u><u>\$ 67,315</u></u>
LIABILITIES	
Total liabilities	<u>\$ -</u>
NET POSITION	
Held in trust for pension benefits and other purposes	<u><u>\$ 67,315</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Volunteer Firefighters' Relief and Pension
Additions:	
Investment Income:	
Interest earnings	\$ 106
Net Investment Income (Loss)	106
Total Additions	106
Deductions:	
Miscellaneous expense	77
Total Deductions	77
Net Increase (Decrease)	29
Net Position Held in Trust for Pension Benefits	
Beginning of Year	67,286
End of Year	\$ 67,315

The accompanying notes are an integral part of the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Huachuca City, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The Town is a municipal entity governed by an elected mayor and council and provides the following services as authorized by general law: public safety, highways and streets, culture and recreation, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the Town, the primary government.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the Town for financial statement presentation purposes, and the Town, are not included in any other governmental reporting entity. Consequently, the Town's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

The following is a brief review of the component units included in defining the Town's reporting entity. There are no discretely presented component units and one blended component units.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Blended component units included within the reporting entity:

The **Town of Huachuca City, Arizona Municipal Property Corporation (MPC)** is governed by a three-member board appointed by the Town Council. The MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in obtaining financing for various projects of the Town. Although it is legally separate from the Town, the MPC is reported as if it were part of the primary government. The MPC debt service is reported within the governmental activities in the government-wide statements. Separate financial statements for the MPC are not prepared.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental fund, while business-type activities incorporate data from the Town's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of presentation – fund financial statements

The fund financial statements provide information about the Town's funds, including the blended component unit. Separate statements for each fund category—governmental and enterprise are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The **Streets Fund** accounts for the operation and maintenance of the Town's streets, rights of way and street lighting throughout the Town.

The **Grant Opportunity Fund** is used to account for federal and state grants and other contributions that are restricted for specific use.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major enterprise funds:

The **Water Fund** accounts for the operations, maintenance, and construction of the Town-owned water system.

The **Sewer Fund** accounts for the operations, maintenance, and construction projects of the Town-owned sewer system

The **Sanitation Fund** accounts for the operations, maintenance, and capital projects of the Town-owned solid waste collection and disposal services.

The **Landfill Fund** accounts for the operations, maintenance, and construction projects of the Town-owned Landfill.

Additionally, the Town reports the following fund types:

The **Fiduciary Fund** is an agency fund which accounts for resources held by the Town on behalf of others and includes the Volunteer Firefighters Relief and Pension Trust Fund. The Volunteer Firefighters Relief and Pension Trust Fund accounts for the contributions to and earnings of the volunteer firefighters' pension trust.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Deposits and Investments

For the purposes of the statement of cash flows, the Town considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents include amounts the Town is required by Arizona Department of Environmental Quality (ADEQ) to set aside to pay for future landfill closure and post-closure costs.

All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares. Investment earnings is composed of interest, dividends, and net changes in the estimated fair value of applicable investments.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Arizona Revised Statutes (A.R.S) authorize the Town to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the enterprise funds are shown net of an allowance for doubtful accounts. Due to the nature of the accounts receivable in government type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for the proprietary funds consist principally of materials used in the repair of the distribution, collection and treatment systems and are valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2003.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Depreciation for other property, plant, equipment, and infrastructure is computed using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	20 years
Land improvements	20 years
Machinery, vehicles and equipment	8 to 15 years
Infrastructure	75 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has one type of item that qualifies for reporting in this category. It is pension/OPEB related items reported on the government-wide financial statements. See footnote 10 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items that qualify for reporting in this category. Pension/OPEB related items reported on the government-wide financial statements. See footnote 10 for more information. Unearned revenue – lease is reported on the government-wide and governmental fund financial statements and is recognized as revenue as the lease term progresses. Another item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment benefits

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

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balances classifications. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the Town Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the Town's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Leases and Subscription-Based Information Technology Arrangements

Lessee: The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town] uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The Town is a lessor for a five-year noncancellable lease of a land for a cell phone tower that was prepaid by the lessee. The Town recognizes a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures a lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-based information technology arrangements: The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements, when applicable. The Town recognizes subscription liabilities with an initial, individual value of \$5,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement.

Revenues and expenditures/expenses

Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes not collected within 60 days subsequent to the fiscal-year end or collected in advance of the fiscal year for which they are levied are reported as deferred revenues. Cochise County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date.

The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Compensated Absences

Compensated absences consist of paid time off, which can be used as vacation or sick leave. The Town's permanent full-time employees may accumulate up to 200 hours of vacation. If the total amount of unused vacation time reaches the maximum of 200 hours, accruals stop until the amount falls below the cap. An employee may be allowed to carry forward paid time off to of the following year if staffing shortages prevent the employee from utilizing their paid time off. Unpaid vacation time shall be paid out in a lump sum at termination of employment once the employee has satisfactorily completed six months' probation. Employees also accrue annual sick leave which may accumulate and carryforward a maximum of 240 hours. Sick leave is not paid out at termination of employment and, is therefore, excluded from the compensated absence liability. An employee taking leave for a serious illness of a family member under the Family Medical Leave Act may use the paid time off as part of the unpaid 12 week period allowed by law.

All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds amounts of accumulated vacation and compensatory time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, sanitation fund, and landfill fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax Abatements

The Town has not entered into any tax abatement agreements and the Town is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the Town's tax revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 22.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 24.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the first of September, the expenditure limitation for the Town is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provide the Town with a final expenditure limit for the coming fiscal year.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 3. Stewardship, Compliance, and Accountability, Continued

5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The Town has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

Supplementary budgetary appropriations were made during the year ended June 30, 2024.

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 for future years, is not employed by the Town.

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2024, if any.

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TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 4. Deposits and Investments

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 5,349,931
Cash on hand	646
Restricted cash and cash equivalents	2,739,066
Investments	591,813
Total cash and investments	<u>\$ 8,681,456</u>

For purposes of its statement of cash flows, the Town considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents includes amounts the Town is required to set aside to pay for future closure and post-closure costs of the Town's landfill (see Note 7).

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the Town's deposit may not be returned to it. Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover. The Town does not have a formal policy for custodial credit risk. At year end, the carrying amount of the Town's deposits was \$8,681,456 and the bank balance was \$8,730,400. The bank balance was fully covered by FDIC coverage or collateral held by the pledging financial institution in the Town's name.

Investments

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2024, the Town had investments in municipal bonds valued at \$591,813. As these investments are convertible to cash at any time, they are included with cash and cash equivalents on the financial statements.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 4. Deposits and Investments, Continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services. The Town invests in equity securities, certificates of deposit, US government securities, repurchase agreements, pooled investment funds established by the State Treasurer, bonds issued by the state, county, incorporated cities, towns or school districts, or cash and cash equivalents with a local financial institution. The Town's investments were rated by Standard and Poor's as follows:

<u>Investment Type</u>	<u>Standard and Poor's Rating</u>			<u>Total</u>
	<u>AAA</u>	<u>AA</u>	<u>AA-</u>	
Municipal Bonds	\$ 195,443	\$ 262,670	\$ 133,700	\$ 591,813
Total	<u>\$ 195,443</u>	<u>\$ 262,670</u>	<u>\$ 133,700</u>	<u>\$ 591,813</u>

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Less than 5</u>	<u>More than 5</u>	<u>Total</u>
Municipal Bonds	\$ 122,813	\$ 469,000	\$ 591,813
Total	<u>\$ 122,813</u>	<u>\$ 469,000</u>	<u>\$ 591,813</u>

Fair value measurements

As noted above, the Town holds investments that are measured at fair value on a recurring basis. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The investments, as listed above, are valued using quoted prices in active markets (Level 1 inputs).

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 5. Restricted Assets

Restricted assets at June 30, 2024 consisted of cash reserves totaling \$2,704,423 for landfill closure and post-closure costs and \$ 34,643 for Debt Service.

Note 6. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 27,056	\$ -	\$ -	\$ 27,056
Construction in progress	-	84,179	-	84,179
Total capital assets not being depreciated	<u>27,056</u>	<u>84,179</u>	<u>-</u>	<u>111,235</u>
Capital assets, being depreciated:				
Land Improvements	2,671,531	-	-	2,671,531
Buildings and Improvements	2,015,018	-	-	2,015,018
Infrastructure	3,135,739	-	-	3,135,739
Furniture, Equipment, Vehicles	1,359,248	79,871	-	1,439,119
Total capital assets being depreciated	<u>9,181,536</u>	<u>79,871</u>	<u>-</u>	<u>9,261,407</u>
Less accumulated depreciation for:				
Land Improvements	(1,269,210)	(64,574)	-	(1,333,784)
Buildings and Improvements	(1,276,893)	(55,064)	-	(1,331,957)
Infrastructure	(1,577,992)	(41,810)	-	(1,619,802)
Furniture, Equipment, Vehicles	(1,090,879)	(52,604)	-	(1,143,483)
Total accumulated depreciation	<u>(5,214,974)</u>	<u>(214,052)</u>	<u>-</u>	<u>(5,429,026)</u>
Total capital assets being depreciated, net	<u>3,966,562</u>	<u>(134,181)</u>	<u>-</u>	<u>3,832,381</u>
Governmental activities capital assets, net	<u>\$ 3,993,618</u>	<u>\$ (50,002)</u>	<u>\$ -</u>	<u>\$ 3,943,616</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Governmental Activities:	
General government	\$ 18,899
Public safety	52,116
Highways and streets	61,543
Culture and recreation	81,494
Total depreciation expense - governmental activities	<u>\$ 214,052</u>

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 6. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year:

Business Type Activities:	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 251,619	\$ -	\$ -	\$ 251,619
Total capital assets not being depreciated	<u>251,619</u>	<u>-</u>	<u>-</u>	<u>251,619</u>
Capital assets, being depreciated:				
Land Improvements	294,716	-	-	294,716
Buildings and Improvements	230,032	-	-	230,032
System and Other Improvements	7,425,907	-	-	7,425,907
Furniture, Equipment, Vehicles	1,631,599	74,422	(14,000)	1,692,021
Total capital assets being depreciated	<u>9,582,254</u>	<u>74,422</u>	<u>(14,000)</u>	<u>9,642,676</u>
Less accumulated depreciation for:				
Land Improvements	(106,716)	(11,894)	-	(118,610)
Buildings and Improvements	(135,213)	(4,600)	-	(139,813)
System and Other Improvements	(3,649,663)	(111,703)	-	(3,761,366)
Furniture, Equipment, Vehicles	(905,425)	(125,129)	14,000	(1,016,554)
Total accumulated depreciation	<u>(4,797,017)</u>	<u>(253,326)</u>	<u>14,000</u>	<u>(5,036,343)</u>
Total capital assets being depreciated, net	<u>4,785,237</u>	<u>(178,904)</u>	<u>-</u>	<u>4,606,333</u>
Business-type activities capital assets, net	<u>\$ 5,036,856</u>	<u>\$ (178,904)</u>	<u>\$ -</u>	<u>\$ 4,857,952</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Business Type Activities:	
Water	80,427
Sewer	44,930
Landfill	<u>127,969</u>
Total depreciation expense - business activities	<u>\$ 253,326</u>

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 7. Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will not be paid until near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and post-closure care costs as an addition to long-term liabilities on the statement of Net Position in each period based on the landfill capacity the Town used as of fiscal year end. The \$3,609,871 reported as landfill closure and post-closure care liability at year end, represents the cumulative amount reported to date based on prior closure and post-closure costs recognized. As of June 30, 2024, the estimated landfill capacity used was 76.82%, and the estimated remaining life of the landfill is 16 years. The Town will recognize the remaining estimated cost of closure and post-closure care of \$1,089,059 as the remaining estimated capacity is filled. These amounts are based on an estimate of what it would cost to perform all closure and post-closure care in 2024. Actual costs will likely vary due to inflation, changes in technology, or revisions of applicable laws and regulations.

The Town has entered into a Trust Agreement with ADEQ, which required the Town to deposit approximately \$1.9 million in September 2017 into a Trust account as a means of providing financial assurance that funds will be available when needed for closure and post-closure of the landfill. The Trust Agreement requires the Town to make annual deposits starting December 2017 until the full estimated closure and post-closure costs are held in the Trust account. As of June 30, 2024, the cash restricted for this purpose is \$2,704,423.

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TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 8. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the current fiscal year:

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2024</u>	<u>Current Portion</u>
Governmental Activities:					
Direct Borrowings:					
Excise Tax Revenue Bonds	\$ 310,000	\$ -	\$ (20,000)	\$ 290,000	\$ 21,000
Notes payable	50,877	-	(50,877)	-	-
Total direct borrowings	<u>360,877</u>	<u>-</u>	<u>(70,877)</u>	<u>290,000</u>	<u>21,000</u>
Other long-term liabilities					
Net Pension/OPEB Liability	346,775	185,857	-	532,632	-
Accrued Compensated Absences	34,522	31,695	(23,644)	42,573	34,058
Total other long-term liabilities	<u>381,297</u>	<u>217,552</u>	<u>(23,644)</u>	<u>575,205</u>	<u>34,058</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 742,174</u>	<u>\$ 217,552</u>	<u>\$ (94,521)</u>	<u>\$ 865,205</u>	<u>\$ 55,058</u>
Business-Type Activities:					
Direct Borrowings:					
Notes payable	\$ 1,522,715	\$ -	\$ (122,678)	\$ 1,400,037	\$ 81,055
Total direct borrowings	<u>1,522,715</u>	<u>-</u>	<u>(122,678)</u>	<u>1,400,037</u>	<u>81,055</u>
Other long-term liabilities					
Landfill closure and post-closure	3,403,166	206,705	-	3,609,871	-
Accrued Compensated Absences	17,980	14,240	(13,730)	18,490	14,792
Total other long-term liabilities	<u>3,421,146</u>	<u>220,945</u>	<u>(13,730)</u>	<u>3,628,361</u>	<u>14,792</u>
Total Business-Type Activity Long-Term Liabilities	<u>\$ 4,943,861</u>	<u>\$ 220,945</u>	<u>\$ (136,408)</u>	<u>\$ 5,028,398</u>	<u>\$ 95,847</u>
Total Long-Term Liabilities	<u>\$ 5,686,035</u>	<u>\$ 438,497</u>	<u>\$ (230,929)</u>	<u>\$ 5,893,603</u>	<u>\$ 150,905</u>

Generally, resources from the General fund are used to liquidate notes payable, pension liabilities and compensated absences for governmental activities.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 8. Long-Term Liabilities, Continued

Long-term debt activity for the primary government at June 30, 2024 is compromised of the following issues:

Revenue bonds payable from direct borrowings:

Governmental activities:

Excise Tax Revenue Obligation Bonds, Series 2019, due in semiannual principal and interest installments, bearing interest at 4.70%, maturing August 1, 2034, secured by the City's Excise Tax revenues.	\$ 290,000
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Notes Payable:

Business-type activities:

Note payable to Water Infrastructure Finance Authority due in annual payments ranging from \$52,034 to \$54,041 including interest of 1.739%, maturing July 1, 2050.	1,142,957
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Note payable in monthly installments of \$3,314 through December, 2025, including interest of 4.70%, after which final payment of \$75,554 is due. Secured by a Caterpillar Compactor.	115,960
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Note payable in monthly installments of \$3,451 through December, 2025, including interest of 4.70%, after which a final payment of \$100,331 is due. Secured by a Caterpillar Tractor.	141,120
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Total notes payable	<u>1,400,037</u>
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Landfill closure and post-closure	3,609,871
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Accrued compensated absences	61,063
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Net pension/opeb liability	<u>532,632</u>
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Total long-term liabilities	5,893,603
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Less current portion:

Governmental activities	(55,058)
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Business-type activities	<u>(95,847)</u>
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Net long-term liabilities	<u><u>\$ 5,742,697</u></u>
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TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 8. Long-Term Liabilities, Continued

Excise Tax Revenue Obligation Bonds from direct placement debt service maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 21,000	\$ 13,137	\$ 34,137
2026	22,000	12,126	34,126
2027	23,000	11,069	34,069
2028	24,000	9,964	33,964
2029	25,000	8,813	33,813
2030-2034	142,000	25,051	167,051
2035	33,000	776	33,776
Total	<u>\$ 290,000</u>	<u>\$ 80,934</u>	<u>\$ 370,934</u>

Note payable debt service maturities are as follows:

Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 81,055	\$ 38,128	\$ 119,183
2026	245,867	25,804	271,670
2027	35,587	23,035	58,622
2028	36,206	17,102	53,307
2029	36,835	75,588	112,423
2030-2034	194,011	75,588	269,598
2035-2039	211,477	57,969	269,446
2040-2044	230,516	38,764	269,281
2045-2049	251,270	17,831	269,100
2050-2051	77,213	30,142	107,355
Total	<u>\$ 1,400,037</u>	<u>\$ 399,949</u>	<u>\$ 1,799,986</u>

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 9. Interfund Receivables, Payables and Transfers

As of June 30, 2024, interfund receivables and payables that resulted from various interfund transactions are as follows:

<u>Due to</u>	<u>Due from</u>		<u>Total</u>
	<u>Landfill Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 98,537	\$ 98,537
Sanitation Fund	312,919	-	312,919
Total	<u>\$ 312,919</u>	<u>\$ 98,537</u>	<u>\$ 411,456</u>

The interfund receivables and payables were recorded to eliminate short-term deficit pooled cash balances in the various funds.

For the year ended June 30, 2024 interfund transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>State Skyline</u>	<u>Water Fund</u>	<u>Non-major Funds</u>	
General Fund	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
HURF	-	85,000	-	-	85,000
Landfill	2,091,331	-	189,100	-	2,280,431
Non-major Funds	-	-	-	112,125	112,125
Total	<u>\$ 2,091,331</u>	<u>\$ 85,000</u>	<u>\$ 189,100</u>	<u>\$ 172,125</u>	<u>\$ 2,537,556</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Pensions and Other Postemployment Benefits

The Town contributes to the plan described below. The plan is a component unit of the State of Arizona. At June 30, 2024, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net pension and OPEB asset	\$ 29,069
Net pension and OPEB liability	532,632
Deferred outflows of resources	281,157
Deferred inflows of resources	104,067

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

The Town's accrued payroll and employee benefits includes \$0 of outstanding pension and OPEB contribution amounts payable to all pension plans for the year ended June 30, 2024. Also, the Town reported \$53,470 of pension and OPEB contributions as expenditures in the governmental funds related to all pension/OPEB plans to which it contributes.

Public Safety Personnel Retirement System (PSPRS)

Plan description – The Town employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at www.psprs.com.

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

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TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

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

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

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

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

Employees covered by benefit terms – At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

PSPRS - Police	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	3	3
Inactive employees entitled to but not yet receiving benefits	1	0
Active employees	<u>3</u>	<u>3</u>
Total	7	6

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member - Pension</u>	<u>Town - Pension</u>	<u>Town-Health insurance premium</u>
PSPRS Police	7.65%	21.38%	0.44%
PSPRS Tier 3 risk pool	8.69%	23.78%	0.12%

Also, statute required the Town to contribute at the actuarially determined rate of 11.86 percent of the annual covered payroll of Town employees who were PSPRS Tier 3 Risk Pool members, in addition to the Town's required contributions to the PSPRS Tier 3 Risk Pool for these employees.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

The Town's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2024, were:

PSPRS - Police	<u>Pension</u>	<u>Health insurance premium benefit</u>
PSPRS	\$ 47,064	\$ 997
PSPRS Tier 3 risk pool	4,445	-

Liability – At June 30, 2024, the Town reported the following assets and liabilities:

	<u>Net pension (asset) liability</u>	<u>Net OPEB (asset) liability</u>
PSPRS Police	\$ 532,632	\$ (29,069)

The net assets and net liabilities were measured as of June 30, 2023, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

PSPRS	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustments	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. The target allocation and best estimate of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
US public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	<u>2%</u>	0.69%
Total	<u>100%</u>	

Discount Rate –At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

Changes in the Net Pension/OPEB Liability

PSPRS-Police

	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 1,598,399	\$ 1,251,624	\$ 346,775	\$ 35,422	\$ 46,878	\$ (11,456)
Changes for the year:						
Service cost	38,877	-	38,877	1,472	-	1,472
Interest on total pension/OPEB liability	114,970	-	114,970	2,656	-	2,656
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	192,275	-	192,275	(17,586)	-	(17,586)
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	51,023	(32,144)	-	609	(609)
Contributions - employee	-	16,856	(17,971)	-	-	-
Net investment income	-	95,697	(95,697)	-	3,597	(3,597)
Benefit payments, including refunds of employee contributions	(80,945)	(80,945)	-	-	-	-
Plan administrative expenses	-	(1,281)	1,281	-	(51)	51
Tiers 1 & 2 Adjustment	-	(2,030)	2,030	-	-	-
Other changes	-	-	-	-	-	-
Net changes	265,177	79,320	185,857	(13,458)	4,155	(17,613)
Balances at June 30, 2024	\$ 1,863,576	\$ 1,330,944	\$ 532,632	\$ 21,964	\$ 51,033	\$ (29,069)

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the Town's net pension/OPEB (asset) liability calculated using the discount rate of 7.2 percent, as well as what the Town's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
PSPRS-Police			
Net pension (asset) / liability	\$ 781,439	\$ 532,632	\$ 328,031
Net OPEB (asset)/ liability	(25,954)	(29,069)	(31,676)

Plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Expense – For the year ended June 30, 2024, the Town recognized the following pension and OPEB expense:

	<u>Pension expense</u>	<u>OPEB expense</u>
PSPRS Police	\$ 96,808	\$ (8,956)

Deferred outflows/inflows of resources –At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,275	\$ 84,287	\$ 453	\$ 19,640
Changes in assumptions	7,105	-	102	140
Net difference between projected and actual earnings on pension/OPEB plan investments	12,128	-	588	-
Contributions subsequent to the measurement date	51,509	-	997	-
Total	<u>\$ 279,017</u>	<u>\$ 84,287</u>	<u>\$ 2,140</u>	<u>\$ 19,780</u>

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 10. Pensions and Other Postemployment Benefits, Continued

The amounts reported as deferred outflows of resources related to PSPRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30	PSPRS Police	
	Pension	Health Insurance Premium Benefit
2025	\$ 52,834	\$ (7,691)
2026	15,612	(7,666)
2027	75,994	(3,240)
2028	(1,219)	(40)
2029	-	-

Note 11. Deferred Compensation

The Town's employees (other than volunteer firemen and police officers) are covered under a defined contribution pension plan (401(k) plan), which provides retirement benefits for all of the Town's full-time employees. The plan is administered by John Hancock. The provisions of the plan were established by a pension board of the Town's council, which may amend the plan's provisions as necessary.

Employees are required to complete a six-month probationary period and attain permanent status before a certificate in the pension fund is issued. Once a certificate is issued in an employee's name, 5% of the employee's gross wages per pay period for the previous five months of employment are deposited in the pension fund. Upon completion of one year's service, all funds deposited on behalf of employees are 100% vested.

Withdrawals from the pension fund must meet the following criteria in accordance with the Equitable Life Insurance policy:

- a. Termination of employment, or
- b. Unforeseen emergencies, i.e., medical, dental, death, accident or other types of emergencies

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 11. Deferred Compensation, Continued

Employees may deposit funds from their paychecks, up to predetermined amounts or one-third of their annual wages, whichever is less. Employees may be authorized to withdraw these deposited funds for the specified reasons noted above. A written request to do so must be submitted to the Pension Board for its determination. Equity Life Insurance requires that a balance of \$300 remain in an account prior to any withdrawals and in order to have an active certificate.

Note 12. Firefighters' Relief and Pension Fund

The Volunteer Firefighters' Relief and pension Fund (VFRPF) is a defined contribution plan to provide pensions to volunteer firefighters only. State statute requires that after a volunteer firefighter has 20 years of service, he or she is entitled to a monthly pension, the amount of which is determined by the board of trustees of the VFRPF, not to exceed \$150, as determined by the board of trustees. If an employee resigns before completing 20 years of service, he or she is entitled to a refund of his or her contributions only. He or she is not entitled to any part of the employer's contributions, the amounts received from the State or earnings on any of the contributions. No contributions were made for the year ended June 30, 2024 as funds were available to provide for future benefits.

Note 13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Town is a member of the Arizona Municipal Risk Retention Pool (AMRRP), a public entity risk pool currently operating as a common risk management and insurance program for Arizona municipalities. The Town pays an annual premium to AMRRP for its general insurance coverage. The Agreement for Formation of the AMRRP provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event.

The Town is also a member of the Arizona Municipal Workers Compensation Pool (AMWCP), a public entity risk pool. The pool provides member cities with workers' compensation coverage, as required by law, and risk management services. The Town is responsible for paying premiums based on an experience rating formula that allocates pool expenditures and liabilities among the members.

The Town carries commercial insurance for other risks of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year nor the three prior years.

TOWN OF HUACHUCA CITY, ARIZONA
Notes to the Financial Statements
June 30, 2024

Note 14. Contingent Liabilities and Significant Commitments

Federal grants: In the normal course of operations, the Town receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by Town officials to be material.

Litigation: The Town is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Each year, the Town may receive notices of claims for damages occurring. The filing of such claims commences a statutory period for initiating a lawsuit against the Town arising therefrom. The Town has comprehensive general liability insurance with Arizona Municipal Risk Retention Pool. The Town is not aware of any litigation that might result in a materially adverse outcome.

Note 15. Changes Within the Reporting Entity

During fiscal year 2024 the Town decided to report the State Skyline project as a separate fund. This resulted in the following changes in beginning fund balance:

	June 30, 2023 as previously reported	Change within the financial reporting entity	June 30, 2023 as restated
Governmental funds			
Major funds			
Streets fund	\$ 1,590,604	\$ (155,782)	\$ 1,434,822
State Skyline project fund	-	155,782	155,782
Total governmental funds	<u>\$ 1,590,604</u>	<u>\$ -</u>	<u>\$ 1,590,604</u>

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF HUACHUCA CITY, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2024

PSPRS - Pension	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability										
Service cost	\$ 38,877	42,847	41,674	47,409	\$ 60,962	\$ 64,002	\$ 77,901	\$ 76,816	\$ 69,307	\$ 51,492
Interest on total pension liability	114,970	111,457	110,430	81,502	91,300	88,347	82,472	64,911	45,503	35,530
Changes of benefit terms	-	-	-	-	-	-	19,415	111,340	-	(1,914)
Difference between expected and actual experience of the total net pension liability	192,275	(14,797)	(82,341)	320,342	(245,647)	(121,224)	(102,344)	(15,802)	128,678	19,856
Changes of assumptions	-	3,639	-	-	18,877	-	42,989	44,176	-	13,167
Benefit payments, including refunds of employee contributions	(80,945)	(57,429)	(56,303)	(38,162)	(20,377)	(19,976)	(18,497)	-	-	-
Net change in total pension liability	265,177	85,717	13,460	411,091	(94,885)	11,149	101,936	281,441	243,488	118,131
Total pension liability - beginning	1,598,399	1,512,682	1,499,222	1,088,131	1,183,016	1,171,867	1,069,931	788,490	545,002	426,871
Total pension liability - ending (a)	<u>\$ 1,863,576</u>	<u>\$ 1,598,399</u>	<u>\$ 1,512,682</u>	<u>\$ 1,499,222</u>	<u>\$ 1,088,131</u>	<u>\$ 1,183,016</u>	<u>\$ 1,171,867</u>	<u>\$ 1,069,931</u>	<u>\$ 788,490</u>	<u>\$ 545,002</u>
Plan fiduciary net position										
Contributions - employer	\$ 51,023	59,393	32,144	54,503	\$ 60,931	\$ 78,110	\$ 59,415	\$ 65,465	\$ 66,642	\$ 66,189
Contributions - employee	16,856	18,222	17,971	20,694	20,201	24,618	35,965	41,048	37,135	33,116
Net investment income	95,697	(51,308)	279,225	12,533	48,166	54,497	80,385	3,376	13,985	31,663
Benefit payments, including refunds of employee contributions	(80,945)	(57,429)	(56,303)	(38,162)	(20,377)	(19,976)	(18,497)	-	-	-
Pension Plan Administrative Expense	(1,281)	(925)	(1,312)	(1,022)	(1,837)	(1,529)	(1,111)	(886)	(727)	-
Tiers 1 & 2 Adjustments	(2,030)	-	-	-	-	-	-	-	-	-
Hall/Parker settlement	-	-	-	-	-	(51,583)	-	-	-	-
Other (net transfer)	-	-	-	-	(967)	7	(24,431)	33,985	79,324	(8,282)
Net change in plan fiduciary net position	79,320	(32,047)	271,725	48,546	106,117	84,144	131,726	142,988	196,359	122,686
Plan fiduciary net position - beginning	1,251,624	1,283,671	1,011,946	963,400	857,283	773,139	641,413	498,425	302,066	191,583
Plan fiduciary net position - ending (b)	<u>\$ 1,330,944</u>	<u>\$ 1,251,624</u>	<u>\$ 1,283,671</u>	<u>\$ 1,011,946</u>	<u>\$ 963,400</u>	<u>\$ 857,283</u>	<u>\$ 773,139</u>	<u>\$ 641,413</u>	<u>\$ 498,425</u>	<u>\$ 314,269</u>
Net pension liability - ending (a) - (b)	<u>\$ 532,632</u>	<u>\$ 346,775</u>	<u>\$ 229,011</u>	<u>\$ 487,276</u>	<u>\$ 124,731</u>	<u>\$ 325,733</u>	<u>\$ 398,728</u>	<u>\$ 428,518</u>	<u>\$ 290,065</u>	<u>\$ 230,733</u>
Plan fiduciary net position as a percentage of the total pension liability	71.42%	78.30%	84.86%	67.50%	88.54%	72.47%	65.97%	59.95%	63.21%	57.66%
Covered valuation payroll	\$ 176,347	\$ 212,622	\$ 210,507	\$ 219,003	\$ 244,622	\$ 297,963	\$ 301,941	\$ 354,318	\$ 336,066	\$ 325,471
Net pension liability as a percentage of covered-employee payroll	302.04%	163.09%	108.79%	222.50%	50.99%	109.32%	132.05%	120.94%	86.31%	70.89%

TOWN OF HUACHUCA CITY, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2024

PSPRS-Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)						
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability							
Service cost	\$ 1,472	\$ 1,664	\$ 1,623	\$ 1,914	\$ 1,341	\$ 1,311	\$ 1,902
Interest on total OPEB liability	2,656	2,390	2,094	2,719	2,827	2,439	3,564
Changes of benefit terms*	-	-	-	-	-	-	38
Difference between expected and actual experience of the total net OPEB liability	(17,586)	409	293	(12,394)	(6,557)	804	(17,131)
Changes of assumptions or other inputs	-	(114)	-	-	358	-	(2,647)
Net change in total OPEB liability	(13,458)	4,349	4,010	(7,761)	(2,031)	4,554	(14,274)
Total OPEB liability - beginning	35,422	31,073	27,063	34,824	36,855	32,301	46,575
Total OPEB liability - ending (a)	\$ 21,964	\$ 35,422	\$ 31,073	\$ 27,063	\$ 34,824	\$ 36,855	\$ 32,301
Plan fiduciary net position							
Contributions - employer	\$ 609	\$ 663	\$ 1,543	\$ 1,433	\$ 1,206	\$ 2,221	\$ 2,862
Contributions - employee	-	-	-	-	-	-	-
Net investment income	3,597	(1,909)	10,092	440	1,704	1,932	2,674
Benefit payments	-	-	-	-	-	-	-
Administrative expense	(51)	(34)	(41)	(36)	(29)	(29)	(24)
Net change in plan fiduciary net position	4,155	(1,280)	11,594	1,837	3,848	4,124	5,512
Plan fiduciary net position - beginning	46,878	48,158	36,564	34,727	30,879	26,755	21,243
Plan fiduciary net position - ending (b)	\$ 51,033	\$ 46,878	\$ 48,158	\$ 36,564	\$ 34,727	\$ 30,879	\$ 26,755
Net OPEB liability - ending (a) - (b)	\$ (29,069)	\$ (11,456)	\$ (17,085)	\$ (9,501)	\$ 97	\$ 5,976	\$ 5,546
Plan fiduciary net position as a percentage of the total OPEB liability	232.35%	132.34%	154.98%	135.11%	99.72%	83.79%	82.83%
Covered employee payroll	\$ 176,347	\$ 212,622	\$ 210,507	\$ 219,003	\$ 244,622	\$ 297,963	\$ 301,941
Net OPEB liability as a percentage of covered-employee payroll	-16.48%	-5.39%	-8.12%	-4.34%	0.04%	2.01%	1.84%

Note: The Town implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

TOWN OF HUACHUCA CITY, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2024

PSPRS-Pensions

	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 47,064	\$ 51,023	\$ 59,393	\$ 32,144	\$ 54,503	\$ 60,931	\$ 78,110	\$ 59,415	\$ 65,465	\$ 66,642
Contributions in relation to the actuarially determined contribution	\$ (47,064)	\$ (51,023)	\$ (59,393)	\$ (32,144)	\$ (54,503)	\$ (60,931)	\$ (78,110)	\$ (59,415)	\$ (65,465)	\$ (66,642)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 231,302	\$ 176,347	\$ 212,622	\$ 210,507	\$ 219,003	\$ 244,622	\$ 297,963	\$ 301,941	\$ 354,318	\$ 336,066

PSPRS-Health Insurance Premium Benefit

PSPRS-Health Insurance Premium Benefit	Reporting Fiscal Year							
	2023	2022	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 997	\$ 609	\$ 663	\$ 1,543	\$ 1,433	\$ 1,206	\$ 2,221	\$ 2,862
Contributions in relation to the actuarially determined contribution	\$ (997)	\$ (609)	\$ (663)	\$ (1,543)	\$ (1,433)	\$ (1,206)	\$ (2,221)	\$ (2,862)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 231,302	\$ 176,347	\$ 212,622	\$ 210,507	\$ 219,003	\$ 244,622	\$ 297,963	\$ 301,941
Contributions as a percentage of covered-employee payroll	0.43%	0.35%	0.31%	0.73%	0.65%	0.49% #	0.75%	0.95%

Note: The Town implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

TOWN OF HUACHUCA CITY, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2024

Note 1. Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2022 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 – 6.25% for PSPRS. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

TOWN OF HUACHUCA CITY, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2024

Note 2. Factors that Affect Trends

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

These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

- The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.
- The **Streets Fund** accounts for the operation and maintenance of the Town's streets, rights of way and street lighting throughout the Town.
- The **State Skyline Project Fund** accounts for the state grant for the Skyline Road project..
- The **Grant Opportunity Fund** is used to account for federal and state grants and other contributions that are restricted for specific use.

TOWN OF HUACHUCA CITY, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes:				
City sales tax	\$ 385,000	\$ 385,000	\$ 445,303	\$ 60,303
Property taxes	111,619	111,619	106,199	(5,420)
Franchise taxes	15,250	15,250	16,584	1,334
Total taxes	<u>511,869</u>	<u># 511,869</u>	<u>568,086</u>	<u>56,217</u>
Fines and forfeitures	107,350	107,350	87,305	(20,045)
Licenses and permits	22,100	22,100	42,309	20,209
Intergovernmental:				
State sales tax	240,092	240,092	243,224	3,132
Auto lieu tax	104,541	104,541	97,406	(7,135)
Urban revenue sharing	427,696	427,696	427,696	-
Other intergovernmental revenues	938,831	938,831	187,538	(751,293)
Total intergovernmental	<u>1,711,160</u>	<u>1,711,160</u>	<u>955,864</u>	<u>(755,296)</u>
Charges for services	1,014,035	1,014,035	304,777	(709,258)
Investment earnings	31,000	31,000	42,728	11,728
Other revenues:				
Landfill land lease	702,000	702,000	702,000	-
Contributions	16,000	16,000	4,469	(11,531)
Miscellaneous	87,396	87,396	58,187	(29,209)
Total other revenues	<u>805,396</u>	<u>805,396</u>	<u>764,656</u>	<u>(40,740)</u>
Total revenues	<u>4,202,910</u>	<u>4,202,910</u>	<u>2,765,725</u>	<u>(1,437,185)</u>
EXPENDITURES:				
General government				
Mayor and council	76,642	76,642	59,869	16,773
Administration	528,140	530,440	220,848	309,592
Information systems	128,624	128,624	93,491	35,133
Animal shelter	1,000	1,000	-	1,000
Public works administration	95,249	112,249	89,920	22,329
City bus	122,677	122,677	13,856	108,821
Building inspector	80,500	80,500	55,306	25,194
Transit Services	214,875	226,095	209,230	16,865
Fort Huachuca Contracts	650,000	650,000	-	650,000
Contingency	150,296	127,546	37,320	90,226
Total general government	<u>2,048,003</u>	<u>2,055,773</u>	<u>779,840</u>	<u>1,275,933</u>

(Continued)

TOWN OF HUACHUCA CITY, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Public safety				
Police department	949,320	921,420	620,329	301,091
Fire department	645,529	645,529	422,966	222,563
City magistrate	123,152	123,152	83,636	39,516
Total public safety	<u>1,718,001</u>	<u>1,690,101</u>	<u>1,126,931</u>	<u>563,170</u>
Culture and recreation				
Parks	15,500	15,500	24,947	(9,447)
Swimming pool	47,344	47,844	39,157	8,687
Library	218,868	219,018	168,200	50,818
Senior citizens' center	32,100	32,100	5,212	26,888
Total culture and recreation	<u>313,812</u>	<u>314,462</u>	<u>237,516</u>	<u>76,946</u>
Capital outlay	62,000	51,080	22,934	28,146
Debt service:				
Principal	41,988	72,388	70,877	1,511
Interest	19,106	19,106	19,106	-
Total debt service	<u>61,094</u>	<u>91,494</u>	<u>112,917</u>	<u>29,657</u>
Total expenditures	<u>4,202,910</u>	<u>4,202,910</u>	<u>2,257,204</u>	<u>1,945,706</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>508,521</u>	<u>508,521</u>
Other financing sources (uses):				
Sale of capital assets	60,000	60,000	16,014	(43,986)
Gain/(loss) on investments	-	-	(10,094)	(10,094)
Transfer from other funds	2,300,000	2,300,000	2,091,331	(208,669)
Transfer to other funds	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,037,251</u>	<u>(262,749)</u>
Net change in fund balance	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,545,772</u>	<u>245,772</u>
Fund balance, beginning of year	<u>(1,941,585)</u>	<u>(1,941,585)</u>	<u>(1,941,585)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 358,415</u>	<u>\$ 358,415</u>	<u>\$ 604,187</u>	<u>\$ 245,772</u>

TOWN OF HUACHUCA CITY, ARIZONA
STREETS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 187,042	\$ 187,042	\$ 155,145	\$ (31,897)
Miscellaneous	70,000	70,000	-	(70,000)
Total revenues	<u>257,042</u>	<u>257,042</u>	<u>155,145</u>	<u>(31,897)</u>
EXPENDITURES:				
Highways and streets	357,042	357,042	18,622	338,420
Capital outlay	50,000	50,000	-	50,000
Total expenditures	<u>407,042</u>	<u>407,042</u>	<u>18,622</u>	<u>388,420</u>
Excess of revenues over (under) expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>136,523</u>	<u>286,523</u>
Net change in fund balance	(150,000)	(150,000)	136,523	286,523
Fund balance, beginning of year	<u>1,454,081</u>	<u>1,454,081</u>	<u>1,454,081</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,304,081</u>	<u>\$ 1,304,081</u>	<u>\$ 1,590,604</u>	<u>\$ 286,523</u>

TOWN OF HUACHUCA CITY, ARIZONA
STATE SKYLINE PROJECT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 2,070,000	\$ 2,070,000	\$ 2,071,200	\$ 1,200
Total revenues	<u>2,070,000</u>	<u>2,070,000</u>	<u>2,071,200</u>	<u>1,200</u>
EXPENDITURES:				
Capital outlay	<u>2,155,000</u>	<u>2,155,000</u>	<u>84,179</u>	<u>2,070,821</u>
Total expenditures	<u>2,155,000</u>	<u>2,155,000</u>	<u>84,179</u>	<u>2,070,821</u>
Excess of revenues over (under) expenditures	<u>(85,000)</u>	<u>(85,000)</u>	<u>1,987,021</u>	<u>2,072,021</u>
Other financing sources / (uses):				
Loss on investments				
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total other financing sources / (uses)	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net change in fund balance	-	-	2,072,021	2,072,021
Fund balance, beginning of year	-	-	-	-
Adjustment-reclassification of activity	<u>-</u>	<u>-</u>	<u>155,782</u>	
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,227,803</u>	<u>\$ 2,072,021</u>

SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS AND
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **Police Grants Fund** is used to account for federal and state grants and contributions that are restricted for police.
- The **Grant Opportunity Fund** is used to account for federal and state grants and other contributions that are restricted for specific use.
- The **ARPA Fund** accounts for the funds received as a result of the American Rescue Plan Act.

Capital projects funds are used to account for capital projects of the Town.

- The **Capital Projects Fund** accounts for the funds the Town receives and allocates for future capital projects.

TOWN OF HUACHUCA CITY, ARIZONA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024

	Special Revenue Funds			Capital Projects Fund	Total Non-major Funds
	Police Grants	Grant Opportunity	ARPA	Capital Projects	
ASSETS					
Cash and investments	\$ -	\$ 154,694	\$ 467,665	\$ 60,000	\$ 682,359
Intergovernmental	102,685	-	-	-	102,685
Total assets	<u>\$ 102,685</u>	<u>\$ 154,694</u>	<u>\$ 467,665</u>	<u>\$ 60,000</u>	<u>\$ 785,044</u>
LIABILITIES					
Due to other funds	\$ 98,537	\$ -	\$ -	\$ -	\$ 98,537
Total liabilities	<u>98,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,537</u>
FUND BALANCES					
Restricted for:					
General government	-	-	467,665	-	467,665
Public safety	4,148	112,125	-	-	116,273
Culture and recreation	-	42,569	-	-	42,569
Capital projects	-	-	-	60,000	60,000
Total fund balances	<u>4,148</u>	<u>154,694</u>	<u>467,665</u>	<u>60,000</u>	<u>686,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 102,685</u>	<u>\$ 154,694</u>	<u>\$ 467,665</u>	<u>\$ 60,000</u>	<u>\$ 785,044</u>

TOWN OF HUACHUCA CITY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			Capital Projects Fund	Total Non-major Funds
	Police Grants	Grant Opportunity	ARPA	Capital Projects	
REVENUES					
Intergovernmental revenue	\$ 118,326	\$ 25,000	\$ -	\$ -	\$ 143,326
Contributions	-	9,867	-	-	9,867
Total revenues	<u>118,326</u>	<u>34,867</u>	<u>-</u>	<u>-</u>	<u>153,193</u>
EXPENDITURES					
Public safety	116,847	-	-	-	116,847
Culture and recreation	-	3,229	-	-	3,229
Total expenditures	<u>116,847</u>	<u>3,229</u>	<u>-</u>	<u>-</u>	<u>120,076</u>
Excess of revenues over (under) expenditures	<u>1,479</u>	<u>31,638</u>	<u>-</u>	<u>-</u>	<u>33,117</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(112,125)	-	(112,125)
Transfers in	-	112,125	-	60,000	172,125
Total other financing sources (uses)	<u>-</u>	<u>112,125</u>	<u>(112,125)</u>	<u>60,000</u>	<u>60,000</u>
Net change in fund balances	<u>1,479</u>	<u>143,763</u>	<u>(112,125)</u>	<u>60,000</u>	<u>93,117</u>
Fund balances (deficits), beginning of year	2,669	-	579,790	-	582,459
Adjustments-changes from major to non-major		10,931			10,931
Fund balances (deficits), end of year	<u>\$ 4,148</u>	<u>\$ 154,694</u>	<u>\$ 467,665</u>	<u>\$ 60,000</u>	<u>\$ 686,507</u>

TOWN OF HUACHUCA CITY, ARIZONA
POLICE GRANTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ 650,000	\$ 650,000	\$ 118,326	\$ (531,674)
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>118,326</u>	<u>(531,674)</u>
EXPENDITURES				
Public safety	650,000	650,000	116,847	533,153
Total expenditures	<u>650,000</u>	<u>650,000</u>	<u>116,847</u>	<u>533,153</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,479</u>	<u>1,479</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,479</u>	<u>1,479</u>
Fund balance, beginning of year	<u>2,669</u>	<u>2,669</u>	<u>2,669</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,669</u></u>	<u><u>\$ 2,669</u></u>	<u><u>\$ 4,148</u></u>	<u><u>\$ 1,479</u></u>

TOWN OF HUACHUCA CITY, ARIZONA
GRANT OPPORTUNITY
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ 836,000	\$ 836,000	\$ 25,000	\$ (811,000)
Contributions	9,000	9,000	9,867	867
Total revenues	<u>845,000</u>	<u>845,000</u>	<u>34,867</u>	<u>(810,133)</u>
EXPENDITURES				
Public safety	448,125	448,125	-	448,125
Community development	500,000	500,000	-	500,000
Culture and recreation	9,000	9,000	3,229	5,771
Total expenditures	<u>957,125</u>	<u>957,125</u>	<u>3,229</u>	<u>953,896</u>
Excess of revenues over (under) expenditures	<u>(112,125)</u>	<u>(112,125)</u>	<u>31,638</u>	<u>143,763</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	112,125	112,125	112,125	-
Total other financing sources (uses)	<u>112,125</u>	<u>112,125</u>	<u>112,125</u>	<u>-</u>
Net change in fund balances	-	-	143,763	143,763
Fund balance, beginning of year	<u>10,931</u>	<u>10,931</u>	<u>10,931</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,931</u>	<u>\$ 10,931</u>	<u>\$ 154,694</u>	<u>\$ 143,763</u>

TOWN OF HUACHUCA CITY, ARIZONA
ARPA
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General government	467,665	467,665	-	467,665
Total expenditures	<u>467,665</u>	<u>467,665</u>	<u>-</u>	<u>467,665</u>
Excess of revenues over				
(under) expenditures	<u>(467,665)</u>	<u>(467,665)</u>	<u>-</u>	<u>467,665</u>
Other financing sources / (uses):				
Transfers out	(112,125)	(112,125)	(112,125)	-
Total other financing sources / (uses)	<u>(112,125)</u>	<u>(112,125)</u>	<u>(112,125)</u>	<u>-</u>
Net change in fund balance	<u>(579,790)</u>	<u>(579,790)</u>	<u>(112,125)</u>	<u>467,665</u>
Fund balance, beginning of year	<u>579,790</u>	<u>579,790</u>	<u>579,790</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,665</u>	<u>\$ 467,665</u>

TOWN OF HUACHUCA CITY, ARIZONA
CAPITAL PROJECTS
CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
REVENUES:	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Total expenditures	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Excess of revenues over (under) expenditures	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>	<u>160,000</u>
Other financing sources / (uses):				
Transfers in	<u>160,000</u>	<u>160,000</u>	<u>60,000</u>	<u>(100,000)</u>
Total other financing sources / (uses)	<u>160,000</u>	<u>160,000</u>	<u>60,000</u>	<u>(100,000)</u>
Net change in fund balance	-	-	60,000	60,000
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Town Council
Town of Huachuca City, Arizona

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huachuca City, Arizona as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Huachuca City, Arizona's basic financial statements, and have issued our report thereon dated August 23, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Huachuca City, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Huachuca City, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Huachuca City, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Huachuca City, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HintonBurdick, PLLC

Mesa, Arizona

March 17, 2025



Independent Auditors' Report on State Legal Compliance

The Honorable Mayor and
Town Council
Town of Huachuca City, Arizona

We have audited the basic financial statements of the Town of Huachuca City, Arizona for the year ended June 30, 2024, and have issued our report thereon dated March 17, 2025. Our audit also included test work on the Town of Huachuca City's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the Town of Huachuca City is responsible for the Town's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The Town of Huachuca City has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the Town of Huachuca City pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the Town's compliance with annual expenditure limitations has been issued separately with the Town's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Huachuca City complied, in all material respects, with the requirements identified above for the year ended June 30, 2024.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC
Mesa, Arizona
March 17, 2025

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March 17, 2025

To the Honorable Mayor and Town Council
Town of Huachuca City, Arizona

We have audited the financial statements of the Town of Huachuca City, Arizona of and for the year ended June 30, 2024, and have issued our report thereon dated March 17, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 15, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Huachuca City, Arizona solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 17, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

According to Generally Accepted Auding Standards, significant risks should include management override of controls. Accordingly, we have considered this a significant risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Huachuca City, Arizona is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation expense is based on the assigned depreciable lives.

Management's estimate of the allowance for doubtful accounts is based on percentages of outstanding receivable balances in the accounts receivable aging report at year end.

Management's estimate of the compensated absences accrual is based on current pay rates and accrued vacation pay hours.

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, management's estimates have been determined on the same basis as they are reported by the Public Safety Personnel Retirement System (PSPRS). The Town's PSPRS net pension/OPEB liability was measured as of June 30, 2023, and the total pension/OPEB liability used to calculate the net pension/OPEB liability was determined by an actuarial valuation as of that date. The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

Management's estimate of the post-closure landfill liability is based on an engineer's report and estimated capacity used.

We evaluated the key factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We noted no significant unusual transactions that require communication to you.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified significant misstatements and a list of the adjustments noted during the audit has been provided to management. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has a list of the material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Huachuca City, Arizona's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There are no unusual circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated March 17, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Town of Huachuca City, Arizona, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Huachuca City, Arizona's auditors.

Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements

We have not identified any matters involving noncompliance with laws and regulations, violations of contract provisions or grant agreements that came to our attention during the course of the audit.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Town of Huachuca City, Arizona's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the Town of Huachuca City, Arizona and is not intended to be and should not be used by anyone other than these specified parties.

HintonBurdick, PLLC



Town of Huachuca City

The Sunset City

500 N Gonzales Blvd • Huachuca City, Arizona 85616

Phone: (520) 456-1354 • TDD: (520) 456-1353 • Fax: (520) 456-2230

RESOLUTION NO. 2025-05

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA, AUTHORIZING THE TOWN TO ENTER INTO AN AMENDMENT OF THE INTERGOVERNMENTAL AGREEMENT WITH THE ARIZONA DEPARTMENT OF TRANSPORTATION [“ADOT”] TO DESIGN AND CONSTRUCT IMPROVEMENTS TO A PORTION OF SKYLINE DRIVE.

WHEREAS, Laws 2023, 1st Regular Session, Chapter 135 (Senate Bill 1722), Section 10, appropriated funding from the State general fund for highway projects, including an appropriation to the Town for Skyline Drive reconstruction between State Route 90 and the Huachuca City Landfill, (the “Project”); and

WHEREAS, Town has engaged ADOT to design and construct the Project in accordance with all funding and legal requirements, pursuant to the intergovernmental agreement between them [“Agreement”]; and

WHEREAS, amending the Agreement has become necessary due to higher than expected construction costs for the Project; and

WHEREAS, ADOT and the Town may contract for services and enter into agreements with one another for joint or cooperative action, pursuant to A.R.S. section 11-952; and

WHEREAS, attached hereto as Exhibit “A” and incorporated herein by this reference, is an amendment to the Agreement [“Amendment”], pursuant to which, the additional construction costs will be addressed to complete the Project; and

WHEREAS, the Mayor and Council have determined that approval of the Amendment is in the best interest of the Town and its residents.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Huachuca City, Arizona, as follows:

Section 1. The Town is hereby authorized to enter into the Amendment between the Town of Huachuca City and the State of Arizona, through its Department of Transportation, attached hereto as Exhibit “A.”

Section 2. The Mayor of the Town of Huachuca City is hereby authorized and directed to execute said Amendment on behalf of the Town.

Section 3. The Town's officers and staff are hereby authorized to take all steps necessary and proper to implement the Amendment and facilitate ADOT's design and construct of the Project in accordance with the terms of the Agreement and the Amendment.

PASSED AND ADOPTED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, THIS 27th DAY OF March, 2025.

ATTEST:

Johann Wallace, Mayor

Brandy Thorpe, Town Clerk

Approved as to Form:

Thomas Benavidez

Thomas Benavidez, Town Attorney

[Amendment to the Intergovernmental agreement with ADOT for reconstruction of a portion of Skyline Drive must be attached.]

ADOT CAR No.: IGA 23-0009397-I
Amendment No. One: 25-0011042-I
AG Contract No.: P0012023000178
Project Location/Name: Skyline Dr; SR90
– Landfill Entrance
Type of Work: Roadway Construction
Federal-aid No.: STBG-HCY-0(200)T
ADOT Project No.: T0503 01D/03D/01C
TIP/STIP No.: SVWPO23-02
CFDA No.: 20.205 - Highway Planning and
Construction
Budget Source Item No.: 103379

**AMENDMENT NO. ONE
TO
INTERGOVERNMENTAL AGREEMENT**

**BETWEEN
THE STATE OF ARIZONA
AND
THE TOWN OF HUACHUCA CITY**

THIS AMENDMENT NO. ONE to INTERGOVERNMENTAL AGREEMENT (the “Amendment No. One”), is entered into this date _____, pursuant to Arizona Revised Statutes (“A.R.S.”) §§ 11-951 through 11-954, as amended, between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION (the “State” or “ADOT”) and the TOWN OF HUACHUCA CITY, acting by and through its MAYOR and TOWN COUNCIL (the “Town”). The State and the Town are each individually referred to as a “Party” and are collectively referred to as the “Parties.”

WHEREAS, the INTERGOVERNMENTAL AGREEMENT, IGA 23-0009397-I, A.G. Contract No. P0012023000178, was executed on November 17, 2023, (the “Original Agreement”);

WHEREAS, the State is empowered by A.R.S. § 28-401 to enter into this Amendment No. One and has delegated to the undersigned the authority to execute this Amendment No. One on behalf of the State;

WHEREAS, the Town is empowered by A.R.S. § 9-240 to enter into this Amendment No. One and has by resolution, if required, a copy of which is attached and made a part of, resolved to enter into this Amendment No. One and has authorized the undersigned to execute this Amendment No. One on behalf of the Town; and

NOW THEREFORE, in consideration of the mutual terms expressed herein, the purpose of this Amendment No. One is to increase construction costs; Exhibit A is revised and replaced accordingly. The Parties desire to amend the Original Agreement, as follows:

The Parties incorporate the paragraphs set forth above as part of the body of this Amendment No. One.

I. RECITALS

Section I, Paragraph 3. is revised, as follows:

3. The improvements proposed under this Agreement consist of design and construction of Skyline Drive reconstruction from State Route (SR 90) to the Huachuca City Landfill entrance, (the "Project.") The Project includes right of way acquisition, curb and gutter, sidewalks, curb ramps, drainage improvements, and pavement suitable for landfill truck traffic. The Project cost, shown in Exhibit A, is estimated at \$2,443,557, which includes federal aid and the Local Agency's match. The State will administer the design and advertise, bid and award, and administer the construction phase of the Project. The Town has received legislative funding appropriated in the amount of \$1,565,200 for the Project as addressed in IGA 23-0009277-I.

II. SCOPE OF WORK

Section II, Paragraph 2.e. is revised, as follows:

2. The State will:
 - e. After completion of design and prior to bid advertisement, invoice the Local Agency for the actual PDA costs, as applicable, and the Local Agency's share of the Project construction costs, estimated at \$1,595,423. After the Project costs for construction are finalized, the State will either invoice or reimburse the Local Agency for the difference between estimated and actual costs. De-obligate or otherwise release any remaining federal funds from the scoping/design phase of the Project

Section II, Paragraph 3.d. is revised, as follows:

3. The Local Agency will:
 - d. After completion of design, within 30 days of receipt of an invoice from the State and prior to bid advertisement, pay to the State any outstanding PDA costs, the Local Agency's share of the Project construction costs, estimated at \$1,595,423, and if applicable, the difference between the final and initial construction cost estimates. Be responsible for and pay the difference between the estimated construction cost and Project bid amount prior to award. After Project completion, be responsible for and pay any outstanding Project costs, within 30 days of receipt of an invoice.

III. MISCELLANEOUS PROVISIONS

(NO CHANGES)

EXCEPT AS AMENDED, ALL OTHER terms and conditions of the Original Agreement remain in full force and effect.

THIS AMENDMENT NO. ONE shall become effective upon the full completion of signing and dating by all Parties to this Amendment No. One.

IN ACCORDANCE WITH A.R.S. § 11-952 (D), the written determination of each Party's legal counsel providing that the Parties are authorized under the laws of this State to enter into this Amendment No. One and that the Amendment No. One is in proper form is set forth below.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. One the day and year first above written.

TOWN OF HUACHUCA CITY

By _____ Date _____
JOHANN WALLACE
Mayor

ATTEST:

By _____ Date _____
BRANDYE THORPE
Town Clerk

I have reviewed the above referenced Amendment No. One to the Original Agreement between the State of Arizona, acting by and through its Department of Transportation, and the Town of Huachuca City, an agreement among public agencies which, has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. § 9-240 and declare this Amendment No. One to be in proper form and within the powers and authority granted to the Town under the laws of the State of Arizona.

No opinion is expressed as to the authority of the State to enter into this Amendment No. One.
Approved as to Form:

By _____ Date _____
Town Attorney

ARIZONA DEPARTMENT OF TRANSPORTATION

By _____ Date _____
AUDRA MERRICK, PE
Infrastructure Delivery and Operations Division
Division Director

This Amendment No. One, an Agreement between public agencies, the State of Arizona and the Town of Huachuca City has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. § 28-401 by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona. No opinion is expressed as to the authority of the remaining Parties, other than the State or its agencies, to enter into said Amendment No. One.

By _____ Date _____
Assistant Attorney General

EXHIBIT A
Skyline Drive SR90 - Landfill Entrance
Cost Estimate

IGA : 23-0009397-I
Amend One : 25-0011042-I

T0530 01D/03D/01C

The Project costs are estimated as follows:

	Original	Amend #1	AMENDED TOTAL
Executed Date:	November 17, 2023	<i>Pending</i>	
<u>ADOT Project Development Administration (PDA) Cost, non-federal-aid:</u>			
Local Agency's costs @ 100%	\$ 30,000	-	\$ 30,000
<u>Scoping/Design:</u>			
Federal-aid funds @ 94.3%	\$ 300,000	-	\$ 300,000
Local Agency's match @ 5.7%	\$ 18,134	-	\$ 18,134
Subtotal - Scoping/Design/PDA	\$ 348,134	-	\$ 348,134
<u>Construction:*</u>			
Federal-aid funds @ 94.3%**	-	\$ 500,000	\$ 500,000
Local Agency's match @ 5.7%	-	\$ 30,223	\$ 30,223
Local Agency's costs @ 100%	\$ 1,565,200	-	\$ 1,565,200
Subtotal - Construction	\$ 1,565,200	\$ 530,223	\$ 2,095,423
Estimated TOTAL Project Cost	\$ 1,913,334	\$ 530,223	\$ 2,443,557
Total Estimated Local Agency Funds	\$ 1,613,334	\$ 30,223	\$ 1,643,557
Total Federal Funds	\$ 300,000	\$ 500,000	\$ 800,000

*(Includes a minimum 20% construction engineering (CE) and administration cost (this percentage is subject to change, any change will require concurrence from the Local Agency) and 5% Project contingencies)

**Local Agency funds will be expended prior to the additional Federal-aid Surface Transportation Block (STBG) grant funds



Federal Emergency Management Agency

Washington, D.C. 20472

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

IN REPLY REFER TO:
APPEAL START

March 19, 2025

The Honorable Johann Wallace
Mayor, Town of Huachuca City
Town Hall
500 North Gonzales Boulevard
Huachuca City, AZ 85616

Case No: 18-09-0036S
Community: Town of Huachuca City,
Cochise County,
Arizona
Community No.: 040016

Dear Mayor Wallace:

On October 11, 2024, the Department of Homeland Security's Federal Emergency Management Agency (FEMA) provided your community with Preliminary copies of the revised Flood Insurance Rate Map (FIRM) and Flood Insurance Study (FIS) report for Cochise County, Arizona and Incorporated Areas. FEMA has posted digital copies of these revised FIRM and FIS report materials to the following Website: <https://hazards.fema.gov/femaportal/prelimdownload/>. The Preliminary FIRM and FIS report include proposed flood hazard information for certain locations in the Town of Huachuca City, Cochise County, Arizona. The proposed flood hazard information may include addition or modification of Special Flood Hazard Areas, the areas that would be inundated by the base (1-percent-annual-chance) flood; base flood elevations or depths; zone designations; or regulatory floodways.

We have published a notice of the proposed flood hazard determinations in the *Federal Register* and will publish a public notification concerning the appeal process (explained below) in the *Herald/Review* on or about March 26, 2025, and April 2, 2025. We will also publish a separate notice of the flood hazard determinations on the "Flood Hazard Determinations on the Web" portion of the FEMA Website https://www.floodmaps.fema.gov/fhm/BFE_Status/bfe_main.asp. We have enclosed copies of the notice published in the *Federal Register* and the newspaper notice for your information.

These proposed flood hazard determinations, if finalized, will become the basis for the floodplain management measures that your community must adopt or show evidence of having in effect to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). However, before any new or modified flood hazard information is effective for floodplain management purposes, FEMA will provide community officials and citizens an opportunity to appeal the proposed flood hazard information presented on the Preliminary FIRM and FIS report posted to the above-referenced Website.

Section 110 of the Flood Disaster Protection Act of 1973 (Public Law 93-234) is intended to ensure an equitable balancing of all interests involved in the setting of flood hazard determinations. The legislation provides for an explicit process of notification and appeals for your community and for private persons prior to this office making the flood hazard determinations final. The appeal procedure is outlined below for your information.

During the 90-day appeal period following the second publication of the public notification in the above-named newspaper, any owner or lessee of real property in your community who believes their property rights will be adversely affected by the proposed flood hazard determinations may appeal to you, or to an agency that you publicly designate. It is important to note, however, that the sole basis for such appeals is the possession of knowledge or information indicating that the proposed flood hazard determinations are scientifically or technically incorrect. The appeal data must be submitted to FEMA during the 90-day appeal period. Only appeals of the proposed flood hazard determinations supported by scientific or technical data can be considered before FEMA makes its final flood hazard determination at the end of the 90-day appeal period. Note that the 90-day appeal period is statutory and cannot be extended. However, FEMA also will consider comments and inquiries regarding data other than the proposed flood hazard determinations (e.g., incorrect street names, typographical errors, omissions) that are submitted during the appeal period, and will incorporate any appropriate changes to the revised FIRM and FIS report before they become effective.

If your community cannot submit scientific or technical data before the end of the 90-day appeal period, you may nevertheless submit data at any time. If warranted, FEMA will revise the FIRM and FIS report after the effective date. This means that the revised FIRM would be issued with the flood hazard information presently indicated, and flood insurance purchase requirements would be enforced accordingly, until such time as a revision could be made.

Any interested party who wishes to appeal should present the data that tend to negate or contradict our findings to you, or to an agency that you publicly delegate, in such form as you may specify. We ask that you review and consolidate any appeal data you may receive and issue a written opinion stating whether the evidence provided is sufficient to justify an official appeal by your community in its own name or on behalf of the interested parties. Whether or not your community decides to appeal, you must send copies of individual appeals and supporting data, if any, to:

FEMA Region 9
Attn: Patrick Clancey
1111 Broadway, Suite 1200
Oakland, California 94607
(510) 627-7261

If we do not receive an appeal or other formal comment from your community in its own name within 90 days of the second date of public notification, we will consolidate and review on their own merits such appeal data and comments from individuals that you may forward to us, and we will make such modifications to the proposed flood hazard information presented on the revised FIRM and in the revised FIS report as may be appropriate. If your community decides to appeal in its own name, all individuals' appeal data must be consolidated into one appeal by you, because, in this event, we are required to deal only with the local government as representative of all local interests. We will send our final decision in writing to you, and we will send copies to the community floodplain administrator, each individual appellant, and the State NFIP Coordinator.

All appeal submittals will be resolved by consultation with officials of the local government involved, by an administrative hearing, or by submission of the conflicting data to an independent scientific body or appropriate Federal agency for advice. Use of a Scientific Resolution Panel (SRP) is also available to your community in support of the appeal resolution process when conflicting scientific or technical data are submitted during the appeal period. SRPs are independent panels of experts in hydrology, hydraulics, and other pertinent sciences established to review conflicting scientific and technical data and provide recommendations for resolution. An SRP is an option after FEMA and community officials have been engaged in a collaborative consultation process for at least 60 days without a mutually acceptable resolution of an appeal. Please refer to the enclosed “Scientific Resolution Panels” overview for additional information on this resource available to your community.

FEMA will make the reports and other information used in making the final determination available for public inspection. Until the conflict of data is resolved and the revised FIRM becomes effective, flood insurance available within your community will continue to be available under the effective NFIP map, and no person shall be denied the right to purchase the applicable level of insurance at chargeable rates.

The decision by your community to appeal, or a copy of its decision not to appeal, should be filed with this office no later than 90 days following the second publication of the flood hazard determination notice in the above-named newspaper. Your community may find it appropriate to call further attention to the proposed flood hazard determinations and to the appeal procedure by using a press release or other public notice.

If warranted by substantive changes, during the appeal period we will send you Revised Preliminary copies of the revised FIRM and FIS report. At the end of the 90-day appeal period and following the resolution of any appeals and comments, we will send you a Letter of Final Determination, which will finalize the flood hazard information presented on the revised FIRM and FIS report and will establish an effective date.

If you have any questions regarding the proposed flood hazard determinations, revised FIRM panels, or revised FIS report for your community, please call our FEMA Mapping and Insurance eXchange (FMIX), toll free, at 1-877-FEMA-MAP (1-877-336-2627) or e-mail the FMIX staff at FEMA-FMIX@fema.dhs.gov.

Sincerely,



Luis V. Rodriguez, P.E.
Director, Engineering and Modeling Division
Risk Management Directorate | Resilience

List of Enclosures:

Newspaper Notice
Proposed Flood Hazard Determinations *Federal Register* Notice
“Scientific Resolution Panels” Overview

cc: Community Map Repository
Jim Johnson, Community Floodplain Administrator/Building Inspector, Town of
Huachuca City
Brian Cosson, Arizona State NFIP Coordinator, Arizona Department of Water Resources

DEPARTMENT OF HOMELAND SECURITY

FEDERAL EMERGENCY MANAGEMENT AGENCY

Proposed Flood Hazard Determinations for Cochise County, Arizona and Incorporated Areas

The Department of Homeland Security's Federal Emergency Management Agency has issued a preliminary Flood Insurance Rate Map (FIRM), and where applicable, Flood Insurance Study (FIS) report, reflecting proposed flood hazard determinations within Cochise County, Arizona and Incorporated Areas. These flood hazard determinations may include the addition or modification of Base Flood Elevations, base flood depths, Special Flood Hazard Area boundaries or zone designations, or the regulatory floodway. Technical information or comments are solicited on the proposed flood hazard determinations shown on the preliminary FIRM and/or FIS report for Cochise County, Arizona and Incorporated Areas. These flood hazard determinations are the basis for the floodplain management measures that your community is required to either adopt or show evidence of being already in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program. However, before these determinations are effective for floodplain management purposes, you will be provided an opportunity to appeal the proposed information. For information on the statutory 90-day period provided for appeals, as well as a complete listing of the communities affected and the locations where copies of the FIRM are available for review, please visit FEMA's website at https://www.floodmaps.fema.gov/fhm/BFE_Status/bfe_main.asp, or call the FEMA Mapping and Insurance eXchange (FMIX) toll free at 1-877-FEMA MAP (1-877-336-2627).

PROPOSAL 02



TOWN OF HUACHUCA CITY

Thursday July 4, 2025

Total Aerial Shells **328**

Display Length: 12 minutes
(3 second pace)

Display Length: 16 minutes
(4 second pace)



Opening:

Your show begins with an impressive series of powerful booms and flashing white light to excite and thrill the audience.

7 - 3" Crackling Spiders

Aerial Display:

A large assortment of brilliantly-colored shells, including Chrysanthemums, Waves, Crowns, Peonies, Strobes, Brocade Crowns, Diadems, and Crossettes in gorgeous Reds, Yellows, Blues, Greens, Silvers, and Golds.

Your Aerial Display will contain a total of **252** Aerial shells.

3" - **144** Chinese Fancy's & Designer Specials

4" - **108** Chinese Fancy's & Designer Specials

GRANDE FINALE:

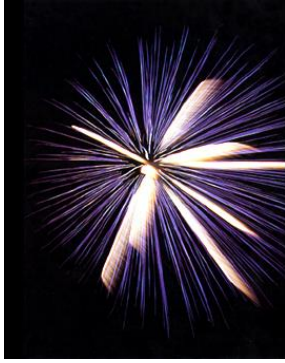
Your celebration will close in spectacular excitement as multiple styles of brilliantly-colored shells, rocket skyward growing and glowing in breath-taking Blues, Golds, Greens, Silvers, Yellows, Purples and Red.

Your Grande Finale consists of **69** Aerial shells:

Your Grande Finale: **49** – 3" shells and **20** – 4" shells.

Total budget for: Fireworks, Tax and Delivery
\$5,160.00

PROPOSAL 01



TOWN OF HUACHUCA CITY

Thursday July 4, 2025

Total Aerial Shells 374

Display Length: 15 minutes
(3 second pace)

Display Length: 20 minutes
(4 second pace)



Opening:

Your show begins with an impressive series of powerful booms and flashing white light to excite and thrill the audience.

7 - 3" Crackling Spiders

Aerial Display:

A large assortment of brilliantly-colored shells, including Chrysanthemums, Waves, Crowns, Peonies, Strobes, Brocade Crowns, Diadems, and Crossettes in gorgeous Reds, Yellows, Blues, Greens, Silvers, and Golds.

Your Aerial Display will contain a total of 298 Aerial shells.

3" - **190** Chinese Fancy's & Designer Specials

4" - **108** Chinese Fancy's & Designer Specials

GRANDE FINALE:

Your celebration will close in spectacular excitement as multiple styles of brilliantly-colored shells, rocket skyward growing and glowing in breath-taking Blues, Golds, Greens, Silvers, Yellows, Purples and Red.

Your Grande Finale consists of 69 Aerial shells:

Your Grande Finale: 49 – 3" shells and 20 – 4" shells.

Total budget for: Fireworks, Tax and Delivery
\$5,720.00

Designed for the Town of Huachuca City by: Fireworks Productions of Arizona

Town of Huachuca City

PROCLAMATION NO. 2025-03

A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, DECLARING THE MONTH OF APRIL, 2025, AS SEXUAL ASSAULT AWARENESS AND PREVENTION MONTH IN THE TOWN OF HUACHUCA CITY.

WHEREAS, sexual violence is a dehumanizing form of abuse that harms our communities; and

WHEREAS, rape, sexual assault, and sexual harassment have extensive and widespread physical and mental health implications, including post-traumatic stress disorder, substance abuse, depression, homelessness, eating disorders, and suicide; and

WHEREAS, 1 in 3 women and 1 in 4 men have experienced sexual violence involving physical contact at some point in their lives; and

WHEREAS, 67% of victims under the age of 18 identified their perpetrator as a family member and 79% said they were currently living with that perpetrator; and

WHEREAS, the Centers for Disease Control and Prevention found that 43.2% of females and 51.3% of males first experienced victimization prior to age 18; and

WHEREAS, through prevention education, awareness efforts, a strong continuum of victim services, and holding perpetrators responsible for their actions, we can work together to better address sexual violence and create safer communities for all Arizonans.

NOW, THEREFORE, I, Johann R. Wallace, Mayor of the Town of Huachuca City, Arizona, by the authority vested in me by the laws of the State of Arizona and Town Code and by this Proclamation hereby declare April, 2025, as Sexual Assault Awareness and Prevention Month in the Town of Huachuca City.

PROCLAIMED by the Mayor of the Town of Huachuca City, Cochise County, Arizona, this 27th day of March, 2025.

Johann R. Wallace, Mayor

ATTEST:

Brandye Thorpe, Town Clerk

Thomas Benavidez
Thomas Benavidez, Town Attorney

Town of Huachuca City

PROCLAMATION NO. 2025-04

A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, DECLARING THE MONTH OF APRIL, 2025, AS FAIR HOUSING MONTH IN THE TOWN OF HUACHUCA CITY.

WHEREAS, The Fair Housing Act, enacted on April 11, 1968, enshrined into federal law the goal of eliminating racial segregation and ending housing discrimination in the United States; and

WHEREAS, The Fair Housing Act prohibits discrimination in housing based on race, color, religion, sex, familial status, national origin, and disability, and commits recipients of federal funding to affirmatively further fair housing in their communities; and

WHEREAS, discriminatory housing practices undermine the strength and vitality of America and its people; and

WHEREAS, housing choice impacts our children's access to education, our ability to seek and retain employment options, the cultural benefits we enjoy, the extent of our exposure to crime and drugs, and the quality of health care we receive in emergencies; and

WHEREAS, the Town of Huachuca City is committed to the mission and intent of Congress to provide fair and equal housing opportunities for all.

NOW, THEREFORE, I, Johann R. Wallace, Mayor of the Town of Huachuca City, Arizona, by the authority vested in me by the laws of the State of Arizona and Town Code and by this Proclamation hereby declare April, 2025, as Fair Housing Month in the Town of Huachuca City.

PROCLAIMED by the Mayor of the Town of Huachuca City, Cochise County, Arizona, this 27th day of March, 2025.

Johann R. Wallace, Mayor

ATTEST:

Brandye Thorpe, Town Clerk

Thomas Benavidez

Thomas Benavidez, Town Attorney

Town of Huachuca City

PROCLAMATION NO. 2025-05

A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, DECLARING THE WEEK OF APRIL 6 - 12, 2025, AS LIBRARY WEEK IN THE TOWN OF HUACHUCA CITY.

WHEREAS, libraries are accessible public places that foster a sense of connection and attachment with the community; and

WHEREAS, libraries connect people to technology, providing access to broadband internet, computers, and training that are critical for accessing educational and employment opportunities; and

WHEREAS, today's libraries and their services extend far beyond the four walls of a building, allowing everyone to access their resources; and

WHEREAS, in times of crisis, libraries and library professionals play an invaluable role in supporting their communities both in person and virtually; and

WHEREAS, this year's theme for Library Week is, "Drawn to the Library," which celebrates the myriad of ways people utilize libraries, from research and study to exploration, entertainment, connection, and personal growth.

NOW, THEREFORE, I, Johann R. Wallace, Mayor of the Town of Huachuca City, Arizona, by the authority vested in me by the laws of the State of Arizona and Town Code and by this Proclamation hereby declare April 6 - 12, 2025, as Library Week in the Town of Huachuca City. I encourage all residents to connect with the Town's library by visiting in person or online to access our resources and services.

PROCLAIMED by the Mayor of the Town of Huachuca City, Cochise County, Arizona, this 27th day of March, 2025.

Johann R. Wallace, Mayor

ATTEST:

Brandye Thorpe, Town Clerk

Thomas Benavidez
Thomas Benavidez, Town Attorney

Town of Huachuca City

PROCLAMATION NO. 2025-06

A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, DECLARING THE WEEK OF APRIL 5 - 11, 2025, AS "WEEK OF THE YOUNG CHILD" IN THE TOWN OF HUACHUCA CITY.

WHEREAS, all of Arizona's children deserve access to quality early care and educational environments; and

WHEREAS, quality childcare programs build children's lifelong learning skills during their critical years from birth to age five; and

WHEREAS, our teachers and childcare providers are the essential workforce that helps Arizona parents get to work and school; and

WHEREAS, funding quality childcare is a smart investment that improves family well-being, strengthens communities, and grows our state's prosperity; and

WHEREAS, public policies that support quality early care for Arizona's youngest learners help our families, communities, and the economy thrive.

NOW, THEREFORE, I, Johann R. Wallace, Mayor of the Town of Huachuca City, Arizona, by the authority vested in me by the laws of the State of Arizona and Town Code and by this Proclamation hereby declare April 5 through 11, 2025, as "Week of the Young Child" in the Town of Huachuca City. I encourage all residents to support our teachers and childcare providers whose efforts improve the lives and opportunities for our children and their families.

PROCLAIMED by the Mayor of the Town of Huachuca City, Cochise County, Arizona, this 27th day of March, 2025.

Johann R. Wallace, Mayor

ATTEST:

Brandye Thorpe, Town Clerk

Thomas Benavidez

Thomas Benavidez, Town Attorney